

# ANNUAL REPORT 2018

## Contents

### ELANDERS 2018

This is Elanders	3
The World of Elanders	4
The Year in Summary	6
CEO Comment	8

### OPERATIONS

Business Concept, Goals and Strategies	10
External Trends	12
Our Integrated Offer	14
Our Customers	16
Cases	18
Five Years in Summary	30

### SHARE INFORMATION

Share Information and Ownership Structure	34
-------------------------------------------	----

### AUDITED ANNUAL REPORT

Board of Directors' Report	38
Risks and Uncertainty Factors	42
Corporate Governance Report	44
Sustainability Report	50
Group	60
Financial Reports	60
Notes	64
Parent Company	92
Financial Reports	92
Notes	97

Proposed Appropriation of Profits	105
Auditor's Report	106

### OTHER INFORMATION

Reconciliation Alternative Performance Measures	110
Financial Definitions	112
Specific Terms	113
Board of Directors	114
Group Management, Auditors and Nomination Committee	116
Contact Elanders	118
Annual General Meeting and Calendar	120



# 18-29

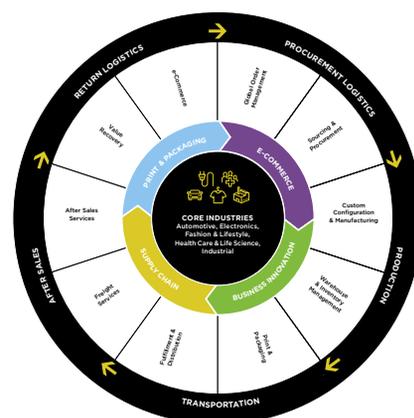
### CASES

We primarily offer our services to customers in five large customer segments that are all showing good growth: Automotive, Electronics, Fashion & Lifestyle, Health Care & Life Science and Industrial.

# 14

### OUR INTEGRATED OFFER

Elanders is a leading company in global total solutions for the entire supply chain and is currently established on four continents.



# 10

### GLOBAL STRATEGIC PARTNER

The Group's overriding goal is to be a leader in global solutions within supply chain management and print & packaging.

# 8

### CEO COMMENT: STRONG RECOVERY IN 2018

Intense organic growth continued in 2018 generated by both new business and greater demand from existing customers.

*This is Elanders*

# We let our customers focus on their core business

Elanders is a global supplier within supply chain management with a broad range of services of integrated solutions. The business is mainly run through two business areas, Supply Chain Solutions and Print & Packaging Solutions. The Group has almost 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.



“

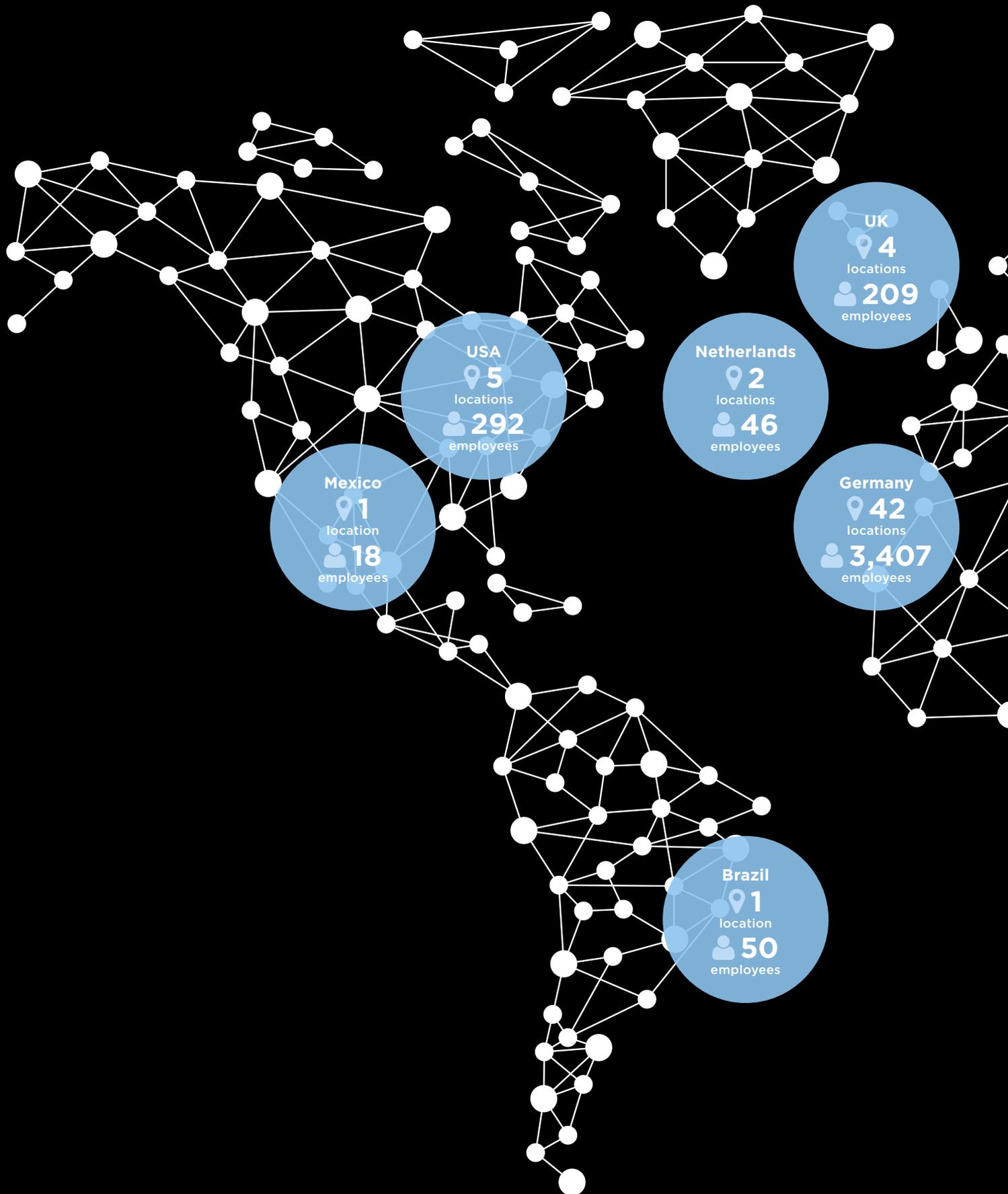
*Despite initial problems during the year from some customer projects with unexpectedly high start-up costs Elanders produced its best year ever.*

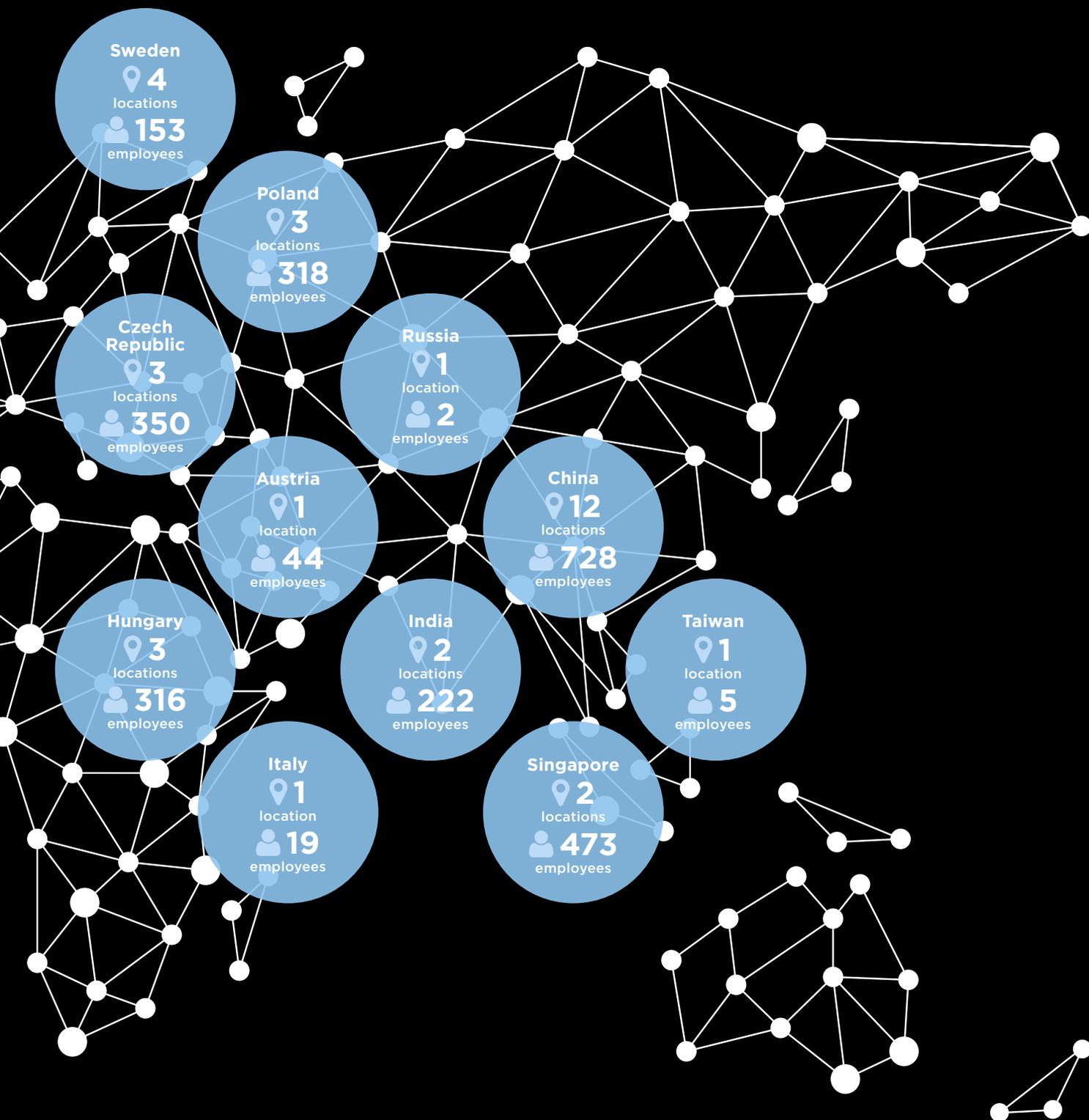
Magnus Nilsson, CEO

## OUR BUSINESS AREAS



● Supply Chain Solutions  
● Print & Packaging Solutions





# 2018 in summary

With the acquisition of LGI in 2016 Elanders created a stable platform for continued growth in supply chain management while broadening our customer base considerably. The strong organic growth during the last two years is a result of this.

Net sales increased by MSEK 1,400 to MSEK 10,742 (9,342) compared to last year, i.e. 15 percent. The increase is due almost entirely to Supply Chain Solutions which grew in nearly every market. Cleared of exchange rate fluctuations and effects of acquisitions and divestitures of operations, net sales grew by nine percent.

Supply Chain Solutions has been Elanders' largest business area for a number of years and makes up three-fourths of the Group. Net sales continued to grow intensely during the year at the same time the result was weighed down in the beginning of 2018 and the end of 2017 by start-up costs that were higher than expected for some of the new customer projects. Measures were taken to make these projects more efficient at the same time negotiations were held with customers to raise prices. This produced positive results and as of the second quarter these projects were in balance again. Several new deals were struck during the year, which bodes well for the future, and implementation of them has gone according to plan.

Excluding the new subscription box business in the USA net sales in Print & Packaging Solutions contracted by around three percent. The new subscription box business is a combination of supply chain management services and traditional print, and sales have gone from zero to nearly 45 million US dollars over the last two years.

Business area e-Commerce Solutions ended the year with a strong fourth quarter and showed a tangible improvement in the result compared to last year.

## 15%

Net sales increased by 15% in 2018.

### THREE YEAR OVERVIEW

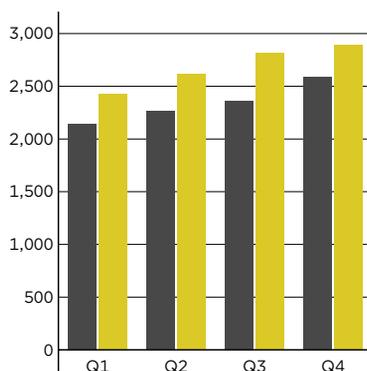
	2018	2017	2016
Net sales, MSEK	10,742	9,342	6,285
EBITDA, MSEK	725	563	516
EBITA, MSEK	523	371	384
Result after financial items, MSEK	366	230	300
Result after tax, MSEK	259	165	217
Earnings per share, SEK <sup>1)</sup>	7.18	4.65	7.35
Cash flow from operating activities per share, SEK	12.88	-1.81	11.19
Equity per share, SEK	76.28	69.21	81.58
Dividend per share, SEK	2.90 <sup>2)</sup>	2.60	2.60
EBITA-margin, %	4.9	4.0	6.1
Return on total assets, %	6.6	4.3	6.7
Return on equity, %	9.8	6.8	12.4
Return on capital employed, %	8.5	6.2	10.0
Net debt/EBITDA ratio	3.5	4.7	4.3
Debt/equity ratio, times	0.9	1.1	0.9
Equity ratio, %	35.0	33.1	35.6
Average number of outstanding shares, thousands	35,358	35,358	29,555

<sup>1)</sup> There is no dilution.

<sup>2)</sup> Proposed by the board.

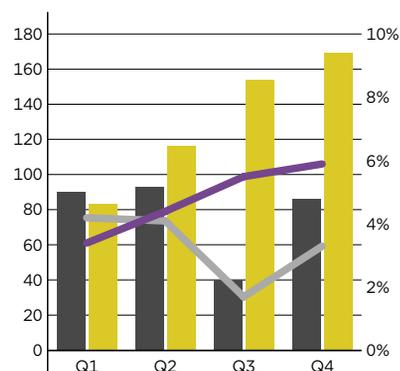
For Reconciliation Alternative Performance Measures and Financial definitions, see pages 110-112.

### NET SALES PER QUARTER



● 2017 Net sales, MSEK  
● 2018 Net sales, MSEK

### OPERATING RESULT AND OPERATING MARGIN PER QUARTER



● 2017 Operating result, MSEK  
● 2018 Operating result, MSEK  
— 2017 Operating margin, %  
— 2018 Operating margin, %

## The business areas' development in 2018

The business has primarily been run in three business areas: Supply Chain Solutions, Print & Packaging and e-Commerce Solutions. Each one is more or less an independent business. As of 1 January 2019 Elanders has only two business areas – Supply Chain Solutions and Print & Packaging Solutions since e-Commerce Solutions was incorporated into Print & Packaging Solutions.



### SUPPLY CHAIN SOLUTIONS

The positive trend in business area Supply Chain Solutions, which consists of LGI and Mentor Media, has continued. The business area is concentrated on developing existing customers and creating new business, with both new and existing customers – business that contains the highest degree possible of value-adding services. This has created substantial organic growth for the last two years and led to new business. The problems with the start-up of some of the customer projects, which began in 2017, had a negative effect during the first quarter and even in the beginning of the second, but after several measures were taken during the year the projects are now in balance. At the end of the year the majority of shares in LOGworks, Elanders' staffing operations in Germany, were sold to Adecco.

**Brands:** LGI, Mentor Media and ITG



### PRINT & PACKAGING SOLUTIONS

The market for business area Print & Packaging Solutions continues, as in previous years, to be characterized by tough price pressure, shrinking total volumes and overcapacity. Total print volumes are down on every Elanders market and there is a clear shift towards digital print and more personalized products instead of traditional offset print in large volumes. The business area is always working with production capacity consolidation to adjust to the market situation. Despite the negative conditions there was a tangible improvement in the result compared to last year. As part of this consolidation process the operations in China were divested and the off-set operations in Sweden were shut down.

**Brand:** Elanders



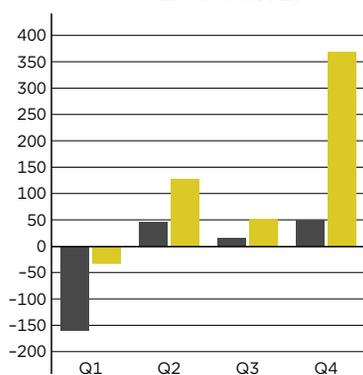
### E-COMMERCE SOLUTIONS

The business area has substantial seasonal sales variations and the fourth quarter is by far the strongest. Normally all earnings for the year occur in this quarter, which was the case this year as well. Several measures have been taken to cut costs, which is apparent in the tangible improvement in the result during the year.

As of 1 January 2019 the business area was incorporated into Print & Packaging Solutions.

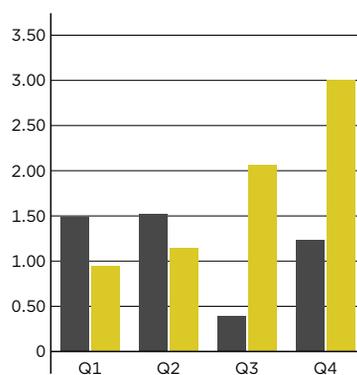
**Brands:** d|o|m, fotokasten and myphotobook

### OPERATING CASH FLOW EXCLUDING ACQUISITIONS PER QUARTER



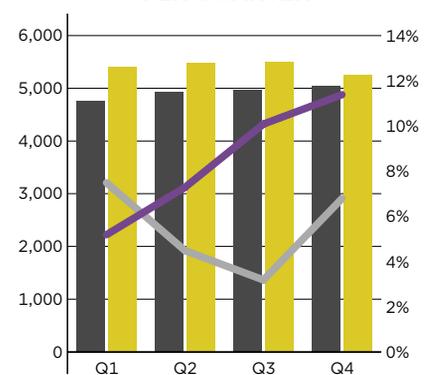
● 2017 Operating cash flow, MSEK  
● 2018 Operating cash flow, MSEK

### EARNINGS PER SHARE PER QUARTER



● 2017 Earnings per share, SEK  
● 2018 Earnings per share, SEK

### RETURN ON CAPITAL EMPLOYED PER QUARTER



● 2017 Capital employed, MSEK  
● 2018 Capital employed, MSEK  
— 2017 Return on capital employed, %  
— 2018 Return on capital employed, %

# Strong recovery in 2018

Intense organic growth continued in 2018 generated by both new business and greater demand from existing customers. Despite initial problems during the year from some customer projects with unexpectedly high start-up costs Elanders produced its best year ever.

During the first part of the year our focus was squarely on sorting out three big customer projects in Supply Chain Solutions. Start-up costs were well over budget and the projects required a great deal of extra resources, both internal and external. We chose to end one project while we managed to increase productivity and negotiate higher future prices in the other two. The negative effect on the result from the two remaining projects was substantially reduced during the second half of the year compared to the same period last year and they are expected to show positive results in 2019.

## Continued organic growth and a much better result

The Group's strong organic growth accelerated during the year with a much better result compared to last year. Net sales in 2018 increased by MSEK 1,400 to MSEK 10,742 (9,342). The increase was primarily a consequence of the intense organic growth in Supply Chain Solutions. Cleared for exchange rate changes as well as acquisitions and divestments, net sales increased by nine percent. All in all the operating result excluding one-off items was MSEK 459 (336). Last year the result was charged with MSEK 28 in one-off costs.

We see a continually growing demand for our services in Supply Chain Solutions from both existing and new customers. Growth during the year was primarily from Automotive, Electronics and Fashion & Lifestyle.

The market for Print & Packaging Solutions continues to suffer from price pressure. At the same time the demand for traditional printed matter is shrinking and to counter this we are progressively shifting operations to a higher portion of digital print and associated added value services. During the year we closed down our last Swedish off-set operations with

some 70 employees as part of our production capacity consolidation in Europe. We also sold our operations in Beijing, China – a company I myself launched 14 years ago. Although it was hard to let it go we realized that the best solution for our employees was a new owner that could contribute with larger volumes. The subscription box business in the USA continues to grow well. In 2018 subscription box customers generated 45 million US dollars in net sales, twice the amount compared to 2017. Our other business in the USA is also showing tangible result improvements.

Our smallest business area e-Commerce Solutions was integrated as of 1 January 2019 into Print & Packaging Solutions where they share some synergies. The positive trend for the business area continued with net sales in line with last year but with a better result.

## Examples of new customers during the year

In the summer of 2018 we carried out a very successful implementation of a project for a new customer, with a well-known brand, in the customer segment Electronics, where we are responsible for warehousing and distribution of a large part of the customer's products for the European market. At the end of the year we launched operations for a famous European football club, an omni-channel solution with annual net sales of around MSEK 65. With an almost completely automated warehouse we handle the club's entire flow of supporter merchandise to consumers, retailers and supporter shops in Europe. Investments in this customer project have amounted to nearly MSEK 50. The agreement with the football club is a substantial breakthrough for Elanders in the field of omni-channel solutions and perfectly aligned with our strategy to work directly with strong brands.

During the year we also implemented a project for a famous chain saw maker in which Elanders takes total responsibility for the e-commerce of brand products for consumers with a full-scale solution for the entire supply chain.

## Omni-channels for higher profitability

Our strategy to convert printing plants into combined omni-channels for both print and supply chain management services has proven to be a successful concept for strengthening our business and creating a stable platform for growth. Operations in the new multi-facility in Atlanta continued their rapid expansion and are an excellent example of how a combined print and supply chain unit can function. We help our subscription box customers with everything from picking and packing services to print, packaging and distribution. Print services including packaging represent only a fraction of the deal but are a good complement in the offer.

In connection with restructuring of the Swedish operations we also launched a logistics unit in Borås, Sweden that will handle both print and supply chain management services on the Nordic market.

## Sustainable, profitable business

Being able to offer a sustainable supply chain as far as possible is increasingly necessary to stay in the game, particularly when it comes to global projects. During the year Elanders implemented a number of initiatives in our companies regarding the environment. Together with our customer Porsche we invested in a whole new electric truck to transport components, a milestone on the road to more environmentally friendly logistics for Elanders.

In our role as suppliers we usually have to follow our customers' demands on cost and service levels but in the area Life Cycle Services we can take the initiative.

We are investing considerable resources in developing a global platform for sustainable services. By adding services like quality control, assembly, aftersales, repairs and recycling/reuse our Life Cycle concept contributes to more efficient transportation.

There is a huge sustainability factor in recycling equipment and giving it new life on the second hand market. With our Value Recovery offer we reduce our customers' climate impact by handling their worn-out IT equipment. Elanders also works continuously on reducing our energy and water consumption, greenhouse gas emissions and generating less hazardous waste.

#### **Partnership for global customer solutions**

We see a great opportunity to develop our business and customer offering with competitive services using partnerships. This is especially interesting for our printing business, where there is currently a surplus of capacity in the market. We discuss, among other things, cooperation with the German company that acquired our printing business in Beijing. We will provide supply chain management solutions, such as warehousing and picking and packing services, and they provide the packaging. The goal of the collaboration is to create a common platform for unique global customer solutions within supply chain management.

#### **Higher margins and focus on developing services**

In 2018 we got all the running parts of several large projects in place and can therefore look forward to lower investment levels and hopefully continued organic growth next year. A lot depends on the general economy. In 2019 we will put a great deal of energy into developing our business by increasing the sales of services where we take greater responsibility for our customers' entire value chain. This has proven to be a strategy that in general leads to better margins.

With a company in balance and a substantial number of requests from customers we are in a position to be selective when choosing which deals we make, focusing more on

higher margins so that we can successfully improve our cash flow and reduce the amount of capital tied up.

In conclusion I want to profusely thank all our employees for the tremendous effort they have made during the year in getting our major projects to run smoothly and profitably. I also want to thank our customers for the faith they have shown in Elanders with all the new business during the year.

This is our 110<sup>th</sup> Annual Report – no small number in this fast-moving and ever-changing world. I hope it will provide you, the reader, with a good understanding of what we do, the challenges we face on the markets we work in, and how we handle them on our mission to make Elanders a leading global supply chain management supplier.

**MAGNUS NILSSON**  
President and CEO



*Despite initial problems during the year from some customer projects with unexpectedly high start-up costs Elanders produced its best year ever.*

*Business Concept, Goals and Strategies*

# Global strategic partner

Elanders contributes to developing our customers' business and strengthening their competitive power. The Group's overriding goal is to be a leader in global solutions within supply chain management and print & packaging.



### Business concept

Elanders' business concept is to be a global, strategic and long-term partner to our customers in their work to streamline and develop their business critical processes.

### Strategies

Elanders' overriding goal is to be a leader in global solutions within supply chain management and print & packaging with a world class integrated offer.

In order to achieve our long-term financial goals and to maximize shareholder value we continually develop our offer. With new and improved services, total integrated solutions and implementation of innovative technology we create a good platform for continuous growth and development as well as greater value for shareholders.

### Develop local customers into global customers

Elanders expands and develops with our customers. Our global business often evolves by building up solid relationships by providing good solutions for

local needs that customers then implement globally. In order to increase global solution sales Elanders works systematically on developing our existing customer base in every segment and spotting local customers with global needs. The Group's global customers may also have local needs that we identify and develop to augment local deliveries.

### Optimizing operations

Elanders has operations and offices in many parts of the world. An important success factor is optimizing our capacity utilization in each unit. We achieve this by regularly measuring available capacity, follow-up of actual outcomes, flexible pricing and continuously making organizational adjustments.

### Acquisitions that lead to expansion

In addition to developing our existing business Elanders will continue to acquire new businesses that have the potential to increase sales, broaden our customer base and complement our integrated offer. Acquisitions are particularly prioritized

in supply chain management to broaden or supplement our range and, if possible, provide Elanders with further niche expertise. We are also interested in acquisitions that provide access to new geographic markets or customer segments.

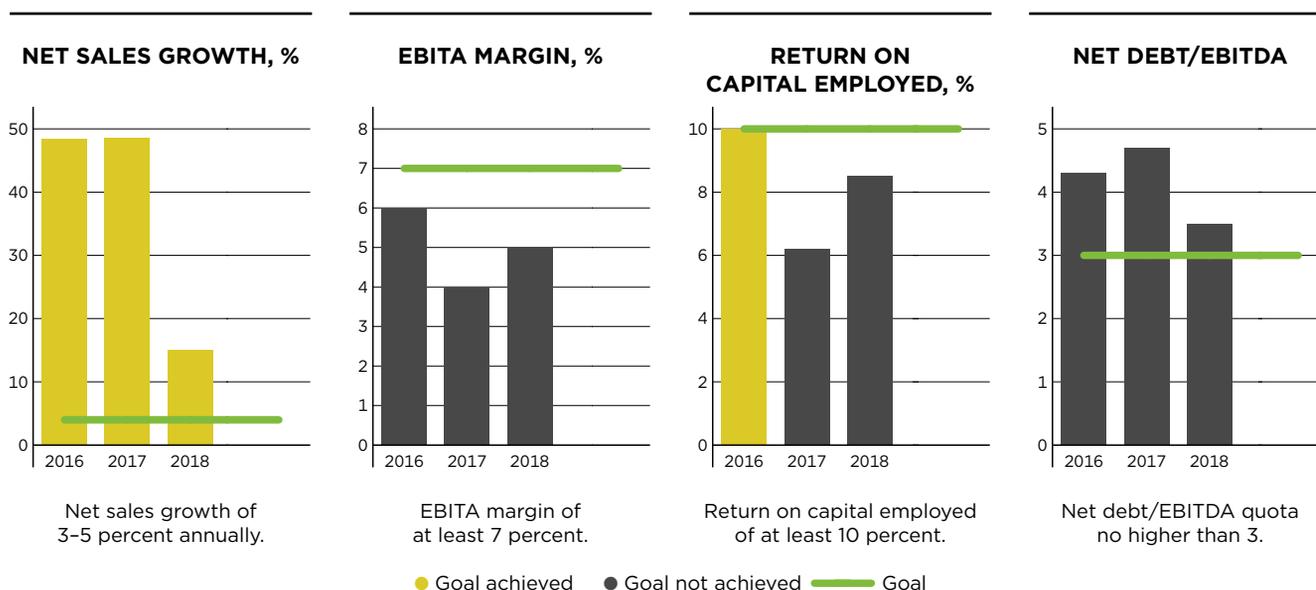
### ACQUISITION TARGET

Acquisitions should meet one or more of the following criteria:

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

## Financial goals

New long-term financial goals for the company were presented in 2017. Elanders believes that it should be possible to reach these goals within some years, but some of them might have to be revised in 2019, as a consequence of the implementation of IFRS 16 Leases.



# An industry in constant change



## Sustainability

The challenges for creating a sustainable society are enormous, particularly regarding the ever-growing global flow of goods. Demands for reduced emissions, lower energy consumption and recycling will severely challenge existing structures and future supply flows must fundamentally change to be sustainable. This greatly increases the complexity in the supply chain, putting even higher demands on intelligent IT solutions, automation and control.

---

## What Elanders does

Sustainability aspects permeate our work on all levels. For instance, Elanders has been able to substantially decrease carbon dioxide emissions through a continuous upgrading of our transportation fleet. Our solutions that both streamline and consolidate material flows and deliveries are a major factor in our customers' reduced impact on the environment. Life Cycle Services are an important part of our offer and we help our customers with every aspect of life cycles. For example, Elanders manages customers' returns of old technical equipment when new products are delivered, we recycle computers, computer screens and printers and we restore products for reuse on behalf of the customer.



## Globalization and urbanization

Greater globalization causes new trends to spread quickly all over the world and increases the demand for international products. As cities get bigger their financial importance for trade grows along with transportation limiting rules, regulations and fees. At the same time urbanization contributes to more efficient deliveries as more people are gathered in one location.

Globalization also increases the need for efficient transportation. The trend in national and regional transportation is shifting towards network solutions with big logistics terminals and consolidated repacking warehouses with automated goods management.

---

## What Elanders does

Elanders' strong position in Europe, Asia and the Americas provides a good base for meeting increased global demand and competition as well as customers' needs for global solutions. Elanders follows customers out into the world when they need help in a new location and we continually increase our geographic presence through acquisitions, expanded networks, new forms of cooperation and opening up new facilities. Through unique logistics solutions with networks and consolidation points Elanders is able to reduce heavy traffic in city centers and streamline distribution.

We have spotlighted some of the global megatrends we believe could impact our business in the future. By understanding them we can develop our offer and create a platform to keep and strengthen the leading position that Elanders has on selected markets and thereby generates long-term, profitable growth.



#### **Automation and digitalization**

Customers are increasingly demanding that supply chain solutions are sustainable, automated and provide information in real time in order to reduce environmental impacts and costs, shorten delivery times and raise quality. This puts very high demands on third party suppliers when it comes to technology and development, which is often a cooperation with customers. Automation also requires deep integration into customers' systems and operations. With new blockchain solutions it is easier to trace components, products and goods as well as guarantee safe transactions and transparency concerning sustainability aspects at every stage. The advent of the fourth industrial revolution brings automation of production and warehousing resulting in shorter set-up and lead times, fewer mistakes, less monotone jobs and greater flexibility.

#### **What Elanders does**

In the past few years Elanders has made major investments in automated flows and facilities like the advanced automated warehouse system for a famous European football club, and a virtual warehouse that covers the entire supply chain for a well-known sport fashion company. A virtual warehouse is a warehouse that comprises products at every stage. In addition to the inventory level in the warehouse it includes also products on their way to retailers as well as the preparedness at subcontractors. Elanders is continuously increasing integration in customers' business systems in order to become a stronger partner that takes a comprehensive responsibility to streamline flows and ensure transactions and transparency throughout the entire supply chain.



#### **More outsourcing**

By outsourcing parts of, or the entire supply chain, companies enhance their delivery reliability while reducing overhead in plants, personnel and systems. Shifting investments and risks over to their logistics partner gives them strength to fully concentrate on their core business. Demand for more supply chain management services has been growing as more and more companies choose to outsource even operations that are closer to their core business, for instance, by inviting the supplier into their own facilities to reduce overhead and replace it with variable costs that enable greater flexibility.

#### **What Elanders does**

The need for more outsourcing creates a demand for efficient supply chain services. By using multi-sites where several customers and similar operations are combined, Elanders can even out fluctuations in volumes and create economies of scale advantages. The Group also has expertise in, for example, contract logistics and offers advanced end-to-end solutions where we take care of the product directly from the customer's supplier, add value and deliver it to its final destination.

# An efficient supply chain often requires a global partner

Elanders is a leading company in global total solutions for the entire supply chain and is currently established on four continents.

Efficient supply chain management creates a competitive edge and is critical to the survival of all manufacturing companies, particularly in a global economy. Growing demands for a sustainable society are creating an increasing demand for more efficient external supply chain management solutions that conserve resources in transportation, production and warehousing.

Elanders manages and optimizes the flow of raw materials, components, final products, money and information through every step of production – from suppliers and manufacturers to end consumers. We provide our customers with comprehensive solutions for the entire supply chain through a single contact. Our offer includes handling everything from taking orders, procurement, purchasing components and warehousing to production logistics, manufacturing, configuration, quality control and delivery. The Group also handles payment flows, synchronization of purchasing and warehousing with demand and after sales service as well as managing returned or outdated products destined to be recycled or resold.

## Value-added services

We also offer value-added services connected to the supply chain that are tailored to individual customers' needs and desires. These can entail installations upon delivery, tests, repairs and certification of electrical equipment, unloading, reloading and repacking products at cross-docking centrals and empties management.

## Complex supply chains require specialists

Each industry has its own norms and regulations that need to be complied with when handling and transporting products, often while juggling tight timeframes. More and more stringent environmental demands heighten the complexity of the supply chain requiring, in turn, more specialist expertise. Because Elanders has developed advanced and adjustable IT systems we can offer individualized customer solutions. We integrate our systems with our customer's business system and can connect them to e-commerce platforms to efficiently manage orders, customer service and after sales service.

## Multi-sites for greater flexibility

One of the major reasons why Elanders' customers choose to outsource operations is to avoid tying up capital in plants, personnel and different kinds of service obligations as well as turn overhead costs into variable costs to enable greater flexibility and cost-efficiency. Elanders has multi-sites in Europe, Asia and the USA where several customers' operations are collected under one roof in order to achieve synergies in greater capacity utilization and flexibility. When we combine customers from diverse industries that have different volume patterns in one facility we can better manage seasonal variations and other peaks by moving employees and resources from one customer's needs to another's on a daily basis depending on the workload.

We also invest in systems for automated warehouses. Flexible solutions make our facilities more efficient while allowing the customer to focus on their core business.

## Innovative printing services

An important part of our integrated offer consists of graphic services such as printing manuals, labels and packaging for the products and components customers produce. Elanders has over 100 years of experience in the graphic industry and we currently offer concentrated, cost-efficient and innovative solutions that fulfill customers' needs, locally as well as globally.

We have developed advanced, user-friendly and internet-based ordering platforms that streamline the process from order to delivery and enable customized just-in-time or sequence deliveries. In the last few years the Group has invested in competitive digital printing technology in order to meet customer demand for flexible print production in shorter and smaller series with high quality at competitive prices.

Today Elanders is one of the few companies that can offer global total solutions that include everything from printed matter and packaging to other related services such as kitting and packing for just-in-time or sequence deliveries.

# Comprehensive solutions for global customers



# Long-term growth in prioritized customer segments

Whether it is a case of one or two services or tailor-made total solutions Elanders enhances the customers' productivity, profitability and sustainability. We primarily offer our services to customers in five large customer segments that are all showing good growth: Automotive, Electronics, Fashion & Lifestyle, Health Care & Life Science and Industrial.

## Automotive

The automotive industry continues to perform well but nonetheless faces enormous challenges in the future. The shift to electric cars, self-driving technology and demand for climate neutral vehicles will have a fundamental effect on automated production and the industry will have to make major strategic decisions in order to be successful in the next ten years.

Elanders has a good position in the industry, largely due to the fact that most of our customers are premium brands and should be able to handle the industry's transformation and development. We have extensive expertise in production logistics and help manufacturers to focus on their core business without having to skimp on quality or safety.

## Electronics

The market for electronics is growing dramatically. Consumption is on the rise because of a growing middle class and the fact that prices for home electronics have dropped in the last few years. The electronics industry is generally characterized by sensitive technology that requires special treatment and infrastructure in order to protect fragile units and instruments. Handling returns, recycling and the reuse of products are becoming increasingly important in supply chain management.

Electronics is one of our largest customer segments. We have continually developed our offer in recent years to include services like quality control,

assembly, installation, after-sales market, repairs and recycling/reuse of electronics in our Value Recovery Services.

## Fashion & Lifestyle

Fashion & Lifestyle, which covers fashion and sports clothes, contains some of the largest and best known brands in the world. The explosion of digital, social and mobile technologies have in very short time changed consumer habits and the drop in traditional sales of fast-moving consumer goods is compensated by the enormous growth in digital channels. Customers are usually looking for a partner that takes responsibility for everything from quality control in production and the entire supply chain to deliveries to retailers or end-consumers.

Elanders offers purchasing, distribution through omni-channels, virtual warehouses and return management as well as automated warehouses with services such as quality control, laundering, mending, production and labeling. We build partnerships directly with major brands that involve extensive integration into our customers' e-commerce and business. There is still great potential for growth in this customer segment, in particular due to the growing level of outsourcing in the industry.

## Health Care & Life Science

An aging population, lifestyle diseases, large growth markets and current technological developments are all expected

to contribute growth in the health care sector in the coming years. The industry is subject to heavy regulation and there are extremely high demands on quality for processes and management in areas where there is no room for error.

Health Care & Life Science is still a relatively small customer segment for Elanders, but the Group has a very strong, quality-ensured offer that includes everything from delivering consumables to distribution, maintenance and repair of medical equipment. There is a good potential for broadening our customer base.

## Industrial

Demands for low manufacturing costs, high product quality, short lead times and high delivery precision increasingly requires more from industrial manufacturers. Control and efficiency at every stage is a prerequisite for businesses to be competitive and profitable.

Elanders has a good position in the customer segment Industrial where the Group currently handles everything from small products to large, complex constructions and solutions. Our offer also includes production and factory logistics as well as logistics for the after-sales market. There is a potential in Industrial for developing our existing customer base as well as attracting new customers.



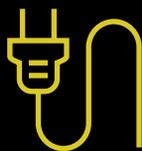
*Elanders is well positioned in the industry, thanks to customers being primarily premium brands.*

**Approximate shares of Group net sales per major customer segments**



**25%**

Automotive



**35%**

Electronics



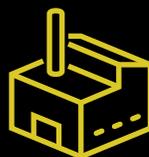
**15%**

Fashion & Lifestyle



**5%**

Health Care & Life Science



**15%**

Industrial

# Omni-channel solution

Elanders' subsidiary ITG has developed a webshop and logistic solution from the ground and up to a famous chain saw maker.

The customer is the market leader in high quality chain saws, trimmers and drill tools. The company has a large group of loyal customers that like the brand and for them the company has created a broad range of high quality merchandise like clothes, powerbanks, clocks and toys. As a traditional manufacturer the company has a long history of B2B commerce with established sales channels to retailers.

However, technical and financial expertise of direct sales to consumers has not been established yet, an avenue they would like to explore. They were looking for a partner that could take on complete responsibility for e-commerce aimed at consumers and offer a full-scale solution for the entire supply chain. They chose Elanders' subsidiary ITG, and after less than two years of intense development the project was ready to launch. Elanders is responsible for the entire supply chain infrastructure, from product provision and warehousing to order receipt,

quality control, invoicing and delivery to the end consumer. With the aid of partners Elanders has built a flexible and expandable e-commerce platform for its customer.

Elanders is also in charge of the daily management of the e-shop as well as financial services, statistics and reporting. As Elanders buys the merchandise from its customer and takes responsibility for e-commerce they do not have to handle the B2C business. The brand owner is concentrating on its core competence for purchasing and marketing and takes customer responsibility for the products.

The infrastructure was built for the German market including Switzerland and Austria with the capacity to launch sales in other countries in, for instance, Europe and South America going forward. Elanders' large global network of companies makes an initial campaign on a smaller scale a possibility.



Elanders, together with partners, developed the customer's webshop where all their merchandise are offered. Elanders is also responsible for running the e-shop including its content, all financial services and providing logistic solutions.



*We provide the customer with the tools to shift from being a manufacturer with retail dealers to a global digital omni-channel business that communicates with its end customers.*

Anna Agatha Swiatkowska,  
Shipping Assistant, ITG

## Our offer



### ONE CONTACT

Elanders efficiently and seamlessly handles distribution logistics throughout the entire supply chain and the customer has only one designated contact.



### E-COMMERCE

Elanders developed the technical solution behind the customer's webshops and is responsible for content.



### FINANCIAL SERVICES

Elanders is responsible for the customer's e-commerce and financial services.



### INVENTORY MANAGEMENT

Elanders' distribution center stores all products before they are packed and sent to customers in several different countries.

# Unique monthly subscription boxes are a growing business

Elanders provides a turnkey solution for picking and packing as well as distribution of Bespoke Post's personalized subscription boxes.

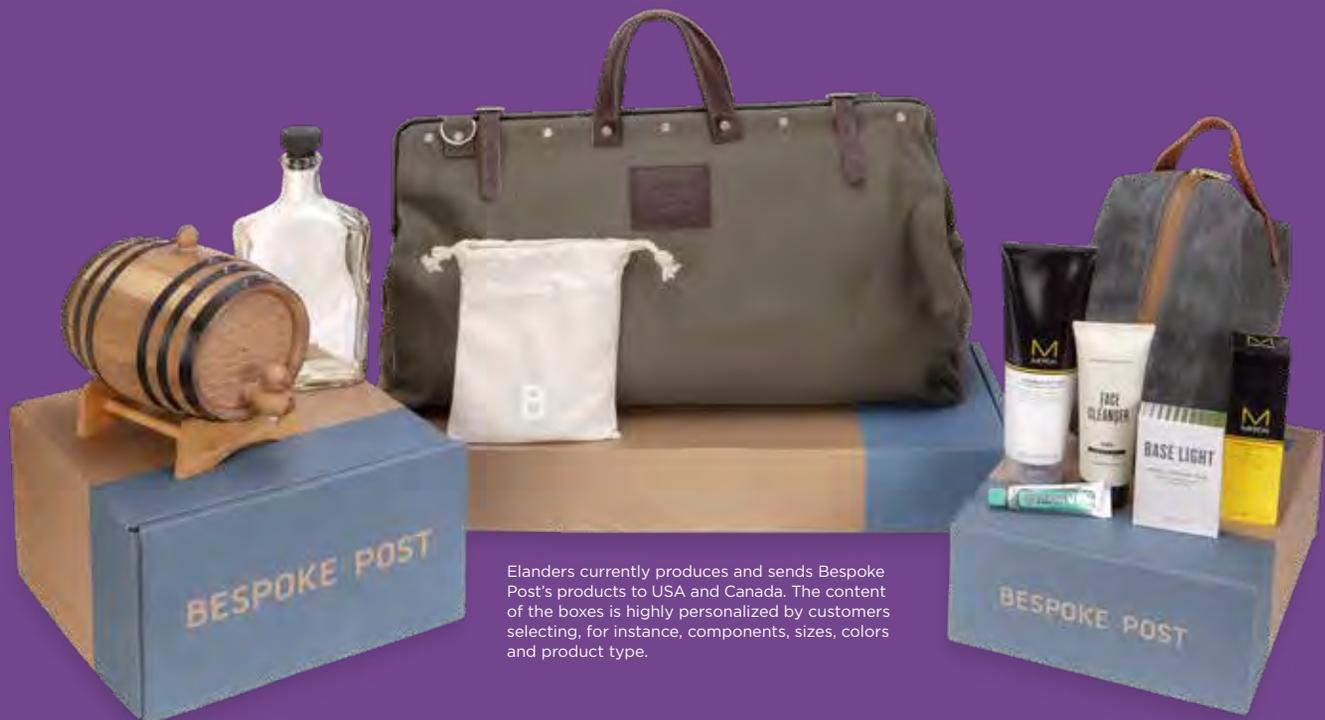
American company Bespoke Post specializes in monthly subscription boxes. The boxes contain unique, high quality products manufactured on a small scale. Each box has a theme, and customers can personalize the contents by, for example, choosing extra components, colors or sizes. In addition to the subscriptions Bespoke Post offers its customers the opportunity to complement the boxes with extra products, order single boxes or send them as gifts.

Elanders receives and controls the quality of components coming in from suppliers from all over the world. Working with less known brands and small manufacturers often creates substantial supply chain challenges. Lead times for production and transportation can be lengthy and the articles can arrive very close to the send-off date which demands a great deal of flexibility at Elanders.

Elanders is deeply integrated in the customer's e-commerce platform in order to handle order receipts,

same day shipment of online orders as well as handling returns. Due to our long experience in packaging and transportation Elanders can contribute expert input on the shipping suitability of Bespoke Post's various products. Elanders performs tests and identifies potential problem areas that could damage products or impact the cost of shipping them and we can also suggest more cost-effective alternatives.

The subscription boxes are designed to fit that month's products, which are packed as specified by the customer's order – often very close to the shipping date for maximum flexibility. Currently boxes are sent to customers in USA and Canada. The partnership entails on-going investments in equipment, employees and service on the part of Elanders in order to support Bespoke Post as their business grows and develops.



Elanders currently produces and sends Bespoke Post's products to USA and Canada. The content of the boxes is highly personalized by customers selecting, for instance, components, sizes, colors and product type.



*Elanders offers Bespoke Post a cohesive, one-stop solution for its monthly boxes that includes everything from print and manufacturing to storing products, packing and distribution.*

Erika Griffin, Human Resources,  
ElandersUSA, LLC

### Our offer



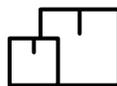
#### **INBOUND LOGISTICS**

Elanders receives and inspects incoming components and goods purchased from all over the world.



#### **TESTS**

Elanders performs tests on the physical product to determine its suitability for safe shipping to the end customer. If there is a damage risk an alternative transportation solution can be provided.



#### **KITTING AND ASSEMBLY**

The monthly boxes are assembled in accordance with the customers' orders.



#### **E-COMMERCE**

Deep integration with the customer's e-commerce platform for order receipts and same day shipments of online orders.



#### **DELIVERY**

The monthly boxes are sent directly to consumers in USA and Canada. Elanders also manage returns from customers.

# All things big and small in the same logistic solution

Through its subsidiary LGI, Elanders has further reinforced its position in the customer segment Electronics with a strong and internationally growing customer.

Elanders handles the distribution logistics of the products from a major brand within consumer electronics. The products are primarily shipped to customers in Eastern and Western Europe. Elanders took over distribution logistics from a previous supplier and with it their 130 employees. The contract is for five years with a possible three-year extension.

Based in a warehouse in Erfurt in eastern Germany Elanders manages a product range that covers more than 4,000 articles. This includes everything from small electronic items like headphones and camera lenses to unwieldy products like TVs, stereo systems, air conditioners and heat pumps for the home and the hotel trade. Distributing both small and bulky items in the same logistic system is a challenge since large products have to be handled by trucks while small articles are picked manually. There are considerable fluctuations in volumes from one day to the next and sometimes from one hour to

another. Big variations require processes with a high level of flexibility to maintain an even and reliable production impervious to daily volumes.

When Elanders took over, the warehouse space was reduced from 60,000 m<sup>2</sup> to 50,000 m<sup>2</sup> without affecting capacity. Quality and processes have been improved, new technology has been implemented and innovations are already showing good results.

Elanders' office in Hamburg is responsible for the customer's transportation flows in Germany, Austria and Switzerland where twelve employees work solely with the customer. This office also handles customs import and export for the company in Europe. Being situated in Hamburg is an advantage since many of the products come via containerships from Asia.

In addition to warehousing and distribution Elanders also bundles, labels, handles returns and checks the quality of new and returned products for the customer.



Elanders offers cohesive distribution logistics from a single supplier particularly designed for the customer's unique business. This makes it possible for the company to offer its customers reliable, high quality service.



*Elanders provides the customer with a total solution from a single supplier particularly designed for the customer's unique business.*

**Katharina Janson, Team leader Small-Parts-Picking Area, LGI**  
 Katharina and her team ensure that all the small products such as cameras, telephones and radios are picked and packed in time to be consolidated with the other products at a customer level prior to loading onto trucks.

### Our offer



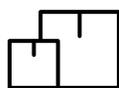
**MANUFACTURING**

Products are delivered from the customer's plants.



**CUSTOMS AND CONTROL TOWER**

Elanders' office in Hamburg handles all transportation flows as well as import and export customs.



**DISTRIBUTION WAREHOUSE**

The warehouse in Erfurt handles over 4,000 articles, both compact and unwieldy products.



**SERVICES**

Bundling, labeling, handling returns and checking the quality of new and returned products.



**DELIVERY**

More than 95 percent of deliveries consist of B2B commerce where Elanders control and organize transports to major retailers like electronics stores in Europe.

# Automated warehouse for the football club

Elanders' subsidiary ITG manages an omni-channel solution for a famous European football club and ships supporter merchandise globally.

Elanders' subsidiary ITG manages an omni-channel solution for supporter merchandise on behalf of a famous European football club. A new automated warehouse system, where robots do much of the work, has increased efficiency drastically.

The football club is rated one of Europe's most powerful clubs. It also has an enormous fan base that happily buys supporter products. The club chose Elanders when it was looking for a partner that could manage omni-channel solutions and had the know-how and resources for a global set-up. Almost all supporter merchandise ordered over the Internet or bought in one of the club's fan shops is sent directly from Elanders' 120,000 m<sup>2</sup> warehouse outside Munich, of which the football club uses about 6,000 m<sup>2</sup>. More than 5,000 articles a day are picked and packed according to received orders before they are sent to end-consumers or stores.

This is not just any warehouse. Thanks to the long-term contract with the football club Elanders could invest in an Auto Store system where 42 robots pick products from 20,000 bins around-the-clock. (Read more about the Auto Store solution on page 26.)

The system is highly efficient in terms of storing density as well as picking performance and with that helps to fulfill the huge customer demands regarding delivery times and quality. The Auto Store also greatly increased Elanders' capacity and flexibility, making it easier to handle big fluctuations in volumes. After a good match the influx of orders can multiply in just a few hours.

Merchandise is delivered on a daily schedule to local fan shops. Elanders' personnel puts security and price tags on the products, packs them onto shelves and hangs clothes on coat hangers. Elanders also has a production line for thermal printing and embroidery on, for example, match shirts.



Standard and personalized printing is done on demand for maximum flexibility and minimize inventory.



Elanders' expansive facility outside of Munich stores everything from caps, cups and shorts to baby shoes and match shirts, all in the football club's colors.



*We provide a famous European football club with the ability to reach out to all their fans through an omni-channel solution that is efficient and flexible. With our global network we will open up the rest of the world for the football club.*

Ali Badawee, Shipping  
Assistant Outbound, ITG

## Our offer



### ONE CONTACT

Centralized logistics management for the football club's supporter merchandise.



### OMNI-CHANNEL

Elanders supplies e-stores, retailers and supporter shops with products.



### INVENTORY MANAGEMENT

Elanders' warehouse holds over 5,000 different articles.



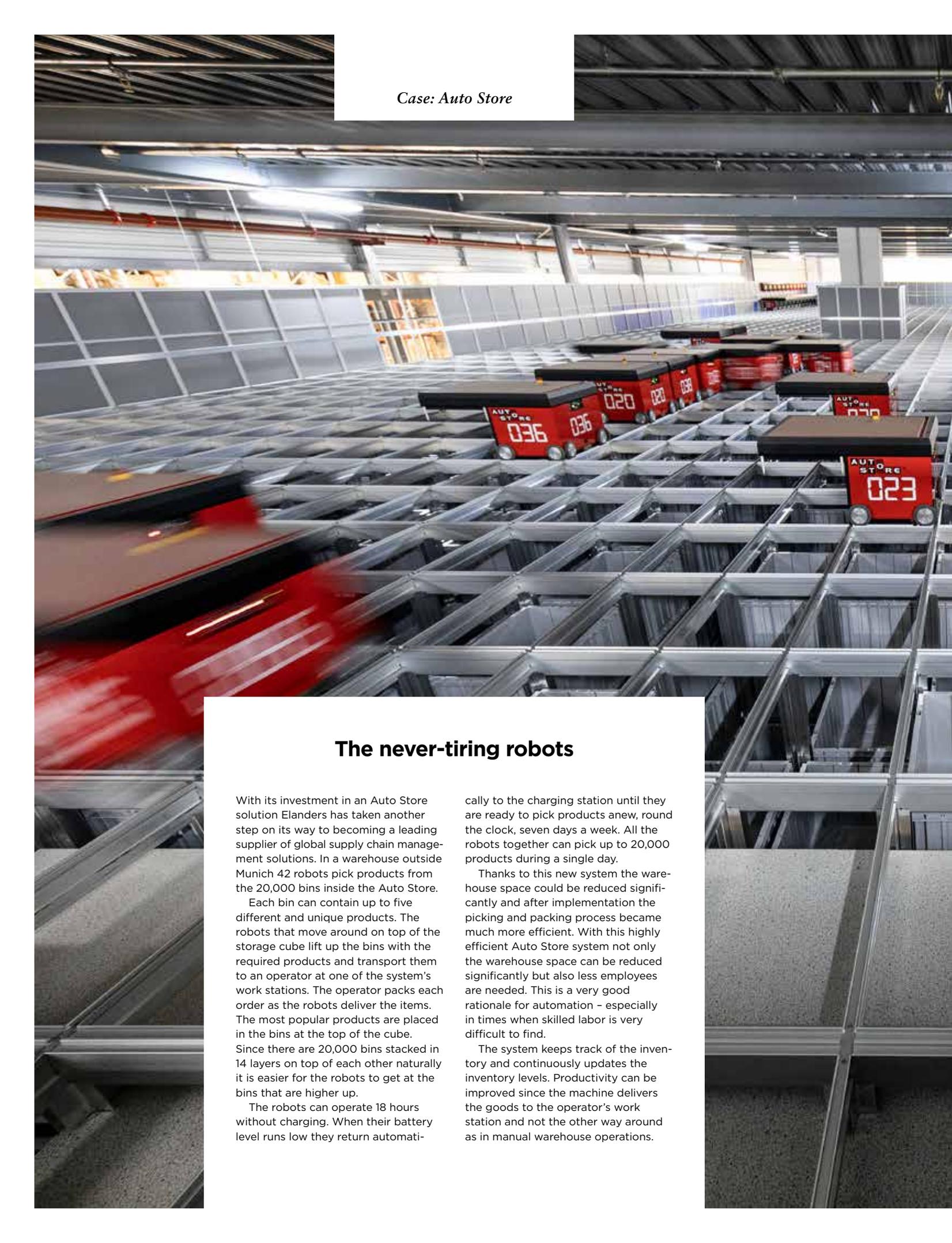
### PICKING

The robots can pick up to 20,000 products a day.



### DISTRIBUTION

Products are packed and distributed to end-consumers around the world and to retailers and supporter shops in Germany. Elanders also takes care of aftersales with returns.



## Case: Auto Store

### The never-tiring robots

With its investment in an Auto Store solution Elanders has taken another step on its way to becoming a leading supplier of global supply chain management solutions. In a warehouse outside Munich 42 robots pick products from the 20,000 bins inside the Auto Store.

Each bin can contain up to five different and unique products. The robots that move around on top of the storage cube lift up the bins with the required products and transport them to an operator at one of the system's work stations. The operator packs each order as the robots deliver the items. The most popular products are placed in the bins at the top of the cube. Since there are 20,000 bins stacked in 14 layers on top of each other naturally it is easier for the robots to get at the bins that are higher up.

The robots can operate 18 hours without charging. When their battery level runs low they return automati-

cally to the charging station until they are ready to pick products anew, round the clock, seven days a week. All the robots together can pick up to 20,000 products during a single day.

Thanks to this new system the warehouse space could be reduced significantly and after implementation the picking and packing process became much more efficient. With this highly efficient Auto Store system not only the warehouse space can be reduced significantly but also less employees are needed. This is a very good rationale for automation - especially in times when skilled labor is very difficult to find.

The system keeps track of the inventory and continuously updates the inventory levels. Productivity can be improved since the machine delivers the goods to the operator's work station and not the other way around as in manual warehouse operations.





Schmid Druck

## Elanders' magical workshop

Elanders' specialist printer Schmid Druck in Kaisheim, Germany is kind of a magical workshop. The 65 employees working there create everything from popup books, luxury present boxes and brochures with scraper fragrances to seasonally inspired signage like Advent calendars and paper snowmen.

Claudia Forster and Martin Dippner are packaging designers and work fulltime with developing new products in Schmid Druck's creative department. Customers are mostly advertising agencies and large companies' marketing departments.

- We produce an idea based on our customer's specifications that can be more or less developed. Usually we send the customer a dummy in paper and a film on how it works within 24 hours, explains Martin Dippner.

Small quantities are produced in Kaisheim while larger volumes are manufactured by a subcontractor in the Czech Republic.

Even though volumes and profitability have drastically diminished in traditional printing over recent years a printing plant can still make money, a fact Schmid Druck is proof of. High quality, unique products are still very much in demand by many customers who want to rise above the media noise.



Martin Dippner produces a dummy from an idea for a printed item at Schmid Druck's creative department.

This Annual Report is a result of collaboration between Elanders AB, Narva and Schmid Druck. Narva was responsible for the design and most of the text. Elanders AB produced the information in the audited annual report. The cover is a result of an idea from Narva that was realized by Schmid Druck. The Annual Report was printed in Kaisheim, Germany in March 2019 by Schmid Druck.



Elanders is providing a supply chain solution to one of the world's leading manufacturer of medical devices.

Health Care & Life Science

## Managing healthcare supply chain

Providing a predictable healthcare supply chain is challenging and requires full traceability and control all the way from manufacturing to delivery.

With heart disease as possibly the number one deadly condition in the world and a major cause of disability, the ability to provide the right medical devices during emergencies are crucial.

Elanders is providing a supply chain solution to one of the world's leading manufacturer of medical devices. The company's products are used in many different interventional medical specialties, including radiology, cardiology, oncology and gynecology.

Thanks to well-developed processes the products can be tracked from point of receipt via storage and delivery to the point of use, always ensuring product availability. Elanders provide the customer with resources, storage facilities with the right environmental controls, inventory management system with RFID tracking and compliance to ISO 13485 medical device standards.

Elanders thereby assume responsibility for that the healthcare providers always are stocked with essential medical supplies and have access to the right equipment.

# Elanders drives eTruck to Porsche's factory

These days transportation to Porsche's production unit for electric cars in Germany is almost soundless and generates zero emissions. The new electric truck takes Elanders' subsidiary LGI one important step closer to more environmentally friendly logistics.

These days transportation to Porsche's production unit for electric cars in Germany is almost soundless and generates zero emissions. The new electric truck takes Elanders' subsidiary LGI one important step closer to more environmentally friendly logistics.

Elanders has been in charge of component deliveries to Porsche's production unit in Stuttgart-Zuffenhausen since the beginning of 2018, delivering them daily on trucks from Elanders' warehouse in Freiberg.

During the year, together with our customer Porsche, Elanders has invested in a completely new electric truck from the manufacturer MAN. The eTruck will initially run between Elanders' warehouse and Porsche's factory 5-6 times a day. The drive of around 19 kilometers is mostly freeway.

All in all changing over to an electrical truck reduces emissions by more than 30 tons carbon dioxide annually. The eTruck is the first of its kind used in daily operations on public roads in Germany.

The eTruck has an electric motor with 360 horsepower and fully loaded can weigh up to 32 tons. Energy is stored in Li-ion batteries that have 149 kWh storage capacity, which gives it a range of 130 kilometers per recharge. Elanders has installed a charging station at our facility in Freiberg that runs on green, renewable electricity. This is the first model of the new quick charging infrastructure developed by Porsche Engineering. It only takes 45 minutes to charge the eTruck with enough energy to drive 100 kilometers.

Not only is the eTruck silent and CO<sub>2</sub>

neutral, it requires less maintenance. The energy regenerative system lets you reduce speed or brake by letting generators charge the battery instead of using normal mechanical brakes. As a result there is less wear and tear on the brakes compared to conventional brake systems. This technology drastically reduces fine dust emissions compared to solely using mechanical brakes. In a normal truck, diesel soot particles and brake abrasion are by far the biggest causes. The electric truck is almost free of fine dust.

Elanders rents the eTruck on a long-term basis and cares for maintenance and repair of the vehicle. With the eTruck Elanders is one important step closer to more environmentally friendly logistics.



# Continued growth

The past few years have been very eventful and entailed a major transformation in Elanders. The company has gone from having been a local Swedish printer to a global supplier of integrated solutions in supply chain management.

## 2018

The year 2018 was also characterized by strong organic growth, nine percent, and Group net sales reached over 10 billion Swedish krona for the first time. The customer projects that had created problems during the second half of 2017 continued to be a challenge in the beginning of 2018 but after measures to make them more efficient and raising our prices to customers they were set right. During the year the majority of shares in LOGworks, Elanders' staffing operations in Germany, were sold to Adecco. As part of the production consolidation process in Print & Packaging Solutions the operations in Beijing, China were divested while the offset operations in Sweden were shut down and 70 employees were made redundant. The year ended with Elanders' best quarter ever.

## 2017

The year was characterized by strong organic growth, mainly in business area Supply Chain Solutions where growth was generated in both Asia and Europe. Several new deals were signed during the year. Organic growth amounted to six percent for the Group as a whole, but increased to 12 percent in the fourth quarter. Net sales amounted to SEK 9.3 billion and there were close to 7,000 employees at year-end. The robust growth led to some growing pains for the organization, which was apparent in the result in the form of extra start-up costs for several of the new, large customer projects in Supply Chain Solutions.

Price pressure and overcapacity on the market for business area Print & Packaging Solutions continued and 50 employees were made redundant in the Swedish operations.

## 2016

In the summer of 2016 Elanders made its greatest acquisition ever with the acquisition of the German contract logistics group LGI. At the beginning of the year LGI had close to 4,000 employees, including permanently hired personnel, and net sales of MEUR 430 in 2015. Together LGI and Elanders have a much broader customer base and the union creates a stable platform for continued organic growth with both existing and new customers. The Elanders Group was then larger than ever before with over 6,400 employees and annual net sales of more than SEK 8 billion.

In 2016 Elanders presented its best result ever with an operating result of MSEK 383, excluding one-off items.

## 2015

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

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

## 2014

The highlight of 2014 was the successful integration of the Singapore-based company Mentor Media. The acquisition entailed a dramatic increase in net sales, operating result and number of employees. This allowed us to achieve one of our important goals, namely to build an Elanders with greater global presence and a broader offer. The Group now rests on a stable platform with three business areas that both balance and complement each other. The operating result for the full year was MSEK 175 (131) of which one-off items were MSEK -42 (-1).

## INCOME STATEMENTS - SUMMARY

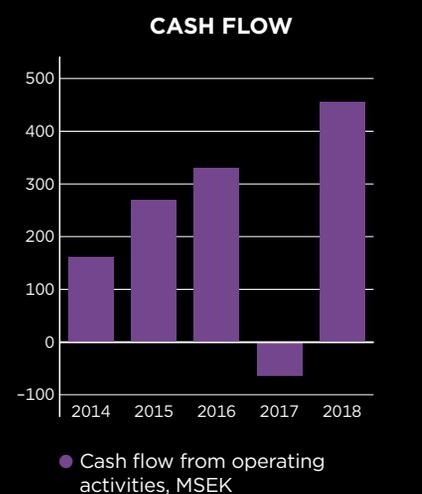
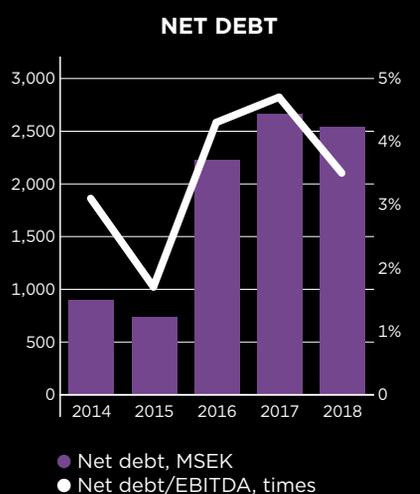
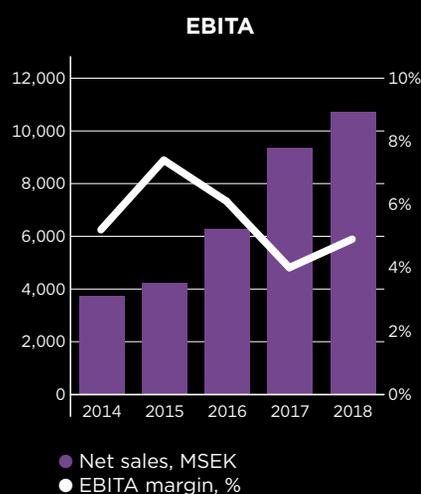
MSEK	2018	2017	2016	2015	2014
Net sales	10,742	9,342	6,285	4,236	3,730
Operating expenses	-10,283	-9,034	-5,941	-3,944	-3,555
EBIT	459	308	344	292	175
Financial items	-93	-78	-44	-33	-35
Result after financial items	366	230	300	259	140
Result for the year	259	165	217	175	88
EBITDA	725	563	516	428	292
EBITA	523	371	384	313	194

## CASH FLOW - SUMMARY

MSEK	2018	2017	2016	2015	2014
Cash flow from operating activities	455	-64	331	269	162
Paid taxes	-127	-134	-104	-85	-61
Investments	-137	-262	-1,907	-42	-296
Operating cash flow	538	-115	-1,428	344	-38
Change in net debt	-288	438	983	-198	174

## BALANCE SHEETS - SUMMARY

MSEK	2018	2017	2016	2015	2014
Goodwill	2,439	2,337	2,273	1,200	1,205
Other fixed assets	1,835	1,874	1,855	602	675
Inventory	468	390	295	266	253
Accounts receivable	1,762	1,571	1,396	825	844
Other current assets	511	557	312	139	136
Cash and cash equivalents	722	679	651	529	457
Equity	2,707	2,453	2,411	1,488	1,348
Interest-bearing liabilities	3,261	3,344	2,875	1,267	1,352
Non-interest-bearing liabilities	1,768	1,612	1,496	805	870
Total assets	7,737	7,409	6,782	3,560	3,570



**KEY RATIOS**

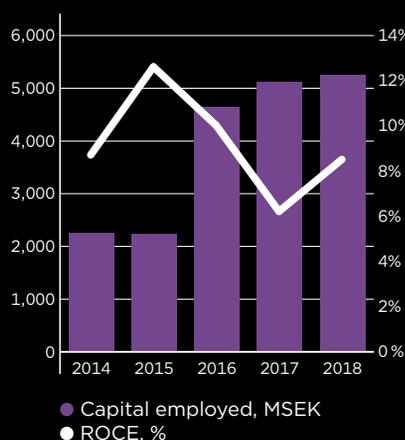
	2018	2017	2016	2015	2014
EBITA-margin, %	4.9	4.0	6.1	7.4	5.2
Operating margin, %	4.3	3.3	5.5	6.9	4.7
Profit margin, %	3.4	2.5	4.8	6.1	3.8
Equity ratio, %	35.0	33.1	35.6	42.0	37.8
Risk capital ratio, %	37.5	35.7	38.7	44.1	40.1
Interest coverage ratio, times	5.3	4.1	7.8	12.7	5.0
Debt/equity ratio, times	0.9	1.1	0.9	0.5	0.7
Return on equity, %	9.8	6.8	12.4	12.1	7.4
Return on capital employed, %	8.5	6.2	10.0	12.6	8.7
Return on total assets, %	6.6	4.3	6.7	8.2	5.9
Average number of employees	7,153	6,658	4,536	3,182	3,360
Number of employees at the end of the year	6,652	6,997	6,444	3,177	3,320
Net debt/EBITDA, times	3.5	4.7	4.3	1.7	3.1
Enterprise Value, MSEK	5,633	5,570	5,981	2,555	1,919
Risk capital, MSEK	2,898	2,645	2,625	1,568	1,431
Capital employed, MSEK	5,246	5,118	4,635	2,226	2,243
Net debt, MSEK	2,539	2,665	2,224	738	895

For Reconciliation Alternative Performance Measures and Financial definitions, see pages 110-112.

**RETURN ON EQUITY**



**RETURN ON CAPITAL EMPLOYED**



**EQUITY RATIO**





“

*Group net sales  
reached over  
10 billion  
Swedish krona  
for the first  
time.*

# Against the tide

The share price had a negative development during the first half of the year. In line with a positive earnings trend, the share price increased and ended the year at SEK 87.20, an increase of 6 percent compared with the previous year.

## History

Elanders' B shares were first listed on the Stockholm Stock Exchange on 9 January 1989. On 31 December 2018 the company had 33,542,938 (33,542,938) B shares listed on NASDAQ OMX Stockholm, Mid Cap, under the ELAN B symbol.

## Development during the year

The market value of B shares rose by 6 (-23) percent during 2018, while the Stockholm Stock Exchange index OMX Stockholm PI fell by 8 (+6) percent during the same period. During 2018 a total of 3,829,346 (8,591,669) Elanders shares were traded, which is equivalent to an average trading rate of approximately 0.11 (0.24) times.

The lowest share price during 2018 was SEK 63.00 on 12 July and the highest was SEK 97.50 on 22 October. The final share price in 2018 was SEK 87.20 (82.00), which means that Elanders' stock

market value at year-end was approximately MSEK 3,083 (2,899).

## Share capital, class of shares and liquidity guarantee

At the end of 2018 there were a total of 35,357,751 (35,357,751) issued shares in the company, of which 1,814,813 (1,814,813) were class-A shares and 33,542,938 (33,542,938) were class-B shares.

Each class-A share is worth ten votes and each class-B share one. The shares' quota value is SEK 10 and all shares are entitled to the same dividend. See the tables on the following pages for share capital and voting disposition. The class-B share is covered by a liquidity guarantee and ABG Sundal Collier is the guarantor.

## Share allocation

There were 3,008 (3,457) Elanders shareholders at year-end. The share of foreign shareholders amounted to 9 (8) percent

of the capital. The allocation between shareholder type and share of capital is 8 (9) percent private owners and 32 (30) percent institutional owners. At the end of the year Carl Bennet AB controlled 66 (66) percent of the votes and 50 (50) percent of the capital and was the only owner who controlled more than 10 percent of the capital or 10 percent of the votes.

## Dividend policy

Regarding the proposed dividend in years to come, the Board of Directors has taken into account the Group's development potential, its financial position and the adopted financial goals relating to debt/equity ratio, equity ratio and profitability. The objective is to have dividends follow the long-term profit trend and, on the average, represent approximately 30–50 percent of profit after tax.

## DATA PER SHARE

	2018	2017	2016	2015	2014
Net result, SEK	7.18	4.65	7.35	6.18	3.27
Share price at year-end, SEK	87.20	82.00	106.25	64.36	36.27
P/E ratio	12.1	17.6	14.5	10.4	11.1
P/S ratio	0.3	0.3	0.5	0.4	0.3
Dividend, SEK	2.90 <sup>1)</sup>	2.60	2.60	2.07	1.03
Dividend yield, %	3.6	2.6	3.1	4.5	2.9
Share price/equity, times	1.1	1.2	1.6	1.2	0.8
Equity, SEK	76.28	69.21	68.19	52.72	47.75
Risk capital, SEK	81.96	74.80	74.24	55.57	50.70
EBITDA, SEK	20.50	15.92	17.47	15.16	10.89
Operating cash flow, SEK	15.22	-3.24	-48.32	12.19	-1.42
Cash flow from operating activities, SEK	12.88	-1.81	11.19	9.52	6.03
Average number of outstanding shares, in thousands	35,358	35,358	29,555	28,224	26,825
Turnover rate	0.11	0.24	0.44	0.20	0.27

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

Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issue in 2016. For Reconciliation Alternative Performance Measures and Financial definitions, see pages 110–112.

### Other information

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

Questions can also be asked to Elanders directly via e-mail at [info@elanders.com](mailto:info@elanders.com). Annual Reports, Quarterly Reports and other information can be requested from Group headquarters at telephone number +46 31 750 00 00, our website or through the above e-mail address.

We are also happy to provide information about Elanders at events that are arranged by shareholder organizations, Swedish and foreign stockbrokers and banks.

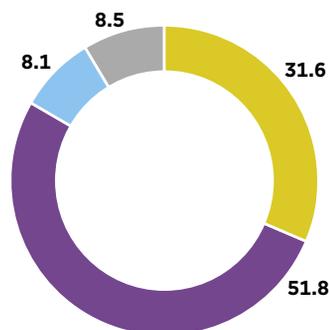
Nordea and ABG Sundal Collier continuously monitor our development and regularly publishes analyses of Elanders.

### DEVELOPMENT OF THE ELANDERS SHARE

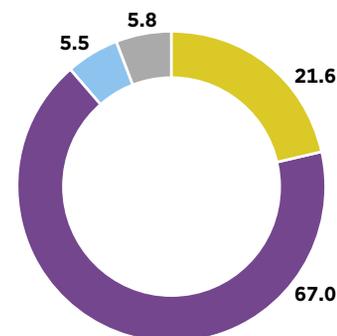


### SHAREHOLDER CATEGORIES 31 DECEMBER 2018

#### PERCENT OF SHARE CAPITAL



#### PERCENT OF VOTES



- Swedish institutions and Investment companies
- Swedish companies
- Swedish private persons
- Foreign owners

Source: Euroclear Sweden AB.

# 3,083

Elanders' stock market value at year-end was approximately MSEK 3,083 (2,899).

## SHARE CAPITAL DEVELOPMENT

	Number of A shares	Number of B shares	Accumulated number of shares	Accumulated share capital, SEK
At Stock Exchange introduction in 1989	200,000	1,380,000	1,580,000	15,800,000
1991 Directed share issue to acquire Fabritius A/S in Norway	-	252,000	1,832,000	18,320,000
1993 Bonus issue 1:1	200,000	1,632,000	3,664,000	36,640,000
1997 Directed share issue to acquire the Graphic Systems Group	-	650,000	4,314,000	43,140,000
1997 Directed share issue to acquire Skandinaviska Lithorex	-	250,000	4,564,000	45,640,000
1997 Directed share issue to acquire Gummessons	-	350,000	4,914,000	49,140,000
1997 New share issue 1:4 in connection with the acquisition of the Minab Group	100,000	1,128,000	6,142,500	61,425,000
1998 Directed share issue to acquire the Skogs Group	-	1,287,500	7,430,000	74,300,000
2000 Directed share issue to acquire the shares in KåPe Group	-	450,000	7,880,000	78,800,000
2000 Directed share issue to acquire the shares in Novum Group	-	490,000	8,370,000	83,700,000
2007 New share issue 1:6 in connection with the acquisition of Sommer Corporate Media	83,333	1,311,666	9,764,999	97,649,990
2010 New share issue 1:1	583,333	9,181,666	19,529,998	195,299,980
2012 Directed share issue to acquire d o m and fotokasten	-	3,200,000	22,729,998	227,299,980
2014 New share issue 1:6 in connection with the acquisition of Mentor Media	194,444	3,593,872	26,518,314	265,183,140
2016 New share issue 1:3 in connection with the acquisition of LGI	453,703	8,385,734	35,357,751	353,577,510
<b>Outstanding shares and share capital on 31 December 2018</b>	<b>1,814,813</b>	<b>33,542,438</b>	<b>35,357,751</b>	<b>353,577,510</b>

## MAJOR SHAREHOLDERS 31 DECEMBER 2018

	Number of A shares	Number of B shares	Percent of votes	Percent of share capital
Carl Bennet AB	1,814,813	15,903,596	65.9	50.1
Carnegie Funds	-	2,967,600	5.7	8.4
Didner & Gerge Funds	-	2,708,035	5.2	7.7
Lannebo Funds	-	2,542,084	4.9	7.2
Fourth Swedish National Pension Fund	-	1,154,737	2.2	3.3
Protector Forsikring ASA	-	634,573	1.2	1.8
Third Swedish National Pension Fund	-	447,404	0.9	1.3
The Bank of New York Mellon SA/NV	-	439,366	0.8	1.2
HSBS Bank PLC	-	314,032	0.6	0.9
Dan Olsson	-	297,352	0.6	0.8
Other Shareholders	-	6,134,159	11.9	17.3
<b>Total</b>	<b>1,814,813</b>	<b>33,542,938</b>	<b>100.0</b>	<b>100.0</b>

Source: Euroclear Sweden AB.

## SHAREHOLDER STATISTICS 31 DECEMBER 2018

Number of shares	Number of shareholders	Number of A shares	Number of B shares	Percent of share capital	Percent of votes
1-500	2,115	-	311,841	0.9	0.6
501-5,000	733	-	1,056,725	3.0	2.0
5,001-50,000	123	-	1,752,646	5.0	3.4
50,001-500,000	31	-	4,511,101	12.8	8.7
500,001-	6	1,814,813	25,910,625	78.4	85.2
<b>Total</b>	<b>3,008</b>	<b>1,814,813</b>	<b>33,542,938</b>	<b>100.0</b>	<b>100.0</b>

Source: Euroclear Sweden AB.



# Board of Directors' Report

The Board of Directors and the President and Chief Executive Officer of Elanders AB (publ), corporate identity no 556008-1621, herewith present their annual report and the consolidated financial statements for 2018.

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

## Our business

The Elanders Group has close to 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 industries Automotive, Electronics, Fashion & Lifestyle, Industrial and Health Care & Life Science.

During the year our business has mainly been conducted through three business areas – Supply Chain Solutions, Print & Packaging Solutions and e-Commerce Solutions, which are all more or less independent operations. As of 1 January 2019 Elanders has only two business areas – Supply Chain Solutions and Print & Packaging Solutions since e-Commerce Solutions was integrated into Print & Packaging Solutions.

## Our offer

Elanders helps its customers to more efficiently manage their entire supply chain, everything from raw materials to the end product. Elanders can take a global total responsibility for the supply chain that encompasses procurement, warehousing, configuration, production and distribution. Our offer also includes order management, payment solutions and after sales services for our customers.

Our 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.

## Net sales and result

Net sales for the year increased by MSEK 1,400 to MSEK 10,742 (9,342). Cleared of exchange rate effects and acquisitions net sales grew by nine percent.

EBITA, i.e. the operating result adjusted for amortization on assets identified in conjunction with acquisitions, amounted to MSEK 523 (371) including one-off items of around net MSEK 0 (–28). The operating result amounted

to MSEK 459 (308). The one-off items during the previous year were primarily related to structural measures in the Swedish operations in Print & Packaging Solutions. The increase in the result as a whole is largely due to the fact that the customer projects in Supply Chain Solutions with higher than expected start-up costs, are now under control. There has been a tangible improvement in the result for all our business areas compared to last year.

## Supply Chain Solutions

For the Group's largest business area, Supply Chain Solutions, the strong organic growth continued and amounted to nine percent, growth being generated in both Asia and Europe. This can be compared with last year's organic growth of seven percent. The customer base has expanded during the year with several new large customers in both Electronics and Fashion & Lifestyle. This organic growth also illuminates a stable underlying growth in the entire supply chain market. Our growth, which is mostly derived from new customer projects and business, put a great deal of pressure at the beginning of the year on our organization and the company, in terms of both resources and financially, which was also apparent in the result for the first half-year. Implementing some of the new customer projects that started up back in 2017 was more extensive than anticipated. This led to extra start-up costs, which affected the result negatively during the second half of 2017 and the first half of 2018. Among these were costs for temporary personnel, transportation and extra consultants. These projects are now under control after measures were taken to make them more efficient and prices to our customers were adjusted. Otherwise focus has been on developing existing customers and generating new business, with both new and existing customers, that includes services from all business areas.

During the fourth quarter Elanders sold 51 percent of the shares in LOGworks to Adecco. LOGworks was Elanders' staffing operations in Germany that employed around 500 workers on an annual basis. After the divestiture, which was completed at the end of the year, LOGworks is recognized as an associated company. Since only a small part of Logwork's net sales were external the divestiture will not have any significant effect on the consolidated financial statements in the future.

## Print & Packaging Solutions

The market for business area Print & Packaging Solutions continues, as in previous years, to be characterized by tough price pressure, shrinking total volumes and overcapacity. Total print volumes are down on nearly every market and there is a clear shift towards digital print and more personalized products instead of traditional offset print in large volumes. It is primarily

the service area in the USA that handles subscription boxes that combine print, freight and packing services into a comprehensive service which is growing. This business has skyrocketed from zero to nearly 45 million dollars in annual net sales over the last two years. Excluding this section from the business area, organic net sales contracted by around three percent in 2018.

As a consequence of decreasing total volumes and the resulting price pressure, the Group's consolidation of production capacity in traditional print continues. For example, in the second quarter 70 employees were given notice of redundancy due to the shut-down of off-set operations in Mölnlycke, Sweden. The divestment of operations in Beijing, China to the Edelmann Group, a global German packaging company with operations in, among other places, China, Germany, India and the USA, was also part of this consolidation. The unit in Beijing had close to 170 employees and annual net sales of MSEK 80.

Work is also underway to transform some of our existing print operations so that they can also offer supply chain management services, which has proven successful both in Brazil and the USA. Lately focus has been on the Swedish operations in Print & Packaging Solutions which in 2018 closed down its off-set print unit and started up logistics operations in Borås, Sweden. At one point in time there were 18 off-set printing plants in Sweden. Now the last one is closed. Due to this transformation and the change in direction the Swedish operations have gone through, as 1 January 2019 they were incorporated into business area Supply Chain Solutions instead of being part of Print & Packaging Solutions.

#### e-Commerce Solutions

The business area e-Commerce Solutions has substantial seasonal sales variations and the fourth quarter is by far the strongest. Normally all earnings for the year occur in this quarter, which is evident in this year's figures as well. Several measures have been taken to cut costs, which is apparent in the tangible improvement in the result compared to last year.

As of 1 January 2019 business area e-Commerce Solutions was incorporated into Print & Packaging Solutions. Going forward Elanders will only have two business areas – Supply Chain Solutions and Print & Packaging Solutions.

#### Investments and depreciation

During the year net investments amounted to MSEK 137 (262), of which acquisitions and divestments amounted to MSEK –24 (67). Investments has mainly been made in production equipment and a totally automated warehouse. Depreciation and amortization amounted to MSEK 266 (255).

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

Elanders has decided to implement factoring, i.e. sales of our accounts receivable, as part of our long-term financing. Working together with one of the Group's principle banks factoring is applied without recourse and comprises some of our business in Germany. The entire facility amounts to MEUR 50, of which at least 70 percent, i.e. MEUR 35, will probably be utilized. The financial terms for factoring are better than the rest of our financing. When this factoring is implemented, which in part took place in the fourth quarter of 2018 and will in part take place in the first quarter of 2019, it will have a material effect on the company's financial key ratios. This facility will have a positive one-off effect on cash flow from daily operations for the same amount as the level of utilization. At the same time it will reduce receivables and net debt as well as improve the ratio of net debt/EBITDA. Of the total facility MEUR 8 was utilized during the fourth quarter.

The net debt decreased to MSEK 2,539 compared to MSEK 2,665 at last year end. Included in the net change is an increase of MSEK 121 due to changes in currency rates, since a big part of the financing is in euro and a smaller part in USD, which both have strengthened against the Swedish krona. The change also includes a reduction of around MSEK 85 due to factoring. Leverage, i.e. net debt/EBITDA for a rolling 12 month period, is now down to 3.50 from 5.23 in June.

Operating cash flow for the year amounted to MSEK 538 (–115). The comparison figure includes a one-off effect of MSEK –262 related to a repayment of a factoring debt which increased the accounts receivable with corresponding amount. The figures for the year include a positive one-off effect of MSEK 85 attributable to the sales of accounts receivable in connection with going over to factoring. The cash flow also includes MSEK 24 (–67) related to acquisitions and divestments.

A new credit agreement has been signed with the Group's principle banks. The new contract matures in three years with an option for a one-year extension.

#### Significant events during the year

No other significant events besides what has been stated above have occurred during the year.

#### Research and development

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

### Personnel

The average number of employees during the year was 7,153 (6,658), of which 180 (241) were in Sweden. At the end of the period the Group had 6,652 (6,997) employees, of which 153 (224) in Sweden. Further information concerning the number of employees, as well as salaries, remuneration and terms of employment is given in note 5 to the consolidated financial statements.

### Parent company

During the year the parent company provided joint group services. No external sales took place. Investments amounted to MSEK 1 (0). The average number of employees during the year was 11 (11) and the number at year-end amounted to 10 (10). Other information concerning the number of employees, salaries, remuneration and conditions of employment is given in note 5 to the consolidated financial statements.

### Information concerning company shares

On 31 December 2018 there were 1,814,813 registered class-A shares and 33,542,938 registered class-B shares; in total 35,357,751 shares. The class-B shares are listed under the symbol ELAN B on NASDAQ OMX Stockholm, Mid Cap. Each class-A share represents ten votes and each class-B share represents one vote. Shareholders may vote for all the shares they own or represent. All shares receive the same dividend. The Annual General Meeting has not given the Board any authority to purchase shares or issue shares. There are no bonus programs with dilution effects.

### Transferability

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

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

### Shareholdings

The only direct or indirect shareholding exceeding a tenth of the votes in the company per 31 December 2018 was Carl Bennet AB with 66 (66) percent. No shares are owned by personnel through pension foundations or similar.

### Contracts with clauses regarding ownership changes

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

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

### Guidelines for remuneration to senior officers

The company's guidelines for remuneration to senior officers were adopted by the Annual General Meeting on 27 April 2018. The Board proposes that the Annual General Meeting 2019 adopt guidelines that to all extents and purposes correspond to the present guidelines. The guidelines are:

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

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

#### Basic wage

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

#### Variable remuneration

The distribution between basic wage and variable remuneration will be in proportion to the officer's responsibility and authority. The variable remuneration will be based on results in relationship to individual targets. Variable remuneration for the Chief Executive Officer and Chief Financial Officer may amount to, at most, 60 respectively 50 percent of the basic wage. For other senior officers variable remuneration may amount to, at most, 40 percent of the basic wage.

#### Other benefits

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

#### Pension

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

#### Severance pay etc.

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

**Deviation from guidelines**

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

**Outlook**

Elanders continues to have a strong position among the global customers and this is where the greatest opportunities for both long and short term expansion can be found. The undeniable trend is that a growing number of global companies are centralizing their purchasing processes while requesting local deliveries. This means that Elanders' market position and global presence are in tune with the times.

**Events after the balance sheet date**

In a press release on 15 January 2019 Elanders announced the expansion of Group Management to include Bernd Schwenger from LGI. Because Andreas Bunz has announced he will be stepping down Bernd Schwenger will take over responsibility for the LGI Group later on in 2019.

Bernd Schwenger, who is currently responsible for business areas Automotive and Electronics in LGI, was previously in charge of building up Amazon Logistics operations in Germany. He has also held a number of management positions at HP.

Kevin Rogers, who was previously one of the representatives in Group Management for business area Print & Packaging Solutions, has temporarily left Group Management in order to lead Elanders' operations in Beijing during the period of transition after its divestment to Edelman GmbH.

After these changes Elanders Group Management consists of the following members:

- Magnus Nilsson, President and CEO
- Andréas Wikner, CFO
- Andreas Bunz, responsible for Supply Chain Solutions (LGI)
- Eckhard Busch, representative for Supply Chain Solutions (LGI)
- Bernd Schwenger, representative for Supply Chain Solutions (LGI)
- Lim Kok Khoon, responsible for Supply Chain Solutions (Mentor Media)
- Peter Sommer, responsible for Print & Packaging Solutions

No other major events have taken place between the balance sheet date and the date this report was signed.

**Appropriation of profits**

The Board of Directors and Chief Executive Officer propose that the profit and other unreserved funds of SEK 962,683,607 in the parent company at the disposition of the Annual General Meeting should be dealt with accordingly:

- |                                                         |                 |
|---------------------------------------------------------|-----------------|
| • SEK 2.90 per share is distributed to the shareholders | SEK 102,537,478 |
| • the remaining balance is to be carried forward        | SEK 860,146,129 |

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

# Risks and Uncertainty Factors

Elanders divides risks into business risks (customer concentration, operational risk, risks in operating expenses, contracts and disputes), financial risks (currency, interest, financing/liquidity and credit risk) as well as circumstantial risks (business cycle sensitivity and the future of the services/products). For more detailed information than given below, as well as a sensitivity analysis, please see note 20 in the consolidated financial statements.

## Business risk

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



### Customer concentration

#### Risks and uncertainty factors

The Group's major customers are primarily active in the manufacturing industry and agreements with these customers normally run over two or three years. Elanders' ten largest customers represent 56 (56) percent of net sales in 2018. Sales to the Group's largest customer represent 16 (15) percent of the total net sales. Sales to this customer is made to several of its divisions, on three continents and is based on multiple stand-alone agreements.

#### What Elanders does

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

### Operational risk

The risk that the Group will suffer a major stop in production is relatively small. There are now critical interdependencies between the units within the respective business area or between the business areas. There are only a few cases where there are no alternative suppliers of critical input goods.

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

### Risks in operating expenses

Elanders' main operating costs are personnel costs and cost for goods for resale and other production material. These two categories represent 49 (49) percent of total operating costs in 2018.

The Group does not see any direct risk that any of these costs will rise in the near future to such a degree that it would have a material effect on group results. Elanders has also the possibility within some agreements to pass on increased costs to the customers.

### Contracts and disputes

In business daily operations can give rise to disputes.

Elanders is not aware of any dispute that may have any significant effect on the Group's financial position. The Group's insurance program contains global liability insurance that covers general liability, product liability, crime fidelity, business interruption and limited protection against environmental damage. The Group also has liability insurance for members of the Board and officers.

## Financial risk

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



### Currency risk

#### Risks and uncertainty factors

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

#### What Elanders does

Receivables and liabilities as well as in some cases purchase and sales orders are partly hedged by using forward exchange contracts. Exposure of net assets in foreign subsidiaries is mainly connected to EUR and USD and hedging has been made in part through loans in EUR and USD. Apart from this hedging no other hedging has been made to counter the translation risk.

### Interest risk

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

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

### Financing/liquidity risk

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

The Group currently has a three year credit agreement with two Swedish banks regarding operational financing that expires in January 2022.

### Credit risk

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

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

## Circumstantial risk

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



### Business cycle sensitivity

#### Risks and uncertainty factors

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

#### What Elanders does

We work consciously to reduce the influence of business cycles by increasing sales to customers in less sensitive trades and customer groups as well as by increasing the geographic spread of sales. In most cases the expansions in supply chain do not involve significant investments in fixed assets and lease agreements are signed to match the customer contracts. A large part of the running costs in new projects are variable and can be adjusted in case of volumes changes.

### The future of the services/products

Increased outsourcing generates a demand for effective supply chain solutions. The automotive industry and global companies in consumer electronics have long outsourced a large part of their operations in order to focus on product development, production and marketing and other industries are following. Printed matter is going through a transition from traditional demand for large editions in offset print to shorter series in digital print and from printed to digital media.

Elanders' position as a supplier of global solutions in supply chain management, print & packaging and e-commerce balances the challenges that occur in certain sections of the Group's markets, both geographically as well as for some Group services and products. Elanders is continually consolidating the operations especially within print & packaging. To increase capacity utilization and minimize the level of investments.

# Corporate Governance Report

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

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

## Swedish Code of Corporate Governance

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

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

This deviation is further explained in the section on the nomination committee. More information about the Code can be found at [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se).

## Corporate governance in Elanders - a brief overview

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

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

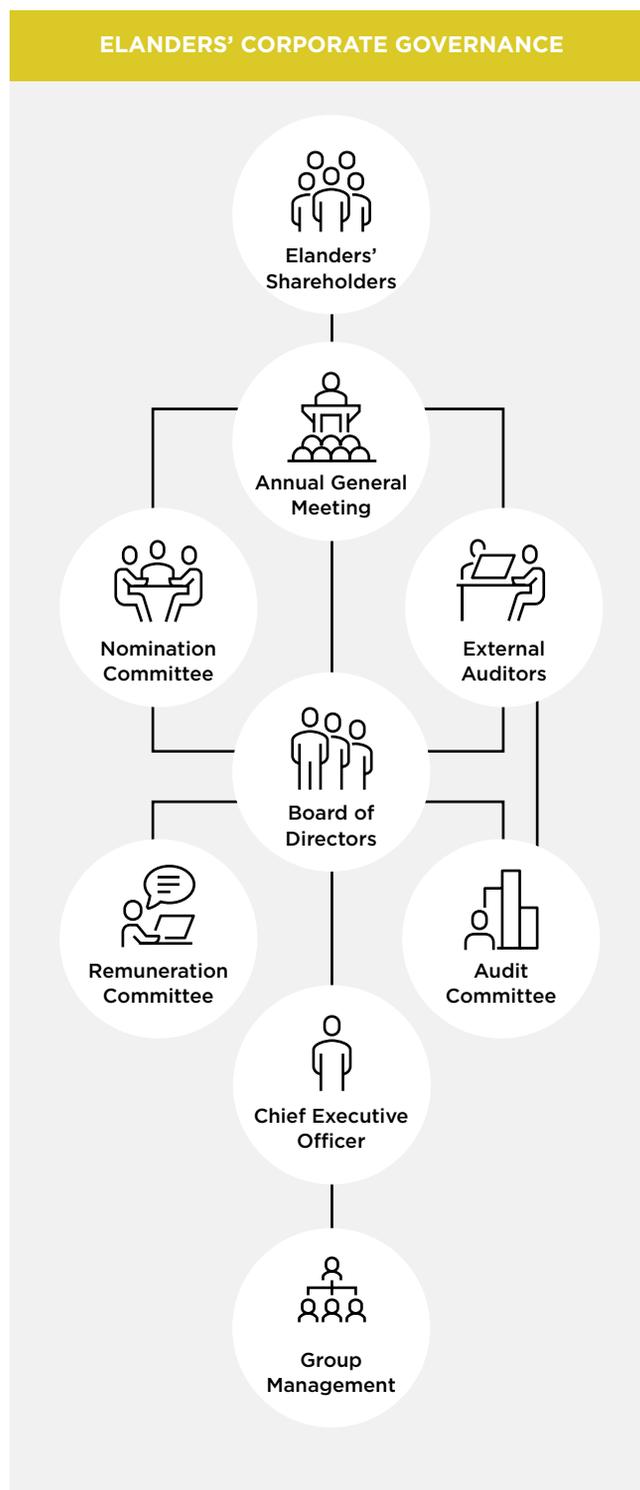
## Shareholders

On 31 December 2018 there were 3,008 (3,457) shareholders. The foreign ownership in Elanders was 9 (8) percent of shares and 6 (6) percent of votes.

The only direct or indirect shareholding exceeding a tenth of the votes in the company per 31 December 2018 was Carl Bennet AB with 66 (66) percent. No shares are owned by personnel through pension foundations or the like.

## Annual General Meeting

Shareholders execute their influence at the Annual General Meeting, the company's highest decision-making body. All shareholders in the share register that have declared their intention to participate in the Annual General Meeting within the stated time limit have the right to participate in the Meeting. Shareholders that cannot participate in person can elect a representative. At the Annual General Meeting a class-A share represents ten votes and a class-B share represents one vote. Class-A shares and class-B shares have the same right to a share of company assets and



profit. At the Annual General Meeting each person with voting rights is entitled to vote for their entire holding or represented holding without restrictions. Elanders' class-A shares are included in pre-emption as stated in the articles of association.

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

### Annual General Meeting 2018

The Annual General Meeting 27 April 2018 decided:

- to adopt the Annual Report for 2017,
- to distribute a dividend of SEK 2.60 per share for the financial year 2017,
- to discharge the members of the Board of Directors and the Chief Executive Officer from liability for 2017,
- to grant according to a proposal in the summons the Board and committee remuneration for a total of SEK 4,052,000 to be divided within the Board,
- to appoint the following Board Members:
  - Carl Bennet (re-elected)
  - Pam Fredman (re-elected)
  - Dan Frohm (re-elected)
  - Erik Gabrielson (re-elected)
  - Linus Karlsson (re-elected)
  - Cecilia Lager (re-elected)
  - Anne Lenerius (re-elected)
  - Magnus Nilsson (CEO) (re-elected)
  - Johan Stern (re-elected)
  - Caroline Sundewall (re-elected)
- to appoint Carl Bennet Chairman of the Board,
- to elect PricewaterhouseCoopers as company auditors until the next Annual General Meeting,
- to authorize the Chairman of the Board to summon the nomination committee before the Annual General Meeting 2019,
- to adopt regulations for the nomination committee work etc. as stated in the summons to the Annual General Meeting,
- to approve the Board's suggestion in the summons for remuneration to leading senior officers.

### Annual General Meeting 2019

The next Annual General Meeting for shareholders in Elanders will take place at Gothia Towers, Mässans gata 24 in Gothenburg Monday 29 April 2019. Further information about the Annual General Meeting will be published at [www.elanders.com](http://www.elanders.com).

### Nomination committee

The nomination committee prepares proposals for the Annual General Meeting concerning the election of, and remuneration to, the Chairman of the Board, Board members, committee members and external auditors, the latter having been proposed by the audit committee. The nomination committee meets as needed and at least once a year. The nomination committee met twice last year and discussed the work of the Board, the independence of Board members, Board members' evaluation of the work of the Board, the work of the committees, the audit and the composition of the nomination committee. This year the committee has consisted of Carl Bennet, Chairman (Carl Bennet AB), Hans Hedström (Carnegie Funds), Göran Espelund (Lannebo Funds), Carl Gustafsson (Didner & Gerge Funds) and Sophie Nachemson-Ekwall (representative for the smaller shareholders). No remuneration has been paid to the nomination committee. The members' contact information is found on page 117 in the Annual Report and on [www.elanders.com](http://www.elanders.com) under Corporate Governance.

The Chairman of the Board is also the chairman of the nomination committee, which is a deviation from the Code. Elanders believes it is reasonable that the shareholder with the largest number of votes be the chairman of the nomination committee since he ought to have a decisive influence on the composition of the nomination committee because he has a majority of the votes at the Annual General Meeting.

### The Board of Directors and its work in 2018

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

Elanders Board members are evaluated and appointed based

on the company's business, development phase and other relevant circumstances. The diversity of education, knowledge and experience as well as age and gender represented in the Board is also taken into account. When considering the election and re-election of Board members these factors have been used to make the Board as diverse and efficient as possible.

In accordance with Elanders' articles of association the Board of Directors should consist of at least three and no more than ten members with a maximum of two deputies. During the year the Board consisted of ten members without deputies: Carl Bennet, Chairman, Johan Stern, Vice Chairman, Pam Fredman, Dan Frohm, Erik Gabrielson, Linus Karlsson, Cecilia Lager, Anne Lenerius, Magnus Nilsson and Caroline Sundewall. In addition, employees were represented by Marcus Olsson with Martin Schubach as deputy. All the members of the Board elected by the Annual General Meeting have an independent relationship to the company except Magnus Nilsson. Pam Fredman, Linus Karlsson, Cecilia Lager and Caroline Sundewall are independent in relationship to the company's largest owner. Carl Bennet is dependent with regards to the shareholder Carl Bennet AB where he is Chairman of the Board and owner. Dan Frohm, Erik Gabrielson, Anne Lenerius and Johan Stern are also dependent in relation to

Carl Bennet AB where Dan Frohm, Erik Gabrielson and Johan Stern are members of the Board and Anne Lenerius was CFO until August 2018.

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

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

The Board followed the meeting plan for the year. The Board also met on two occasions relating to remunerations to senior officers and organizational changes.

## Members of the Board, remuneration, attendance, etc.

Member	Board, attendance (number of meetings)	Remuneration Committee, attendance (number of meetings)	Audit Committee, attendance (number of meetings)	Total attendance, %	Remuneration Board + Committee work, SEK '000s	Shareholding <sup>1)</sup>	Independent
<b>Members chosen by the AGM</b>							
Carl Bennet, Chairman	8 (9)	1 (1)	Not member	90	690 + 72	1,814,813 A 15,903,596 B	No, owner
Johan Stern, Vice Chairman	8 (9)	1 (1)	3 (3)	92	345 + 140 + 36	107,000 B	No, owner
Pam Fredman	9 (9)	1 (1)	Not member	100	345 + 36	1,609 B	Yes
Dan Frohm	9 (9)	1 (1)	2 (2)	100	345 + 36	23,676 B	No, owner
Erik Gabrielson	9 (9)	1 (1)	Not member	100	345 + 36	-	No, owner
Linus Karlsson	6 (9)	1 (1)	Not member	70	345 + 36	-	Yes
Cecilia Lager	9 (9)	Not member	3 (3)	100	345 + 70	37,521 B	Yes
Anne Lenerius	9 (9)	Not member	3 (3)	100	345 + 70	6,892 B	No, owner
Magnus Nilsson, CEO	8 (8)	Not member	Not member	100	Employee	73,577 B	No, company
Caroline Sundewall	9 (9)	Not member	3 (3)	100	345 + 70	6,666 B	Yes
<b>Employee representatives</b>							
Marcus Olsson	7 (9)	Not member	Not member	78	Employee	-	No, company
<b>Total</b>				<b>94</b>	<b>4,052</b>		

<sup>1)</sup> Shareholding as of December 31, 2018 for those Directors being on the Board at that moment.

At the constitutional meeting of the Board, the work plan and instructions for the Chief Executive Officer are reviewed and the customary decisions concerning authorized signatories are taken. In addition, the work plans for the remuneration and audit committees are adopted and their members appointed. At the constitutional meeting of the Board after the Annual General Meeting 2018 Johan Stern was made Vice Chairman. The Board in its entirety was authorized to sign for the company as well as two of the following persons together: the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer. At the meeting concerning the year-end report the Board met the auditors without the presence of the Chief Executive Officer or any other member from Group Management.

The Board travels as often as possible to visit and hold its meetings in one of the Group's subsidiaries. The Board members' remuneration and presence is presented in detail in the table to the left.

Further information about the Board and the members can be found on pages 114–115.

### **The Chairman of the Board**

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

### **Remuneration committee**

The remuneration committee is composed of Board members with the highest competence in this field. It deals with matters concerning remuneration to the Chief Executive Officer and officers that report directly to him. Decisions concerning remuneration to other employees in management positions in the Group are made by each individual's closest superior in consultation with their closest superior, also known as the "grandfather principle". During the year the remuneration committee held one meeting during which they adopted their work plan and prepared a proposal for remuneration. During the year the remuneration committee consisted of Carl Bennet, Chairman, Pam Fredman, Erik Gabrielson, Linus Karlsson and Johan Stern. The guidelines for remuneration to leading officers adopted at the Annual General Meeting 2018 can be found in note 5 in the consolidated financial statements and on the

company's website, [www.elanders.com](http://www.elanders.com) under Corporate Governance. The guidelines for remuneration to leading officers for 2018 and the Board of Director's proposal for guidelines for 2019 can be found on page 40 in the Annual Report 2018. The company has not issued, and will not issue any share-based payment obligation, or any similar incitement programs.

### **Audit committee**

The audit committee is appointed from within the Board based on members' experience of, and expertise in financial reporting, accounting and internal control. The committee follows a work plan adopted by the Board. Its primary task is monitoring internal control, procedures for financial reporting, compliance of related laws and regulations as well as the external audit in the Group. The committee also evaluates the external auditors' qualifications and independence. The audit committee reports their observations on a regular basis to the Board and provides, as needed, external auditor candidates to the nomination committee.

The committee meets at least three times a year and as needed. The external auditors normally participate in committee meetings. The committee met three times in 2018. The auditors reported on the audit of the nine month report and the year-end report, the company's situation with the Code of Corporate Governance and internal control were discussed. The members of the audit committee were Johan Stern, Chairman, Dan Frohm, Cecilia Lager, Anne Lenerius and Caroline Sundewall.

### **Chief Executive Officer**

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

### **Group Management**

The President and Chief Executive Officer lead the work performed by Group Management and make decisions in consultation with members of Group Management. Group Management is responsible for day-to-day financial and commercial management

and follow-up in the Group. It also strives to continually achieve synergies, identify acquisition and structural opportunities as well as adapt group operations to market demands and short and long-term developments. Group Management makes sure that the competence and capacity of the Group is coordinated and adjusted to be as useful and profitable as possible in the short and long term. Group Management meets on a quarterly basis, often in conjunction with a visit to a unit within the Group. Elanders' Group Management consists since January 2019 of:

- Magnus Nilsson, President and CEO
- Andréas Wikner, CFO
- Andreas Bunz, responsible for Supply Chain Solutions (LGI)
- Eckhard Busch, representative for Supply Chain Solutions (LGI)
- Bernd Schwenger, representative for Supply Chain Solutions (LGI)
- Lim Kok Khoon, responsible for Supply Chain Solutions (Mentor Media)
- Peter Sommer, responsible for Print & Packaging Solutions

Kevin Rogers, previously was one of the representatives in Group Management for business area Print & Packaging Solutions, will temporarily leave Group Management in order to lead Elanders' operations in Beijing during the period of transition after its divestment to Edelmann GmbH.

Further information about Group Management and the members can be found on pages 116–117.

### **The Board's report on internal control over financial reporting**

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

#### **Control environment**

The control environment at Elanders is characterized by the proximity between Group Management and the operating units. All members of Group Management, except the Chief Executive Officer and the Chief Financial Officer are also MDs in one or more of the larger operative units in the Group. The framework for internal control over financial reporting in Elanders consists of routines and distribution of responsibility that are clearly

communicated in internal policies and different kinds of manuals. The Board has adopted a work plan that regulates the Board's responsibility and the manner in which work is done in committees. The Board also has an audit committee that is responsible for ensuring that established principles in financial reporting and internal control are complied with and developed. It also maintains regular contact with the external auditors. In order to maintain an effective control environment and good internal control the Board has delegated the practical responsibility to the Chief Executive Officer and established a CEO instruction which defines the division of responsibility between the Board and the Chief Executive Officer. Elanders has an internal control function which reports to the CEO and the CFO. The internal control function performs audits of the entities within the Group. The procedures and processes in the entities are evaluated and testing performed regarding the entities' internal controls.

#### **Risk assessment**

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

#### **Control procedures**

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

#### **Information and communication**

In order to make Elanders employees aware of the Group's policies and manuals the information is communicated yearly, and when changes are made, to all affected employees within the Group. To ensure that information communicated externally is correct and complete the Board has adopted an Information policy that dictates what should be communicated, by whom and how the information should be released.

**Follow-up**

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

**External audit**

The Annual General Meeting 2017 chose the authorized public accounting company PricewaterhouseCoopers AB until the next Annual General Meeting. Head auditor is the authorized public accountant Magnus Willfors with the authorized public accountant Tomas Hilmansson as co-auditor. Once a year the auditors meet the Board in its entirety without the Chief Executive Officer or any other member of Group Management present, normally at the meeting that deals with the year-end report. The auditors also participate in the Board meeting dealing with the report for the first nine months of the year.

# Sustainability Report

Sustainability work is not just about requirements, it is about possibilities as well. Working actively with sustainability provides great opportunities to create value and improve profitability. This makes sustainability an important part of Elanders' business and strategy. Elanders does not consider sustainability work a responsibility – we see it as a business opportunity.

## Sustainability and opportunities

Since Elanders' listing on the stock market in 1989 the Group has been slowly transforming from a purely graphic company with operations primarily in Sweden into a global service supplier with operations on four continents. Elanders has always strived to follow megatrends like digitalization, globalization and structural changes in the graphic industry. Along the way acquisitions have contributed to the company's ability to expand into new markets, customer segments and services.

Elanders believes the success of a company should be measured in more than just numbers. Although the Group's profit is important in order to be successful on the market, Elanders is truly engaged in creating a good balance between building up a successful company and taking responsibility for social, ethical and environmental issues. Elanders is convinced that the best way to reach targeted goals is by having clearly formulated social, ethical and environmental principles, and making sure they are being followed. Elanders sees opportunities in working actively with sustainability to create value and at the same time improve profitability through, for instance, greater resource efficiency and reducing costs like those for raw materials, energy and transportation.

The demands regarding CSR made on major, multinational companies are just as high for their partners. Elanders' sustainability work is largely governed by the very high demands made by customers who in their own environmental and quality documentation stipulate requirements that suppliers must meet as well.

Every employee in the Elanders Group is responsible for reducing negative impact on the environment, improving the work environment, increasing equality and counteracting corruption. Elanders works according to guidelines concerning CSR and is intent on contributing to developing society in the countries where the Group operates.

## Integrated sustainability

Elanders' sustainability work covers the Group's entire business model and permeates the company at every level. Elanders continually works on further integrating sustainability into operations and decision-making in order to reduce the Group's negative impact on the environment, contribute to positive social development and be a responsible and respectful employer.

## About the Sustainability Report

The Sustainability Report refers to the financial year 2018 and Elanders as the Group appeared at the end of 2018. In October 2018 Elanders wrote an agreement to divest the operations in Print & Packaging in Beijing, China. They are therefore not included in the Sustainability Report. No acquisitions have occurred during the year that affect the scope of the Sustainability Report.

The report covers the sustainability areas considered material to Elanders and its stakeholders within financial, environmental and social aspects. The purpose of the Sustainability Report is to present a fair image of Elanders' work on sustainability. Elanders' Sustainability Report is published once a year, integrated into the Annual Report. The report has not been externally revised.

## Stakeholder dialogue and materiality analysis

### Stakeholder dialogue

Elanders maintains a continuous dialogue with stakeholders and has identified five overriding stakeholder groups as shown below. In the Sustainability Report the actual impact and expectations of the stakeholder groups, based on this continuous dialogue, has been taken into consideration.

Stakeholder group	Communication with stakeholder groups
Shareholders and investors	Financial reports Annual General Meeting Investor meetings Website Press releases
Suppliers	Continuous dialogue Procurements and purchasing negotiations
Employees	Development discussions Intranet/other internal communication channels Dialogue with unions
Customers	Continuous dialogue Customer surveys
Society	Local cooperation Participation in networks Trainees and student essays

## Business model linked to sustainability



### Materiality analysis

Elanders has performed a materiality analysis based on financial, environmental and social aspects. The analysis is based on dialogues with stakeholders as well as information from the Board, Group Management and other leading officers. The materiality analysis resulted in four material areas and linked

to these four areas underlying aspects and key ratios for Elanders' sustainability work were identified. Elanders' sustainability work will mainly focus on these areas and they will be reviewed routinely to ensure that Elanders is working with issues relevant to its business and stakeholders, and which contribute to development over time.

#### Material areas

#### Elanders' work



#### Environment and climate

Historically Elanders' operations have primarily had a direct impact on the environment through noise and solvent emissions into the air, but also lesser emissions into water. As of the acquisition of LGI Elanders now has a fleet of around 280 trucks with trailers. This fleet of trucks has a direct impact on the environment through the transportation done for customers. Transportation especially adds to noise levels, air pollution, acidification, over fertilization and higher greenhouse effects. Another aspect of Elanders' climate impact is energy consumption. Energy in facilities is mainly used in manufacturing, heating, lighting and chilling.

Elanders' work to reduce our negative impact on the environment and climate is governed from Group level through environmental policies. The Group places great importance on strictly following legal requirements concerning the environment. This minimizes the risk for events that can lead to significant business risks and/or fines.

The following areas are considered material for Elanders' environmental work:

- Materials
- Energy consumption
- Emissions

The following key ratios have been identified in the area:

- Percent of renewable electricity
- Carbon dioxide emissions from transportation



#### Employees

The Elanders Group has 6,652 employees in some 20 countries. Actively working with human resources is essential since employees that are happy, well and motivated contributes to Group development on every level.

Work concerning employees is governed by the Group Code of Conduct. Local units are responsible for creating their own procedures and guidelines to ensure conformance with the code.

The following areas are considered material for Elanders' work concerning employees:

- Common values
- Health and safety
- Equality, equal opportunity and diversity

The following key ratios have been identified in the area:

- Personnel turnover
- Sick leave
- Serious injuries
- Gender distribution
- Age distribution



#### Social conditions and human rights

Because Elanders is a global business with operations on several continents it is imperative to work with social conditions and human rights. Although ensuring fair working conditions on every level is a given, constant full focus and follow-up is a necessity. As a globally active and influential group, Elanders intends to be one of the best regarding CSR and engagement in every area the company is involved in.

Elanders work regarding social conditions and human rights is based on the Group's Code of Conduct. Elanders intends to be one of the best regarding CSR and engagement and the local units are encouraged to support and get involved in projects where they believe their contributions can make a difference.

The following areas are considered material for Elanders' work concerning social conditions and human rights:

- CSR
- Equal rights



#### Ethics and anti-corruption

An ethical and transparent approach is fundamental to Elanders reducing the risk for conflicts of interest, and having a profitable and sustainable business with a strong brand.

Elanders follows all applicable laws and regulations, locally and internationally. Elanders has an anti-corruption policy that comprises all employees, the Board and other persons that act in Elanders' name.

The following areas are considered material for Elanders' work concerning ethics and anti-corruption:

- Policies and education

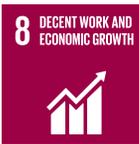
Elanders has zero tolerance of any type of corruption or bribe, which means the number of incidents concerning corruption are an important key ratio to monitor and the target number is therefore 0.

### UN's sustainable development goals

Agenda 2030, the UN's 17 Sustainable Development Goals were adopted by world leaders in 2015 to promote socially, economically and environmentally sustainable development. Elanders contributes to the goals to different degrees. Our ambition is that

our sustainability work creates value for all our stakeholders and thereby also contributes to these goals.

The following six goals have been identified as the most material for Elanders' sustainability work:

UN Sustainable Development Goals	Elanders' contribution		
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p>Fair working conditions for all employees through a clear Code of Conduct and continuously monitoring the work environment and workers' rights.</p>	
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation. Ensure sustainable consumption and production patterns.</p>	<p>Solutions for streamlining and consolidating material flows and deliveries contributes to a large degree our customers' reduced impact on the environment. An important part of our offer is Life Cycle Services where we help our customers in every phase of a product's lifestyle. We handle, e.g., returns of worn out technical equipment when delivering new products to the customer, recycle computers, monitors and printers and restore products for reuse for our customers.</p> <p>Constant appraisals to reduce our environmental impact from emissions of volatile organic compounds (VOC) in print operations without negatively affecting quality, e.g., more efficient methods that reduce consumption or switching to less volatile solvents.</p>
 <p><b>5</b> GENDER EQUALITY</p>	 <p><b>10</b> REDUCED INEQUALITIES</p>	<p>Achieve gender equality and empower all women and girls. Reduce income inequality within and among countries.</p>	<p>Elanders stands for equal rights independent of race, gender, religion, civil status and ethnical background. The Code of Conduct contains the strict prohibition of any kind of harassment or discrimination. A person responsible for compliance at Group level will be appointed in the coming year. Their focus will include updating the Code of Conduct, especially with a more well-defined section on sexual harassment, and producing an Equality Plan.</p>
 <p><b>13</b> CLIMATE ACTION</p>		<p>Take urgent action to combat climate change and its impacts.</p>	<p>Reducing energy consumption is fundamental to Elanders' new investments.</p> <p>As far as possible the company uses renewable energy on the markets where it is available. Continuously upgrading the transportation fleet, efficient motors, well-developed GPS systems, continuously training drivers and awarding the most fuel efficient drivers contribute to reducing fuel consumption.</p>

### Elanders' Code of Conduct

Elanders has drawn up a Code of Conduct that governs actions in every aspect of the organization. Elanders' Code of Conduct stipulates that both Elanders and its employees' actions and behavior must be characterized by honesty, integrity, personal responsibility, sincerity, loyalty and respect for others and the environment. The Code of Conduct comprises all employees, the Board and other persons that act in Elanders' name. There is an annual follow-up to ensure that all companies in the Group comply with the code and that it is communicated to all employees.

### Environment and climate

Elanders works systematically to reduce its environmental impact and develop products, services and processes to achieve optimal quality. The overriding environmental goal is to reduce the Group's environmental impact in every company without lowering quality. Almost all units are certified according to established quality and environmental standards like ISO 9001 and ISO 14001. The Group places great importance on strictly following legal requirements and compliance with other requirements in the regular environmental reviews according to ISO 14001 and when the due diligence process is involved in possible acquisitions.

A number of environmental initiatives were carried out during the year, everything from measures to reduce energy consumption and greenhouse gas emissions to generating less hazardous waste. Each company in the Group is responsible for its own environmental and quality work to meet local regulations and the quality and environmental reviews initiated by Elanders' customers. One result from this work comes from LGI. Together with our customer Porsche, we have invested in a completely new electrical truck that daily transports components from our warehouse in Freiberg, Germany to Porsche's production plant. Changing to an electrical truck reduces emissions by more than 30 tons annually and is a milestone on the road to more environmentally friendly logistics at Elanders.

#### Material

The connection between quality-assured production and manufacturing with a lower environmental impact is becoming evident to more and more companies. Environmental demands from customers and authorities can vary greatly from one geographic market Elanders operates in to another, but the general trend is clear. Offering sustainable production on every level is becoming a prerequisite for being able to compete, particularly for global business.

The graphic industry has been a pioneer in many countries with an offensive environmental program. Using less paper is relevant from both a financial and environmental perspective. The industry has been able to show environmental improvements in the form of less paper and hazardous waste and lower energy consumption and greenhouse gas emissions. Over time the scope of environmental issues has broadened to include warehousing and distribution as well. Customers with far-reaching environmental demands consider the entire life cycle of a product.

Paper and packaging are a major commodity in Elanders' business areas Print & Packaging Solutions and Supply Chain Solutions. The Group works on following-up, analyzing, reducing and actively dealing with paper waste. When possible Elanders produces on-demand, which reduces both paper waste in production and the risk of unused stores that will be scrapped at a later date. Elanders has a number of ecolabels in different operations such as the Swan, FSC® Forest Stewardship Council and Klimat-neutralt företag.

#### Energy consumption

Using energy drives costs up and therefore reducing energy consumption can raise profitability and competitive capacity. Elanders' goal is to reduce energy consumption and use as much renewable electricity as possible on the markets where it is available, making energy consumption an important focus area at Elanders.

Elanders primarily uses electricity and natural gas. When making new investments, Elanders selects the best possible technique from an energy efficiency perspective. For instance, a large number of forklifts in Group warehouses, printing plants and hubs are electric.

Percentage of renewable electricity	2018	2017
All operations	41.1	40.3

The percentage of electricity consumed by the Group that comes from renewable sources has increased compared to last year. During the year several units have taken measures concerning energy consumption, among them the installation of LED lighting in production space and offices. The key ratio has been adjusted for this financial year compared to the Annual Report 2017 as it turned out that the figure was higher than previously calculated.

#### Emissions

Transportation is an absolute necessity to our current indisputable financial and social development. At the same time transportation has a negative effect on people's health and the environment. Elanders' emissions into the air primarily consist of carbon dioxide and are largely generated by transportation.

Headway is continually being made in different areas to reduce the negative effects of transportation in Elanders, particularly in business area Supply Chain Solutions with its fleet of around 280 trucks. As a result of continuously upgrading the fleet Elanders has drastically lowered carbon dioxide emissions. In 2018 99 percent (95 percent) of our trucks complied with the Euro 6 norm of a maximum of 80 mg/km NOx emissions. A consequence of this high standard has been a dramatic reduction in fuel consumption in the past few years. Elanders also works continuously to streamline transportation, thereby reducing environmental impact. Efficient motors, well-developed GPS systems, driver training and awarding the most fuel efficient drivers are all activities that contribute to reducing fuel consumption. In 2018, fuel consumption on the average was 34 liters/100 km compared to 30 liters/100 km in 2017. The increase in fuel consumption compared to last year is primarily due to a shortage of drivers, which meant a lower level of competence and experience in drivers as well as aging batteries which forced drivers to keep trucks running during stops. A number of measures to reduce fuel consumption are planned for 2019: gradual replacement of old batteries, individual follow-up and training of the drivers, and implementing bonus programs with an emphasis on fuel consumption.

Different types of solvent are used in business area Print & Packaging in print operations, mostly aliphatic solvents and isopropanol. Elanders' goal is to eliminate the use of aromatic solvents since they have a severe negative effect on both health and the environment. The kind of solvents in use is routinely monitored.

According to the Environmental Code in Sweden and corresponding legislation in other countries several printing plants are required to have permits or submit reports depending on their total consumption of solvents. In 2018 the Swedish organization's operations in Mölnlycke were required to have a permit. Outside Sweden Elanders has operations that are required to have a permit, in varying degrees, in Germany, Great Britain, Hungary, Poland and the USA. Local units are responsible for making sure they comply with the laws, regulations and standards valid for their operations and that the necessary measures are taken to meet all requirements. Using solvents also causes emissions of

volatile organic compounds. Elanders continually looks for ways to reduce the environmental impact of these emissions without affecting product quality negatively, for example through more efficient methods that reduce consumption or by switching to less volatile alternatives.

Elanders' long-term goal is to reduce direct and indirect emissions of greenhouse gases. The Group's greatest impact comes from carbon dioxide emissions from our transportation fleet.

Carbon dioxide emissions, tons	2018	2017
From transportation fleet	20,548	27,282
Number of trucks	279	265
Average carbon dioxide emissions	74	103

Average carbon dioxide emission levels from our transportation fleet contracted in 2018 which is in part due to better and more exact measuring methods and the fact that Hungary and Poland upgraded their fleets with new trucks that emit less carbon dioxide. We plan to further develop our ability to monitor and analyze the environmental impact of our fleet of trucks in 2019 through real time information from the trucks.

#### Matter with the Environmental Authority

In 1999, a limited area of ground contamination was discovered under a building in one of Elanders' previous locations. The ground contamination is due to leaks in the drainage system previous to 1970 and mainly consists of heavy metals such as zinc, chrome and copper. The Environmental Court has on formal grounds sent the matter back to the Environmental Authority in Gothenburg for continued processing. The Environmental Authority in Gothenburg has deemed that, because of the location of the pollution, it does not present any risk to health or the environment. An investigation has been conducted to determine the cost of various decontamination measures and discussions are being held with the property owner on how to continue the process. Judging from the circumstances concerning responsibility and the limited scope of the contamination we believe that this matter will not result in any material financial risk for Elanders.

#### Value Recovery

There are great opportunities for Elanders to take the initiative in creating more climate friendly services within Value Recovery. Recycling equipment and giving it new life on the second hand market is huge for promoting sustainability. Through our subsidiary LGI Elanders annually handles more than 30,000 obsolete units like computers, monitors, printers and other computer accessories. Old equipment is picked up from our customers and each unit is sorted and cleaned. Discarded parts are sent to material recycling. Renovated and restored equipment is packed and categorized based on the manufacturer, type, year model and condition. Then all the renovated units are sold through an authorized auction house. We can easily link new customers to our Value Recovery Service and offer them a simple and profitable way to reduce their climate impact.

#### Employees

Through a number of acquisitions around the world, the number of employees has quadrupled in just a few years and the Group is now bigger than ever. Exciting challenges and tremendous opportunities await us in the creation of common values in the independent units. At the end of the year 6,652 people were employed in some 20 countries on four continents. The majority of the increase in employees came through the acquisitions of Mentor Media in 2014 and LGI in 2016.

Personnel turnover %	2018	2017
All employees	39,8	29,9

The high rate of personnel turnover largely refers to some of the Group's operations in China where it is normal for employees in production to change jobs. In addition, the figures for personnel turnover in both 2018 and 2017 include the staffing operations in our German subsidiary LOGworks GmbH, which is also a factor in the relatively high figure.

#### Common values inform

Elanders' companies are to a large extent independent and follow the rules and regulations in their regions and countries. This also applies to their role as employer. However, some common values in the Group are vital to achieving a stable base. These are communicated to employees in the Group's Code of Conduct. Some of our common values are responsibility for one's own deliveries, a willingness to make changes and take initiative. Employees are encouraged to take responsibility and to be active, for instance, by submitting suggestions for improvements and taking initiative. Elanders also encourages employees to take pride in always doing their best and responsibility for their own customer deliveries. Leaders in the organization should act as role models by living up to Group values and integrating them in their daily work and decisions.

#### Health and safety

A healthy and secure work environment leads to happier employees that work safely, are more productive and contribute to society at large. Elanders' policy concerning the work environment is found in the Group Code of Conduct. It states, among other things, that workplaces must be free from pollution, that the temperature, ventilation and lighting must be suited to the premises and that the workplace must have a high hygienic standard. It is up to local management to ensure that these rules are followed by formulating and communicating guidelines and policies suited to their specific work environment.

An important aspect of the work environment is absence due to illness. Low sick leave entails significant gains for both employees and the company. Elanders' goal is to maintain a low level of absence due to illness, and in addition to following the guidelines in the Code of Conduct, the Group also works continuously with improvements for personnel in the work environment such as automation in production to keep sick leave levels down. Elanders has a zero vision regarding workplace injuries and works continuously to reduce the risks for serious injuries. Most injuries occur in production and the most common workplace injury at

Elanders is minor cuts or injuries from falling. In 2018 there were around 20 work-related injuries of a more serious nature in the Group, primarily in production.

There are many good examples in Elanders of how the work environment has been prioritized. Midland Information Resources in the USA has for an impressive 18th time in a row been awarded "Best of the Best Workplace" in the American graphic industry. The jury judges companies based on criteria such as the work environment, health programs, safety instructions, and how well employees can create a good balance between work and leisure.

In Germany, which is Elanders' largest market, the majority of the employees have a common company employee policy and all employees are offered risk insurance, Benefit Card with a tax subsidy and annual health checks.

Absence due to illness %	2018	2017
All employees	3.7	4.1

Absence due to illness in the Group has gone down compared to the previous year. This proves that the work we are doing to improve our peoples' work environment helps. However, this still a relatively new key ratio. Elanders will review it regularly so that we can set relevant targets for the absence due to illness.

#### Equality, equal opportunity and diversity

Because of the development Elanders has gone through in the past few years, partly through major acquisitions, the Group's composition of employees has changed and it is now significantly

more spread out geographically. This has not, however, changed Elanders' basic premise that long lasting profitability can only be reached if there is equality, equal opportunity and diversity in the workplace. Among other things, this means that all employees should have the same opportunities to advance their career. Elanders is currently reviewing its material goals in this area and the results and progress from this review will be presented and followed-up in future sustainability reports.

Gender division, %	2018	2017	2016
	Men/women	Men/women	Men/women
All employees	66/34	64/36	60/40
Middle management	71/29	72/28	68/32
Group Management	100/0	100/0	100/0
Board of Directors	60/40	60/40	56/44

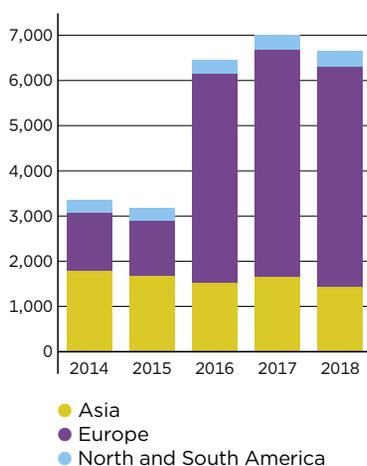
Age division, %	2018	2017	2016
Under 30 years	21	24	22
30 - 39 years	30	31	30
40 - 49 years	25	22	24
50 - 59 years	19	19	19
Over 60 years	5	4	5

#### NUMBER OF EMPLOYEES

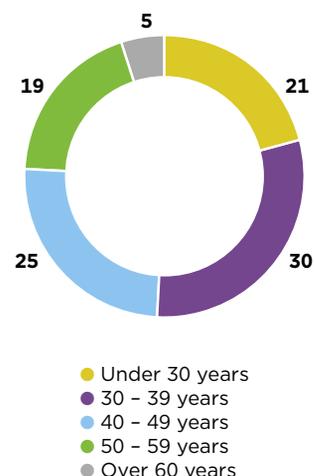


Elanders has 6,652 employees in 17 countries.

#### NUMBER OF EMPLOYEES PER REGION



#### AGE DISTRIBUTION 2018, %



## Social conditions and human rights

### CSR

As an active and influential global group, Elanders wants to be among the best with regards to CSR and to show commitment everywhere the company is involved. There are a number of different projects concerning social responsibility and aid going on in the Group. Normally, the local units decide which projects they want to be involved in and support. Elanders in the USA has supported *The United Way of the Quad Cities* for many years. The organization helps city residents through activities that improve their health and increase their financial stability, and by providing education. In 2018 we sponsored a campaign where for a week Elanders employees focused on contributing as much as possible to the organization through diverse activities, events and collections. The Group's other units are engaged for the most part in local projects through, for instance, donations to organizations and support to schools and orphanages.

### Pratham for better education

Together with around ten other Swedish companies Elanders initiated a collaboration with the organization Pratham Education Foundation in 2017. The innovative education organization was started in 1995 to improve the quality of education in India. Pratham has become one of the largest charitable organizations in the world today. Its founding principle is to help as many children as possible to achieve higher levels of knowledge through education programs that take into consideration the gaps in the Indian educational system. An assessment of the project shows that it has proceeded according to plan with considerable positive development and the goals that were established concerning how many children the program would reach have been met. The plan for the coming years is to expand the program to more villages in the districts where the organization is already present.

### Awards and professorships

One acclaimed initiative in Sweden is *Win Win Gothenburg Sustainability Award* (previously *The Gothenburg Award for Sustainable Development*) where Elanders is one of thirteen companies that contribute to the prize sum. Some of the more well-known laureates are Gro Harlem Brundtland (2002), Al Gore (2008) and Kofi Annan (2011). In 2018 it was awarded to the Danish Kalundborg Symbiosis which has been a pioneer in the area of industrial symbiosis. In today's modern life a large amount of industrially produced products are taken for granted. At the same time, the resources available on our planet are limited. If we want to maintain a high material standard of living, the industrial processes need to become more resource efficient. One innovative way to accomplish this is through industrial symbiosis. Industrial symbiosis means collaboration between different actors, where the waste or energy from one actor becomes a resource for another. In that way, not only material resources and energy but also financial resources are saved. As a pioneer in the field, Kalundborg Symbiosis has shown the way for many other industrial clusters, inspiring businesses all around the world.

Another initiative that is worth mentioning is the visiting professorship Elanders is sponsoring at the University of Gothenburg,

School of Business Economics and Law. The goal of the *Visiting Professor Programme* is to support education, research and social development on an international level.

### Human rights

Elanders' values regarding human rights are established in the Group's Code of Conduct which stipulates that Group companies should work to protect international human rights. The code strictly prohibits any kind of forced labor and has a section dedicated to child labor. It is self-evident for Elanders to work for a child's right to protection from economic exploitation and performing dangerous jobs that can disrupt their education or harm their development. Elanders' work is based on the UN Convention on the Rights of the Child. To ensure that there is no child labor at Elanders or its suppliers the company has established a control where all Group units confirm that they abide by the Code of Conduct. Elanders' Code of Conduct is formulated so that it also includes suppliers. Local units are currently responsible for making sure that relevant suppliers also comply with the code. Because the Group has grown so extensively in the past few years the Code of Conduct is undergoing a review. The plan is for this to then be used in all subsidiaries and sent to relevant suppliers. Work on the code has continued in 2018 and the goal is to complete the work and communicate it in 2019.

In the same way Elanders controls its suppliers, Elanders and its subsidiaries are often reviewed by customers to make sure child labor is not being used in production.

Elanders' Code of Conduct also contains prohibition of any kind of harassment or discrimination because of race, gender, religion, civil status or ethnic background. Elanders actively supports freedom of speech, freedom of movement and religious freedom within the framework of applicable legislation and the Group does not tolerate human rights violations. Elanders enjoys a very good relationship with unions and has an ongoing dialogue with them in the majority of the countries it operates in. All employees have the right to be involved in unions and collective bargaining agreements and it is not acceptable to punish those that choose to legally organize or join a union. In addition to this, Elanders' work methods are fair and national and local laws are respected. All Elanders employees have the right to a written employment contract.

At the moment Elanders has not found a relevant, quantitative key ratio for its work on human rights. In the near future, Elanders will focus on updating common policies and codes of conduct and continue to work on guaranteeing human rights for all.

### Ethics and anti-corruption

Elanders' reputation, ethical behavior and trustworthiness is highly valued by the Group and its customers. Any kind of corruption would have a very negative impact on the Group's image. The Group governs anti-corruption through a separate anti-corruption policy. It states that there is absolutely zero tolerance of any kind of fraud, bribes, facilitation payments or other actions that create unfair advantages and which transgress against Elanders' policy, local laws and regulations, industry standards and ethics codes in the countries the Group is active in. Employees may not accept, be promised, demand or swindle any kind of advantages

in connection with their position in the company. It is worth noting that a bribe does not actually have to materialize – merely promising or being promised, and accepting a bribe is illegal, for private persons and companies in both the private and public sectors. Laundering money is also illegal and therefore Elanders' principle is generally to avoid cash transactions.

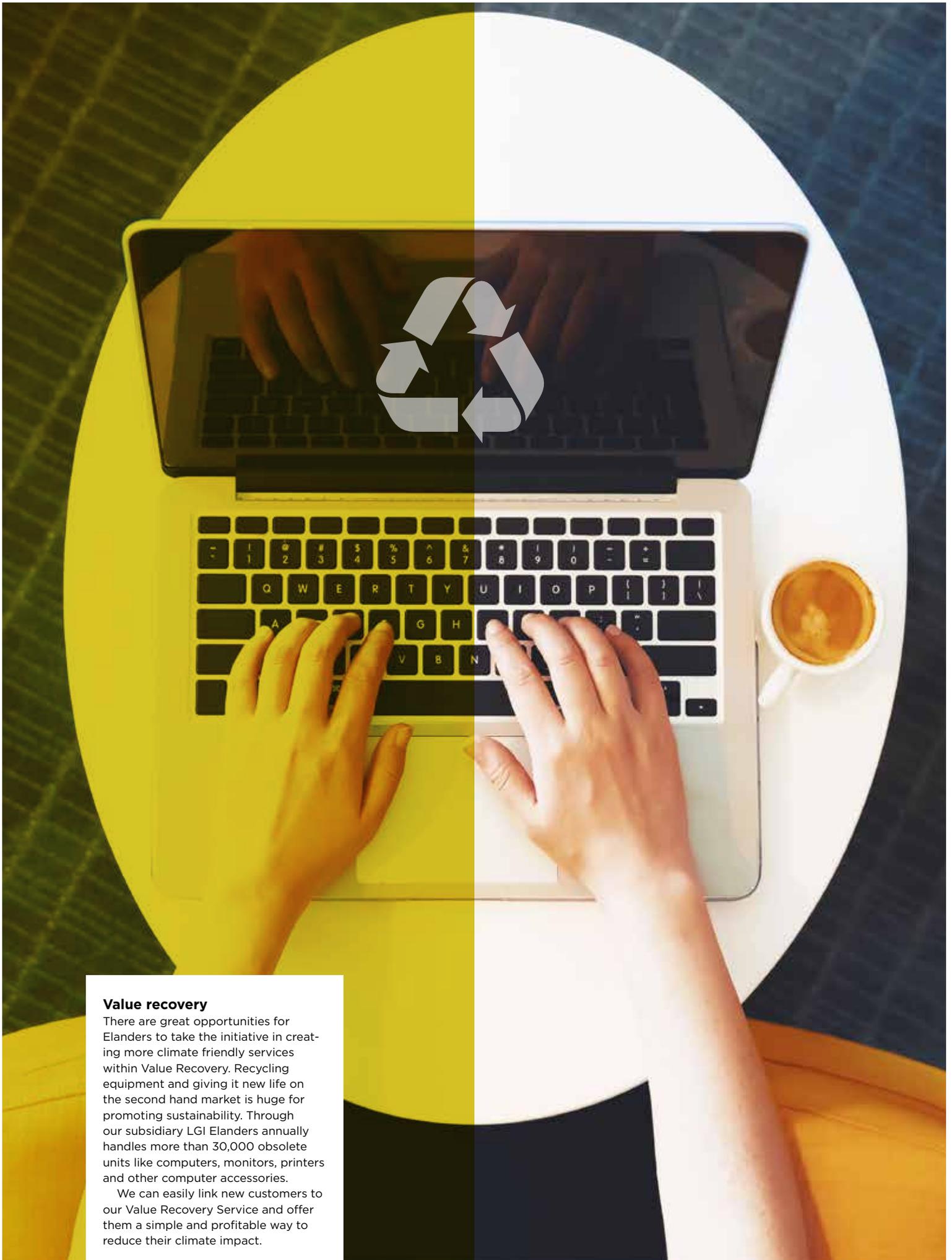
#### **Policies and education**

Elanders follows all applicable laws and regulations locally and internationally that concern corruption and ethical behavior, along with the Group's Code of Conduct. The Group's anti-corruption policy informs its work concerning ethics and anti-corruption. The policy contains guidelines for handling cases of corruption and fraud. The purpose is to make sure that all Elanders employees (including temporary workers) and all independent third parties that work in Elanders' name understand and follow the law as well as Elanders' policy against corruption and fraud.

There is an annual control to ensure that all the companies in the Group follow the anti-corruption policy. The local Managing Director in each company is responsible for communicating the policy to all employees as well as organizing education about it and the processes for combatting and preventing fraud and corruption. The policy also states that all employees are obliged to comport themselves with integrity and ensure that they understand and follow Group guidelines.

In 2017 Elanders began updating the anti-corruption policy and a new policy has been communicated to the entire Group in 2018. The new policy contains guidelines for whistleblowing for reporting violations or crimes.

In 2018 two minor thefts by employees are suspected to have taken place in one of Elanders' subsidiaries. Although these thefts could not be proven, the suspected employees chose to leave the company of their own accord. There have incurred no incidents of fraud, corruption, bribes or money laundering in 2018.



### **Value recovery**

There are great opportunities for Elanders to take the initiative in creating more climate friendly services within Value Recovery. Recycling equipment and giving it new life on the second hand market is huge for promoting sustainability. Through our subsidiary LGI Elanders annually handles more than 30,000 obsolete units like computers, monitors, printers and other computer accessories.

We can easily link new customers to our Value Recovery Service and offer them a simple and profitable way to reduce their climate impact.

## Income Statements

MSEK	Note	2018	2017
Net sales	2, 3	10,741.7	9,342.0
Cost of products and services sold		-9,330.2	-8,008.0
<b>Gross profit</b>		<b>1,411.5</b>	<b>1,334.0</b>
Selling expenses		-355.8	-367.6
Administrative expenses		-677.9	-699.3
Other operating income	4	111.4	78.7
Other operating expenses	4	-30.4	-37.6
<b>Operating result</b>	5, 6, 7, 8, 27	<b>458.8</b>	<b>308.2</b>
Financial income	9	52.9	13.2
Financial expenses	9	-145.4	-90.9
<b>Result after financial items</b>		<b>366.3</b>	<b>230.4</b>
Taxes	10	-107.7	-65.4
<b>Result for the year</b>		<b>258.6</b>	<b>165.0</b>
Result for the year attributable to			
- parent company shareholders		253.9	164.5
- non-controlling interests		4.7	0.5
Earning per share, SEK, <sup>1)</sup>	11	7.18	4.65

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

## Statements of Comprehensive Income

MSEK	2018	2017
<b>Result for the year</b>	<b>258.6</b>	<b>165.0</b>
<i>Items that not will be reclassified to the income statement</i>		
Actuarial gains/losses on defined benefit pensions plans	1.2	-1.6
Tax effect on actuarial gains/losses on defined benefit pensions plans	-0.2	0.5
<i>Items that will be reclassified to the income statement</i>		
Translation differences	120.8	-72.9
Change in value of cash-flow hedges, net	-0.1	1.0
Tax effect on change in value of cash-flow hedges, net	0.0	-0.2
Change in fair value of the hedge of the net investment abroad	-42.0	47.0
Tax effect on the change in fair value of the hedge of net investments abroad	8.7	-10.3
<b>Other comprehensive income</b>	<b>88.4</b>	<b>-36.5</b>
<b>Total comprehensive income for the year</b>	<b>347.0</b>	<b>128.5</b>
Total comprehensive income attributable to		
- parent company shareholders	342.0	128.0
- non-controlling interests	5.0	0.5

## Statements of Cash Flow

MSEK	Note	2018	2017
<b>Operating activities</b>			
Result after financial items		366.3	230.4
Adjustments for items not included in cash flow	13	213.2	257.7
Paid taxes	10	-127.5	-133.6
<b>Cash flow from operating activities before changes in working capital</b>		<b>452.0</b>	<b>354.5</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in inventory		-56.6	-108.6
Increase (-)/decrease (+) in operating receivables		-70.8	-441.0
Increase (+)/decrease (-) in operating payables		130.9	131.0
<b>Cash flow from operating activities</b>		<b>455.5</b>	<b>-64.0</b>
<b>Investing activities</b>			
Investments in intangible and tangible assets	14, 15	-177.1	-219.3
Divestment of tangible assets	15	16.0	23.4
Acquired and divested operations	28	24.0	-67.0
Change in long-term receivables		-0.5	1.0
<b>Cash flow from investing activities</b>		<b>-137.5</b>	<b>-262.0</b>
<b>Financing activities</b>			
Amortization of loans	22	-159.4	-105.5
New loans	22	-	325.8
Other changes in interest-bearing liabilities	13, 22	-65.6	242.6
Dividend to shareholders		-92.7	-91.9
<b>Cash flow from financing activities</b>		<b>-317.8</b>	<b>371.0</b>
<b>Cash flow for the year</b>		<b>0.2</b>	<b>45.0</b>
Cash and cash equivalents at the beginning of the year		679.4	651.1
Translation difference in cash and cash equivalents		42.8	-16.7
<b>Cash and cash equivalents at year-end</b>	19	<b>722.4</b>	<b>679.4</b>
<b>Change in net debt</b>			
Net debt at the beginning of the year		2,664.7	2,223.7
Net debt in acquired and divested operations		41.0	-12.9
Changes in loans and cash and cash equivalents		-286.7	435.5
Changes in provisions for post-employment benefits		-0.9	2.0
Translation difference		120.5	16.2
<b>Net debt at year-end</b>		<b>2,538.7</b>	<b>2,664.6</b>
<b>Operating cash flow</b>			
Cash flow from operating activities excl. financial items and paid tax		675.5	147.3
Net investments		-137.5	-262.0
<b>Operating cash flow</b>	12	<b>538.0</b>	<b>-114.6</b>

## Statements of Financial Position

MSEK	Note	2018	2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	14	3,218.2	3,135.9
Tangible assets	15, 26	789.2	828.3
Investments in associated companies	16	6.0	-
Deferred tax assets	10	249.9	245.0
Other financial assets		10.7	2.0
<b>Total fixed assets</b>		<b>4,274.0</b>	<b>4,211.2</b>
<b>Current assets</b>			
Inventory	17	467.6	389.7
Accounts receivable	20	1,761.9	1,571.3
Current tax receivables	10	64.9	52.6
Other receivables		135.5	157.9
Prepaid expenses and accrued income	18	310.8	346.8
Cash and cash equivalents	19	722.4	679.4
<b>Total current assets</b>		<b>3,463.1</b>	<b>3,197.7</b>
<b>Total assets</b>		<b>7,737.1</b>	<b>7,408.9</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity attributable to parent company shareholders	21	2,697.0	2,447.0
Equity attributable to non-controlling interests		10.4	6.2
<b>Total equity</b>		<b>2,707.4</b>	<b>2,453.2</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Other interest-bearing liabilities	20, 22, 26	2,349.8	2,413.8
Provisions for post-employment benefits	23	92.5	90.2
Other provisions	24	8.8	9.5
Deferred tax liabilities	10	190.3	198.7
<b>Total long-term liabilities</b>		<b>2,641.5</b>	<b>2,712.2</b>
<b>Short-term liabilities</b>			
Interest-bearing liabilities	20, 22, 26	818.7	840.1
Accounts payable	20	795.3	652.0
Current tax liabilities	10	30.3	25.9
Other liabilities		101.0	141.5
Accrued expenses and deferred income	25	567.8	504.5
Other provisions	24	75.0	79.4
<b>Total short-term liabilities</b>		<b>2,388.1</b>	<b>2,243.4</b>
<b>Total equity and liabilities</b>		<b>7,737.1</b>	<b>7,408.9</b>

## Statements of Changes in Equity

MSEK	Equity attributable to parent company shareholders				Equity of non-controlling interest	Total equity
	Share capital	Other contributed capital	Retained earnings	Total		
<b>Opening balance on 1 Jan. 2017</b>	<b>353.6</b>	<b>1,275.6</b>	<b>781.8</b>	<b>2,411.0</b>	-	<b>2,411.0</b>
Dividend to shareholders	-	-	-91.9	-91.9	-	-91.9
Change in non-controlling interest	-	-	-	-	5.7	5.7
Result for the year	-	-	164.5	164.5	0.5	165.0
Other comprehensive income	-	-	-36.5	-36.5	-	-36.5
<b>Closing balance on 31 Dec. 2017</b>	<b>353.6</b>	<b>1,275.6</b>	<b>817.8</b>	<b>2,447.0</b>	<b>6.2</b>	<b>2,453.2</b>
Dividend to shareholders	-	-	-91.9	-91.9	-0.8	-92.7
Result for the year	-	-	253.9	253.9	4.7	258.6
Other comprehensive income	-	-	88.1	88.1	0.3	88.4
<b>Closing balance on 31 Dec. 2018</b>	<b>353.6</b>	<b>1,275.6</b>	<b>1,067.8</b>	<b>2,697.0</b>	<b>10.4</b>	<b>2,707.4</b>

Retained earnings include other reserves amounting to MSEK 213.4 (129.5).

## NOTE 1 Accounting Principles

### General information

Elanders AB (publ.), corporate identity number 556008-1621, is a limited company registered in Sweden. The parent company is registered in Mölnlycke. Elanders is listed on NASDAQ OMX Stockholm, Mid Cap. The company's primary business and its subsidiaries are described in the Board of Directors' Report in this Annual Report. The annual accounts for the financial year ending on 31 December 2018 were approved by the Board and will be presented to the Annual General Meeting on 29 April 2019 for adoption.

### Accounting principles

#### Financial reporting

The Group has prepared the annual accounts according to the Annual Accounts Act, the EU approved International Financial Reporting Standards (IFRSs) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Union as of 31 December 2018. In addition, the Group follows the Swedish Financial Reporting Board Recommendation RFR 1 Supplemental Accounting Regulations for Groups, which specifies the additions to IFRSs information that are required according to the provisions in the Annual Accounts Act. In group accounting all items are valued at acquisition value, unless otherwise specified. The Group reports in Swedish kronor. All amounts are given in millions of Swedish kronor, unless otherwise specified. The following is a description of the accounting principles considered elemental.

#### Consolidation

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

#### Associated companies

Associated companies are companies in which the group has a significant influence, normally when the holding equal at least 20 percent but less than 50 percent of the votes. Holdings in associated companies are recognized in accordance with the equity method.

#### Business combinations

Subsidiaries are reported in accordance with the acquisition method. Acquired identifiable assets, liabilities and contingent liabilities are recorded at fair value based on the date of acquisition. The surplus arising from the difference between the cost of the shares in subsidiaries and the fair value of the acquired identifiable assets and liabilities is recorded as goodwill. Acquisition value is the fair value of the assets left as reimbursement to the seller as well as the liabilities taken over on the acquisition date. If the acquisition price is lower than the fair value of the acquired subsidiary's net assets, the

difference is recorded directly in the income statement. Additional purchase sums are recorded as financial liabilities until they are settled. All acquisition costs are expensed. Companies acquired in the current year are included in group accounting from the acquisition date. Divested companies are included in group accounting up until the divestiture date.

#### Revenue recognition

Revenue is reported on delivery if ownership has been transferred to the buyer. Net sales represent the sales value less VAT, returns and discounts. Service contracts are normally recognized when final delivery is made, or when contractual partial deliveries are made. Net sales include product and service sales. Since all products are essentially integrated parts of service deliveries to customer, a split of revenues into products and services is not meaningful. Furthermore, there are no significant revenues from interests, royalties, rents or dividends.

#### Lease agreements

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

#### Foreign currency

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

#### Transactions and balance sheet items

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

#### Translation of foreign subsidiaries

When preparing the consolidated financial statements the balance sheets of foreign operations are translated to Swedish kronor with balance sheet date rates while income statements are translated to the average exchange rates for the period. Translation differences are recognized as translation reserves under equity. The accumulated translation differences are

## NOTE 1 Accounting Principles (cont.)

redistributed and reported as part of capital gains/losses in the event of a divestiture of a foreign operation. Goodwill and adjustments to fair value attributable to acquisitions with another functional currency than Swedish kronor are reported as assets and liabilities in the acquired unit's currency and translated to balance sheet date rates.

### Remuneration to employees

Remuneration to employees in the form of wages, paid vacation and sick leave, bonus, pensions and so forth is reported as it is earned. Pensions and other post-employment contributions are classified as defined contribution plans or defined benefit plans.

#### Defined contribution plans

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

#### Defined benefit plans

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

### Taxes

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

### Earnings per share

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

### Tangible assets

Tangible assets are reported at their acquisition value less accumulated depreciation and write-downs. Tangible assets are straight-line depreciated over the estimated useful life of the asset. No depreciation on land is made. Costs for repairs and maintenance are recorded as expenses. The following useful lives are used to calculate depreciation:

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

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

### Intangible assets

#### Goodwill

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

#### Other intangible assets

Other intangible assets are customer relations, brands, favorable contracts identified at the time of an acquisition as well as the cost of purchasing and developing software. Internally created intangible assets are reported as an asset only in cases where an identifiable asset has been created, it is fairly certain that the asset will lead to financial gains and invested expenses for developments can be calculated reliably. If it is not possible to report an internally created intangible asset the costs for development are recorded as expenses in the period in which they occur. Other intangible assets from acquisitions are reported at fair value on acquisition date and in subsequent periods other intangible assets are reported with a determined useful life at acquisition value less accumulated amortization and write-downs. Trademarks

## NOTE 1 Accounting Principles (cont.)

with indefinite useful life are recorded at acquisition value less accumulated write-downs. Useful life for other intangible assets, besides trademarks with indefinite useful life, is normally 5–10 years.

### Impairment losses

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

### Inventory

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

### Financial instruments

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

### Calculation of fair value for financial instruments

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

### Amortized cost

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

### Offsetting financial assets and liabilities

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

### Cash and cash equivalents

Cash and cash equivalents are cash in financial institutions and short-term liquid placements with a term of less than three months.

### Accounts receivable

Accounts receivable are categorized as Loans and receivables are initially recognized at the amount of consideration that is unconditional. Accounts receivable are amounts due from customers for services performed in the ordinary course of business or goods sold. They are generally due for settlement within 30–120 days and therefore are all classified as current. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost. The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles and historical credit losses experienced within this period. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The Group uses factoring, which means that certain accounts receivable are transferred to a factoring company in exchange for cash. With the transfer to the factoring company, the credit risk also transitions and the Group is therefore not reporting the transferred assets in the balance sheet.

### Long-term receivables, current receivables and other receivables

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

## NOTE 1 Accounting Principles (cont.)

### *Derivative instruments*

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

### *Accounts payable*

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

### *Other financial liabilities*

Liabilities to credit institutions are categorized as Other financial liabilities which means they are reported at amortized cost and directly related expenses such as arrangement fees are distributed throughout the period of the loan with the help of the compound interest method. Financial liabilities are classified as short-term unless the Group has an unconditional right to postpone the payment of the debt for at least 12 months after the end of the reporting period.

### **Provisions**

Provisions are recorded in the balance sheet when a company has a formal or informal obligation as a result of a past event and it is likely that an outflow of resources will be necessary to resolve the obligation and a reliable estimation of the amount can be made. Provisions for restructuring costs are reported when the Group has an established, detailed restructuring plan that has been announced to the parties concerned and there is a clear expectation that the plan will be implemented. Provisions are reconsidered every time an external report is made.

### **Reporting on segments**

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 follows the development of the segments based on sales and operating profit, but not assets or liabilities per reportable segment. The operations within each reportable segment have similar economic characteristics and resemble each other regarding the nature of their products and services, production processes and customer types. Sales between segments are made on markets terms.

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

### **Alternative performance measures**

The Annual report includes alternative performance measures for monitoring the Group's operations. Alternative performance measures are performance measures that not have been defined by IFRS. For reconciliation of the primary alternative performance measures and financial definitions, see pages 110-112.

### **Important estimations and assessments**

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

### **Goodwill and trademarks**

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

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

Essential assumptions when testing the need for write-downs and a description of the effect of plausible, possible changes in these assumptions that are basis of the calculations are found in note 14.

### **Valuation of tax loss carry forwards**

Deferred tax assets concerning tax loss carry forwards reported by the Group amount to MSEK 169 (168) per 31 December 2018. The recorded value of these tax assets have been tested at year-end and it is deemed probable that these can be set off against taxable gains. The tax assets primarily refer to Swedish tax loss carry forwards that can be utilized for an unlimited amount of time. The Group's Swedish operations have historically been profitable and are expected to generate a substantial surplus in the future. Elanders therefore believes it is safe to say that it will be possible to set off the deficit deduction which the tax assets stem from, against future taxable surpluses.

## NOTE 1

## Accounting Principles (cont.)

**New standards, amendments and interpretations of existing standards****Standards, amendments and interpretations****of existing standards that came into effect during 2018**

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 pages 70-71. The transition to IFRS 15 has been based on the Modified retrospective approach.

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

International Accounting Standards Boards (IASB) has issued new and revised standards that have not yet come into effect. The most significant for Elanders is IFRS 16 “Leases”, which will be effective from 1 January 2019. This will primarily affect 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 transition to IFRS 16 will be based on the Modified retrospective approach. The standard will have a significant effect on the Group’s total assets and liabilities and the calculated effects on opening balances 1 January 2019 are presented below.

	Closing balance 31 December 2018	Preliminary effect IFRS 16	Opening balance 1 January 2019
<b>MSEK</b>			
<b>ASSETS</b>			
Fixed assets	4,274	1,938	6,212
Current assets	3,463	-	3,463
<b>Total assets</b>	<b>7,737</b>	<b>1,938</b>	<b>9,675</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>2,707</b>	<b>-</b>	<b>2,707</b>
<b>Liabilities</b>			
Non-interest-bearing long-term liabilities	199	-	199
Interest-bearing long-term liabilities	2,442	1,354	3,796
<b>Total long-term liabilities</b>	<b>2,642</b>	<b>1,354</b>	<b>3,996</b>
Non-interest-bearing short-term liabilities	1,569	-	1,569
Interest-bearing short-term liabilities	819	584	1,403
<b>Total short-term liabilities</b>	<b>2,388</b>	<b>584</b>	<b>2,972</b>
<b>Total equity and liabilities</b>	<b>7,737</b>	<b>1,938</b>	<b>9,675</b>

Based on the information and the lease agreements that the group had in the beginning of 2019, and by using exchange rates per 31 December 2018, the implementation of IFRS 16 would primarily have the following effects on the group’s income statement on a yearly basis. New agreements, renegotiation of existing agreements and changes in currency exchange rates are examples of things that could affect the estimated effects from implementing IFRS 16.

	Estimated effect (approximately)
<b>MSEK</b>	
EBITDA	+650
EBITA	+30
Net financial items	-50
Net result	-15

Initially applying IFRS 16 will have a negative effect on the net result as well as the result per share since rights-of-use are straight-line depreciated while the interest component of leasing payments decreases over time.

## NOTE 2 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 decision-maker. The operations within each reportable segment have similar eco-

nommic 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.

### REPORTING BY SEGMENT

MSEK	Supply Chain Solutions		Print & Packaging Solutions		e-Commerce Solutions	
	2018	2017	2018	2017	2018	2017
Net sales	8,124.1	7,006.7	2,504.4	2,219.8	204.5	208.5
Operating expenses	-7,776.4	-6,753.4	-2,377.3	-2,127.4	-199.9	-213.7
<b>Operating result</b>	<b>347.6</b>	<b>253.3</b>	<b>127.1</b>	<b>92.4</b>	<b>4.6</b>	<b>-5.2</b>
Net financial items	-	-	-	-	-	-
<b>Result before tax</b>	<b>347.6</b>	<b>253.3</b>	<b>127.1</b>	<b>92.4</b>	<b>4.6</b>	<b>-5.2</b>
Investments	125.7	172.7	49.9	113.0	0.4	0.5
Depreciation and amortization	-191.7	-175.1	-69.2	-72.4	-5.3	-7.5
Goodwill	1,178.2	1,125.8	1,094.1	1,051.8	166.3	159.2
Trademarks with indefinite useful life	393.3	377.0	-	-	-	-

MSEK	Group functions		Eliminations		The Group	
	2018	2017	2018	2017	2018	2017
Net sales	46.4	34.8	-137.6	-127.8	10,741.7	9,342.0
Operating expenses	-66.9	-67.1	137.6	127.8	-10,282.9	-9,033.8
<b>Operating result</b>	<b>-20.5</b>	<b>-32.3</b>	<b>-</b>	<b>-</b>	<b>458.8</b>	<b>308.2</b>
Net financial items	-92.5	-77.8	-	-	-92.5	-77.8
<b>Result before tax</b>	<b>-113.1</b>	<b>-110.1</b>	<b>-</b>	<b>-</b>	<b>366.3</b>	<b>230.4</b>
Investments	1.1	0.1	-	-	177.1	286.4
Depreciation and amortization	-0.2	-0.1	-	-	-266.4	-255.1
Goodwill	-	-	-	-	2,438.6	2,336.8
Trademarks with indefinite useful life	-	-	-	-	393.3	377.0

Sales attributable to the business areas Supply Chain Solutions and Print & Packaging refers to services, while sales attributable to the business area e-Commerce Solutions refers to products.

Financial income and expenses are not allocated to the respective business areas since the financing of the Group is managed by Group Finance.

Investments 2017 are including acquisitions amounting to MSEK 45 within Supply Chain Solutions and MSEK 22 within Print & Packaging Solutions.

## NOTE 2 Segment Reporting (cont.)

### FIXED ASSETS BY GEOGRAPHIC AREA

MSEK	2018	2017
Germany	849.2	886.9
Sweden	173.9	178.3
Poland	76.3	74.1
USA	74.9	70.5
Czech Republic	63.3	63.4
United Kingdom	55.4	59.6
Hungary	36.2	42.2
China	31.1	47.9
India	30.6	30.0
Singapore	23.8	30.3
Other countries	10.8	12.2
<b>Total</b>	<b>1,425.5</b>	<b>1,495.4</b>

Fixed assets above include other intangible assets, tangible fixed assets as well as deferred tax assets. Goodwill and trademarks with indefinite useful life of MSEK 2,832 (2,714) have not been divided geographically since they are based on segments.

### SALES BY GEOGRAPHIC AREA

MSEK	2018	2017
Germany	4,835.3	3,789.9
Singapore	1,613.9	1,324.2
USA	979.9	677.5
China	736.4	724.6
Sweden	439.2	474.4
United Kingdom	427.2	381.5
Hungary	309.3	283.4
Switzerland	226.9	586.0
Poland	156.0	211.9
Netherlands	136.5	108.6
Other countries	881.1	780.0
<b>Total</b>	<b>10,741.7</b>	<b>9,342.0</b>

### Information concerning the Group's largest customers

In 2018 sales to the Group's largest customer represent 16 (15) percent of the total net sales. Sales to this customer is made to several of its divisions, on three continents and is based on multiple stand-alone agreements. Two other customers exceeded 10 percent of total net sales. The three largest customers are mainly attributable to the segment Supply Chain Solutions. The Group's ten largest customers together represents 56 (56) percent of total net sales.

## NOTE 3 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 fulfillment, 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.

## NOTE 3 Disaggregation of Revenue (cont.)

### DISAGGREGATION OF REVENUE 2018

MSEK	Supply Chain Solutions	Print & Packaging Solutions	e-Commerce Solutions	Total
Total net sales	8,124.1	2,504.4	204.5	10,833.0
Less: net sales to group companies	-14.7	-76.6	0.0	-91.3
<b>Net sales</b>	<b>8,109.4</b>	<b>2,427.9</b>	<b>204.5</b>	<b>10,741.7</b>

MSEK	Supply Chain Solutions	Print & Packaging Solutions	e-Commerce Solutions	Group
<b>Customer segments</b>				
Automotive	1,972.1	506.5	-	2,478.6
Electronics	3,450.7	69.5	-	3,520.2
Fashion & Lifestyle	1,161.2	424.8	-	1,585.9
Health Care & Life Science	191.3	203.3	-	394.5
Industrial	914.1	698.0	-	1,612.2
Other	420.0	525.8	204.5	1,150.3
<b>Net sales</b>	<b>8,109.4</b>	<b>2,427.9</b>	<b>204.5</b>	<b>10,741.7</b>
<b>Main revenue streams</b>				
Sourcing and procurement services	2,391.1	19.8	-	2,410.9
Freight and transportation services	2,670.2	293.9	-	2,964.1
Other contract logistics services	2,734.6	376.5	-	3,111.1
Other work/services	313.4	1,737.7	204.5	2,255.6
<b>Net sales</b>	<b>8,109.4</b>	<b>2,427.9</b>	<b>204.5</b>	<b>10,741.7</b>
<b>Geographic markets</b>				
<b>Europe</b>				
Germany	4,113.1	576.9	145.3	4,835.3
Sweden	71.5	366.9	0.8	439.2
United Kingdom	96.1	327.6	3.5	427.2
Hungary	277.9	31.4	0.0	309.3
Switzerland	158.4	59.9	8.6	226.9
Poland	25.4	130.6	0.0	156.0
Netherlands	114.2	20.6	1.7	136.5
Other countries	214.4	168.3	43.4	426.2
<b>Europe total</b>	<b>5,071.0</b>	<b>1,682.3</b>	<b>203.3</b>	<b>6,956.6</b>
<b>Asia</b>				
Singapore	1,613.4	0.5	-	1,613.9
China	686.2	50.2	-	736.4
India	128.7	0.7	-	129.5
Other countries	185.3	8.4	-	193.7
<b>Asia total</b>	<b>2,613.6</b>	<b>59.9</b>	<b>-</b>	<b>2,673.5</b>
<b>North and South America</b>				
USA	333.9	646.0	0.0	979.9
Other countries	39.9	2.3	-	42.2
<b>North and South America total</b>	<b>373.8</b>	<b>648.3</b>	<b>0.0</b>	<b>1,022.1</b>
<b>Other</b>	<b>50.9</b>	<b>37.4</b>	<b>1.2</b>	<b>89.5</b>
<b>Net sales</b>	<b>8,109.4</b>	<b>2,427.9</b>	<b>204.5</b>	<b>10,741.7</b>

## NOTE 4 Other Operating Income and Other Operating Expenses

### OTHER OPERATING INCOME

MSEK	2018	2017
Exchange rate gains	20.9	14.0
Gains on divestment of Group companies	6.9	-
Gains from the sales of fixed assets	6.9	17.5
Insurance compensations	7.1	7.1
Income from sales of coupons	4.3	4.1
Other	65.3	36.0
<b>Total</b>	<b>111.4</b>	<b>78.7</b>

### OTHER OPERATING EXPENSES

MSEK	2018	2017
Exchange rate losses	-20.5	-25.2
Losses on divestment of Group companies	-4.9	-
Losses from the sales of fixed assets	-2.1	-1.3
Other	-2.9	-11.1
<b>Total</b>	<b>-30.4</b>	<b>-37.6</b>

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

## NOTE 5 Personnel

### AVERAGE NUMBER OF EMPLOYEES

	Women		Men		Total	
	2018	2017	2018	2017	2018	2017
<b>Parent company</b>						
Sweden	5	4	5	7	10	11
<b>Subsidiaries</b>						
Germany	986	910	2,803	2,435	3,789	3,345
China	589	566	268	242	857	808
Singapore	221	229	254	276	476	505
Czech Republic	136	134	193	178	329	312
Poland	60	58	276	241	336	299
Hungary	116	117	184	165	300	282
USA	134	113	136	139	270	252
Sweden	48	72	121	159	169	231
United Kingdom	55	60	163	166	217	226
India	29	28	189	177	218	205
Netherlands	4	3	42	50	46	53
Brazil	24	20	25	22	49	42
Austria	11	11	31	26	42	37
Italy	11	14	9	7	20	21
Mexico	12	11	7	8	19	19
Taiwan	2	4	3	1	5	5
Russia	-	1	2	2	2	3
France	-	-	1	1	1	1
Japan	-	-	-	1	-	1
<b>Total</b>	<b>2,441</b>	<b>2,355</b>	<b>4,711</b>	<b>4,303</b>	<b>7,153</b>	<b>6,658</b>

## NOTE 5 Personnel (cont.)

### SALARIES AND OTHER REMUNERATION

MSEK	Board and CEO					
	Basic wage incl. other benefits		Variable remuneration		Other employees	
	2018	2017	2018	2017	2018	2017
Parent company	12.7	12.2	3.5	0.0	11.5	10.0
Subsidiaries	33.9	43.9	12.2	13.2	2,146.5	1,922.7
<b>Total</b>	<b>46.6</b>	<b>56.1</b>	<b>15.6</b>	<b>13.2</b>	<b>2,158.0</b>	<b>1,932.7</b>

MSEK	Salaries and remuneration		Social security contributions		Pension contributions	
	2018	2017	2018	2017	2018	2017
Parent company	27.7	22.2	10.5	8.5	6.5	5.5
Subsidiaries	2,192.6	1,979.8	393.2	345.1	35.2	31.5
<b>Total</b>	<b>2,220.3</b>	<b>2,002.0</b>	<b>403.7</b>	<b>353.6</b>	<b>41.7</b>	<b>37.0</b>

### GENDER DISTRIBUTION IN MANAGEMENT

	Women		Men		Total	
	2018	2017	2018	2017	2018	2017
Board members	4	4	6	6	10	10
Group Management	-	-	7	8	7	8
Supervisors	143	99	343	343	486	442

The Board also includes one employee representative.

### REMUNERATION TO THE BOARD, CHIEF EXECUTIVE OFFICER AND OTHER SENIOR OFFICERS 2018

SEK '000s	Basic wage/ Board remuneration	Variable remuneration	Other benefits	Pension contributions	Total
Chairman of the Board	762	-	-	-	762
Board members (8 persons)	3,290	-	-	-	3,290
Chief Executive Officer	8,568	3,488	97	2,989	15,142
Other senior officers (6 persons)	29,117	13,652	1,394	1,557	45,720
<b>Total remuneration to the Board, CEO and senior officers</b>	<b>41,737</b>	<b>17,140</b>	<b>1,491</b>	<b>4,546</b>	<b>64,914</b>

Other senior officers only include compensation for 9 months for one of the persons in Group management since the company he was employed in was divested. For allocation of the remuneration to the board members see page 46.

### REMUNERATION TO THE BOARD, CHIEF EXECUTIVE OFFICER AND OTHER SENIOR OFFICERS 2017

SEK '000s	Basic wage/ Board remuneration	Variable remuneration	Other benefits	Pension contributions	Total
Chairman of the Board	740	-	-	-	740
Board members (8 persons)	3,190	-	-	-	3,190
Chief Executive Officer	8,153	-	90	2,847	11,090
Other senior officers (7 persons)	32,029	8,916	1,809	1,593	44,346
<b>Total remuneration to the Board, CEO and senior officers</b>	<b>44,112</b>	<b>8,916</b>	<b>1,899</b>	<b>4,440</b>	<b>59,366</b>

Severance payment to one person with a total amount of MSEK 5 is included in the basic wage and variable remuneration to Other senior officers.

## NOTE 5 Personnel (cont.)

### Basic wage/Board remuneration

The Chairman of the Board and Board members receive compensation for their participation on the Board and committee work from the total remuneration sum for the Board determined by the Annual General Meeting. Board members and deputies employed in the Group did not receive any fees or benefits in addition to those pertaining to their employment. The Chairman of the Board has not received any compensation other than Board and committee remuneration. Remuneration to the Chief Executive Officer, the former Chief Executive Officer and other senior officers consists of a basic salary, variable remuneration, other benefits and pension. Senior officers are the persons who, together with the Chief Executive Officer, comprised Group Management in 2018.

### Variable remuneration

The proportion between basic salary and variable remuneration corresponds to the officer's responsibility and authority. For the Chief Executive Officer and the Chief Financial Officer variable remuneration should not exceed 60 and 50 percent respectively of their annual salary. For the other senior officers variable remuneration may not exceed 40 percent of their annual salary. Variable remuneration is based on results in relation to individually targeted goals.

Pension benefits as well as other benefits to the Chief Executive Officer and senior officers are part of the total remuneration. Variable remuneration is carried as an expense for the financial year 2018 and is normally paid out in 2019.

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

### Other benefits

Other benefits refers to housing, company cars etc.

### Pensions

The Group has both defined benefit and defined contribution pension plans. Pension cost is the cost that affects the result for the year. One former employee and member of Group Management had defined benefit and defined contribution pension plans. The present value of the defined benefit obligation under those plans 31 December 2018 was MSEK 2.2 (2.2) on the balance sheet date. All pensions are fully vested, i.e. there is no dependency on future employment.

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

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

### Financial instruments

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

### Other remuneration

No other remunerations have been distributed.

### Severance pay

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

### Deviations from the guidelines

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

### Preparation and decision process

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

The Board has determined the remuneration for the Chief Executive Officer for the financial year of 2017 based on the remuneration committee's proposals. The Chief Executive Officer has determined the remuneration for other senior officers after consultation with the chairman of the remuneration committee.

Members of the remuneration committee during the year were Carl Bennet, Chairman, Pam Fredman, Erik Gabrielson, Linus Karlsson and Johan Stern. The remuneration committee meets when necessary but at least once a year to prepare proposals for the remuneration of the Chief Executive Officer and agree or disagree to his proposal for remuneration and conditions for senior officers who report directly to him. In addition, the remuneration committee draws up principles for salary levels and employment terms for Group Management. The remuneration committee proposes remuneration, terms and principles to the Board that then decides on these matters. The remuneration committee has met once in 2018. The committee has been supported by external expertise in matters concerning compensation levels and structures.

**NOTE 6 Fees to the Auditors**

MSEK	2018	2017
<b>PwC</b>		
Audit assignment	5.4	5.7
Audit-related services	0.0	0.0
Tax advisory services	0.1	0.1
Other services	-	0.3
<b>Other</b>		
Audit assignment	0.7	1.5
Audit-related services	0.2	0.0
Tax advisory services	1.0	3.1
Other services	1.3	0.0
<b>Total</b>	<b>8.6</b>	<b>10.8</b>

Audit assignment is defined as the statutory audit, i.e. the work necessary to produce the auditors' report as well as so called audit consultation given in connection with the audit. The total fee to PwC and its network is MSEK 5.5 (6.1). During the financial year 2018 MSEK 1.9 (1.4) was paid in remuneration to the audit firm PricewaterhouseCoopers AB for the audit assignment and MSEK 0.1 (0.3) for other services.

**NOTE 7 Costs Classified by Nature**

MSEK	2018	2017
Personnel costs	2,769.3	2,450.6
Goods for resale and other production material	2,303.1	1,960.5
Freight costs	2,013.3	1,743.5
Other production costs	1,790.5	1,495.2
Paper costs	432.5	431.5
Cost of sub-contracted work	459.4	362.0
Depreciation and write-downs	266.0	255.1
Cost for advertising and marketing	41.2	116.8
Other costs	288.6	259.6
<b>Total</b>	<b>10,363.9</b>	<b>9,074.9</b>

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

**NOTE 8 Operating Lease Agreements**

MSEK	Annual cost		Future lease payments and rental costs		
	2018	2017	2019	2020-2023	2024-
Computer equipment	20.7	10.8	9.3	20.4	-
Machinery and other equipment	162.1	138.9	147.3	258.6	0.2
Rental contracts, premises	577.6	372.1	554.2	1,013.2	42.8
<b>Total</b>	<b>760.4</b>	<b>521.8</b>	<b>710.8</b>	<b>1,292.2</b>	<b>43.0</b>

Lease agreements are normally 3-10 years.

**NOTE 9 Financial Income and Expenses****FINANCIAL INCOME**

MSEK	2018	2017
Interest income	2.0	1.2
Exchange rate gains	50.7	10.5
Other	0.1	1.5
<b>Total</b>	<b>52.9</b>	<b>13.2</b>

**FINANCIAL EXPENSES**

MSEK	2018	2017
Interest expenses	-86.6	-76.0
Exchange rate losses	-52.2	-6.3
Other	-6.7	-8.6
<b>Total</b>	<b>-145.4</b>	<b>-90.9</b>

**NOTE 10 Taxes****RECORDED TAX**

MSEK	2018	2017
Current tax on the result for the year	-112.6	-83.7
Withholding tax on dividends and other taxes	-11.4	-22.9
Correction of previous years' current tax expense	4.9	0.1
Deferred tax	11.4	41.1
<b>Recorded tax</b>	<b>-107.7</b>	<b>-65.4</b>

**RECONCILIATION OF RECORDED TAX**

MSEK	2018	2017
Result before taxes	366.3	230.4
Tax according to Swedish tax rate of 22%	-80.6	-50.7
Tax effect of:		
Differences in tax rates for foreign subsidiaries	-6.3	12.2
Effect from changes in tax rates	-11.5	-3.0
Non-deductible costs	-7.1	-9.6
Change in unrecorded deferred tax assets	8.9	9.5
Change in tax losses carried forward not valued	-6.0	-2.5
Correction of previous years' tax expense	1.5	-0.7
Withholding tax on dividends and other taxes	-11.4	-22.9
Other	4.7	2.4
<b>Recorded tax</b>	<b>-107.7</b>	<b>-65.4</b>

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

MSEK	2018	2017
Tax loss carryforwards	175.8	180.9
Fixed assets	-157.4	-160.2
Other items	48.3	38.7
	<b>66.7</b>	<b>59.4</b>
Less:		
Tax losses carried forward not valued	-7.1	-13.1
<b>Closing value, net</b>	<b>59.6</b>	<b>46.3</b>

Unrecorded deferred tax assets refer to not valued tax loss carryforwards. For information concerning the valuation of the tax loss carryforwards please see note 1, section Important estimations and assessments on page 67.

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

MSEK	2018	2017
Deferred tax assets	249.9	245.0
Deferred tax liabilities	-190.3	-198.7
<b>Closing value, net</b>	<b>59.6</b>	<b>46.3</b>

**CHANGE IN DEFERRED TAX**

MSEK	2018	2017
Opening value, net	46.3	24.1
Acquisitions of operations	-	-5.7
Recorded deferred tax on the result for the year	11.4	41.1
Tax items charged directly against other comprehensive income	8.5	-10.0
Translation differences	-6.6	-3.2
<b>Closing value, net</b>	<b>59.6</b>	<b>46.3</b>

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

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

MSEK	2018	2017
Due within one year	0.8	1.4
Due within 2-5 years	7.0	4.7
No due date	161.0	161.7
<b>Closing value</b>	<b>168.7</b>	<b>167.8</b>

**NOTE 11 Earnings per Share**

	2018	2017
Result for the year attributable to parent company shareholders, MSEK	253.9	164.5
Average number of outstanding shares, in thousands	35 358	35 358
<b>Earnings per share, SEK</b>	<b>7.18</b>	<b>4.65</b>

Earnings per share is calculated by dividing the result attributable to the parent company's shareholders with the average number of outstanding shares during the year. There is no dilution.

**NOTE 12 Operating Cash Flow**

MSEK	2018	2017
Cash flow from operating activities	455.5	-64.0
Financial items	92.5	77.8
Paid taxes	127.5	133.6
Acquired and divested operations	24.0	-67.0
Other items included in cash flow from investing activities	-161.5	-195.0
<b>Operating cash flow</b>	<b>538.0</b>	<b>-114.6</b>

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

**NOTE 13 Supplementary Information to Cash Flow Statements****ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW**

MSEK	2018	2017
Depreciation, amortization and write-downs of intangible and tangible assets	266.0	255.1
Unrealized exchange rate gains and losses	-26.2	-19.3
Result from disposal of tangible assets	-7.8	-6.6
Changes in provisions that affect cash flow	-3.0	28.4
Other changes	-15.8	-
<b>Total</b>	<b>213.2</b>	<b>257.7</b>

**PAID AND RECEIVED INTEREST**

MSEK	2018	2017
Paid interest	-86.4	-75.7
Received interest	2.0	1.2
<b>Total</b>	<b>-84.4</b>	<b>-74.5</b>

**Cash and cash equivalents**

Cash and cash equivalents consist primarily of cash and bank balances. Short-term placements are classified as cash and cash equivalents when:

- the risk of changes in their fair value is insignificant.
- they are easily converted.
- they mature in less than three months from the date they were acquired.

**Other changes in interest-bearing liabilities**

The item Other changes in interest-bearing liabilities mainly refers to changes stemming from utilization of revolving credits.

## NOTE 14 Intangible Assets

MSEK	Goodwill		Trademarks <sup>1)</sup>	
	2018	2017	2018	2017
Opening acquisition value	2,337.5	2,273.2	377.0	366.2
Investments	-	-	-	-
Acquired and divested operations	-	43.6	-	-
Disposals	-	-	-	-
Reclassification	-	-	-	-
Translation difference	101.8	20.7	16.3	10.8
<b>Closing acquisition value</b>	<b>2,439.3</b>	<b>2,337.5</b>	<b>393.3</b>	<b>377.0</b>
Opening accumulated amortization and write-downs	-0.7	-0.7	-	-
Acquired and divested operations	-	-	-	-
Amortization of the year	-	-	-	-
Disposals	-	-	-	-
Reclassification	-	-	-	-
Translation difference	-	-	-	-
<b>Closing accumulated amortization and write-downs</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-</b>	<b>-</b>
<b>Net residual value</b>	<b>2,438.6</b>	<b>2,336.8</b>	<b>393.3</b>	<b>377.0</b>

MSEK	Other intangible assets <sup>2)</sup>		Total	
	2018	2017	2018	2017
Opening acquisition value	724.5	672.6	3,439.0	3,311.9
Investments	16.1	18.1	16.1	18.1
Acquired and divested operations	-2.1	25.9	-2.1	69.5
Disposals	-17.1	-1.1	-17.1	-1.1
Reclassification	7.2	-1.2	7.2	-1.2
Translation difference	41.0	10.2	159.1	41.8
<b>Closing acquisition value</b>	<b>769.6</b>	<b>724.5</b>	<b>3,602.2</b>	<b>3,439.0</b>
Opening accumulated amortization and write-downs	-302.5	-229.7	-303.1	-230.4
Acquired and divested operations	1.9	-0.1	1.9	-0.1
Amortization of the year	-75.3	-74.6	-75.3	-74.6
Disposals	13.8	1.2	13.8	1.2
Reclassification	-0.4	0.9	-0.4	0.9
Translation difference	-20.9	-0.1	-20.9	-0.1
<b>Closing accumulated amortization and write-downs</b>	<b>-383.4</b>	<b>-302.5</b>	<b>-384.0</b>	<b>-303.1</b>
<b>Net residual value</b>	<b>386.3</b>	<b>422.1</b>	<b>3,218.2</b>	<b>3,135.9</b>

<sup>1)</sup> Trademarks with indefinite useful life.

<sup>2)</sup> Customer relations, trademarks with defined useful life, software and leasehold.

### AMORTIZATION SPECIFIED PER FUNCTION IN THE INCOME STATEMENT

MSEK	2018	2017
Cost of products and services sold	-47.5	-44.1
Selling expenses	-21.3	-24.6
Administrative expenses	-6.5	-5.8
<b>Total</b>	<b>-75.3</b>	<b>-74.6</b>

## NOTE 14 Intangible Assets (cont.)

### Impairment test

Goodwill and trademarks with indefinite useful life are subjected to impairment tests annually and when there are indications that a write-down may be necessary. Normally tests are made on the cash generating unit connected to the asset.

The recoverable amount for each cash generating unit is based on a calculation of the value in use. Impairment tests are performed on the lowest identified cash generating level, which for Elanders corresponds to its segments.

The value in use attributable to different cash generating units is based on discounted endless cash flows. Cash flows for the first three years are based on budgets and strategic plans. Significant variables in the tests are for example growth rate, operating margin and investment level. In the following

period an inflation of 2.0 (2.0) percent is assumed and business area Supply Chain Solutions is assumed to have a growth rate corresponding to inflation of 2.0 (2.0) percent and 1.0 (2.0) percent for e-Commerce Solutions, which is below the company's expectations. For the business area Print & Packaging Solutions zero growth has been assumed for the period after the initial three years. For the impairment test a discount rate after tax has been calculated based on the weighted average cost of capital (WACC) and was during the year 8.9 (8.9) percent.

Based on the assumptions given above the useful value exceeds the recorded value for all cash generating units.

### INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE DIVIDED BY CASH GENERATING UNIT

MSEK	2018	2017
Supply Chain Solutions	1,571.5	1,502.8
Print & Packaging Solutions	1,094.1	1,051.8
e-Commerce Solutions	166.2	159.2
<b>Total</b>	<b>2,831.8</b>	<b>2,713.8</b>

### Sensitivity analysis

A number of sensitivity analyses have been made to evaluate whether or not feasible unfavorable changes could lead to write-downs.

If the average growth rate or operating margin was reduced with one percentage unit or the discount rate was increased with one percentage unit the impairment test for the business area Print & Packaging Solutions would show a potential need for write-down. An increase of the discount rate with one percentage unit indicates a write-down of MSEK 142. If the operating margin is decreased by one percentage unit this shows a write-down need of MSEK 168. If these two were to

be combined it shows a potential need for a write-down of MSEK 354.

For the business area e-Commerce Solutions an increase if the discount rate with one percentage unit indicates a write-down of MSEK 2. If the operating margin is decreased by one percentage unit this shows a write-down need of MSEK 24. If these two were to be combined it shows a potential need for a write-down of MSEK 38.

For business area Supply Chain Solutions there is a good headroom between the recoverable value and the book value.

## NOTE 15 Tangible Assets

MSEK	Buildings and land <sup>1)</sup>		Plant and machinery		Equipment, tools, fixtures and fittings	
	2018	2017	2018	2017	2018	2017
Opening acquisition value	329.0	313.5	1,007.8	1,013.6	1,038.7	982.7
Investments	3.4	11.9	34.1	78.6	53.6	104.2
Acquired and divested operations	-	-	-96.6	11.1	-7.7	1.9
Disposals	-0.5	-0.2	-62.7	-125.3	-85.4	-67.4
Reclassification	2.9	-2.7	-0.8	40.2	-16.9	6.3
Translation difference	14.2	6.5	42.9	-10.5	43.5	11.1
<b>Closing acquisition value</b>	<b>349.0</b>	<b>329.0</b>	<b>924.8</b>	<b>1,007.8</b>	<b>1,025.8</b>	<b>1,038.7</b>
Opening accumulated depreciation and write-downs	-159.5	-144.3	-777.4	-834.7	-621.4	-572.9
Acquired and divested operations	-	-	81.0	-7.8	6.5	-1.1
Depreciation for the year	-14.8	-12.0	-60.7	-61.7	-115.2	-106.9
Disposals	0.2	-0.2	61.0	114.4	69.0	63.8
Reclassification	0.0	0.0	27.3	-0.1	10.8	-0.8
Translation difference	-7.8	-3.1	-32.8	12.5	-27.8	-3.4
<b>Closing accumulated depreciation and write-downs</b>	<b>-182.0</b>	<b>-159.5</b>	<b>-701.6</b>	<b>-777.4</b>	<b>-678.2</b>	<b>-621.4</b>
<b>Net residual value</b>	<b>167.0</b>	<b>169.5</b>	<b>223.1</b>	<b>230.4</b>	<b>347.6</b>	<b>417.3</b>

MSEK	Fixed assets under construction <sup>2)</sup>		Total	
	2018	2017	2018	2017
Opening acquisition value	11.2	47.8	2,386.6	2,357.7
Investments	70.0	6.7	161.0	201.4
Acquired and divested operations	-	-	-104.3	13.0
Disposals	0.0	-1.9	-148.6	-194.8
Reclassification	-30.2	-42.5	-45.0	1.2
Translation difference	0.5	1.1	101.2	8.3
<b>Closing acquisition value</b>	<b>51.4</b>	<b>11.2</b>	<b>2,351.0</b>	<b>2,386.6</b>
Opening accumulated depreciation and write-downs	-	-	-1,558.3	-1,551.9
Acquired and divested operations	-	-	87.5	-8.9
Depreciation for the year	-	-	-190.7	-180.6
Disposals	-	-	130.1	178.0
Reclassification	-	-	38.1	-0.9
Translation difference	-	-	-68.4	5.9
<b>Closing accumulated depreciation and write-downs</b>	<b>-</b>	<b>-</b>	<b>-1,561.8</b>	<b>-1,558.3</b>
<b>Net residual value</b>	<b>51.4</b>	<b>11.2</b>	<b>789.2</b>	<b>828.3</b>

<sup>1)</sup> Buildings and land include land with a book value of MSEK 17.5 (16.3).

<sup>2)</sup> Fixed assets under construction include advances related to tangible assets of MSEK 50.2 (10.5).

There were no significant investment obligations per 31 December 2018 or 2017.

## NOTE 15 Tangible Assets (cont.)

### DEPRECIATION SPECIFIED BY FUNCTION

MSEK	2018	2017
Cost of products and services sold	-162.1	-154.7
Selling expenses	-1.8	-1.1
Administrative expenses	-26.8	-24.8
<b>Total</b>	<b>-190.7</b>	<b>-180.6</b>

### Finance lease agreements

The net residual value of tangible assets possessed through finance leases is MSEK 141.7 (189.7) of which 138.6 (186.2) are reported as Equipment, tools, fixtures and fittings and

MSEK 3.1 (3.5) as Plant and machinery. The financial lease agreements are mainly related to parts of the truck fleet and fittings on leased buildings.

### FUTURE MINIMUM LEASE PAYMENTS FOR FINANCE LEASES

MSEK	2018	2017
Within 1 year	67.8	45.9
Between 1 and 5 years	82.7	139.8
More than 5 years	-	15.0
<b>Total</b>	<b>150.5</b>	<b>200.7</b>
Future interest expenses for finance leases	-8.8	-11.0
<b>Current finance lease liability</b>	<b>141.7</b>	<b>189.7</b>

## NOTE 16 Shares in Associated Companies

On 31 December 2018, 51% of the shares were sold in the subsidiary LOGworks. The company's turnover and earnings have been consolidated in full in 2018. Valuation of the holding has been based on the market valuation made in connection with the divestment.

Shares in associated companies	Percentage holding	Carrying value, MSEK
LOGworks GmbH	49	6.0

The table below shows summarized balance sheet for the Group's associated companies.

MSEK	2018
Fixed assets	0.3
Current assets	21.6
<b>Total assets</b>	<b>21.8</b>
Equity	0.5
Short-term liabilities	21.3
<b>Total equity and liabilities</b>	<b>21.8</b>

## NOTE 17 Inventory

MSEK	2018	2017
Raw materials and consumables	258.8	176.3
Work in process	27.3	39.0
Finished goods	181.6	174.4
<b>Total</b>	<b>467.6</b>	<b>389.7</b>

Costs relating to obsolescence expensed during the year amounted to MSEK 8.6 (8.1) and at year-end the obsolescence reserve was MSEK 10.8 (13.5).

## NOTE 18 Prepaid Expenses and Accrued Income

MSEK	2018	2017
Machine rent paid in advance	3.8	5.8
Premise rent paid in advance	2.8	6.8
Other prepaid expenses	35.6	38.4
Services performed, not invoiced	221.2	223.9
Other accrued income	47.4	71.9
<b>Total</b>	<b>310.8</b>	<b>346.8</b>

Services performed, not invoiced, was previously reported under accounts receivable. The comparison figures has been adjusted accordingly.

## NOTE 19 Cash and Cash Equivalents

MSEK	2018	2017
Cash and bank	722.4	679.4
<b>Cash and cash equivalents</b>	<b>722.4</b>	<b>679.4</b>

Translation differences in cash and cash equivalents for the year were MSEK 42.8 (-16.7).

## NOTE 20 Financial Instruments and Financial Risk Management

### Financial goals regarding capital structure

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

Elanders' goal is a return on employed capital of 10 percent. In 2018 it amounted to 8.5 (6.2) percent. Furthermore Elanders has the goal of net debt in relation to EBITDA as a maximum of 3 times. In 2018 this quota was 3.5 (4.3) times.

### Financial risk management

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

### Currency risk

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

### Transaction exposure

Actual receivables and payables along with contracted purchase and sales orders with payment flows within a twelve month period are hedged to some extent. Anticipated or budgeted flows are not hedged.

The Group uses forward exchange contracts to handle exchange risk exposure and hedge accounting for contracted future payment flows as well as translation of financial assets and liabilities. The hedge reserve for forward exchange contracts per 31 December 2018 amounted to MSEK 0.1 (0.2) and will be returned to the income statements in 2019.

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

### Translation exposure

Elanders' results from foreign subsidiaries in foreign currency consist primarily of USD and EUR and the Group result is sensitive to fluctuation in these currencies. Below is an analysis of how a positive or negative change of 10 percent of the average exchange rates on these currencies should have affected the Group net sales and operating result in 2018:

MSEK	Estimated effect from changes in exchange rates by 10%		
	net sales	operating result	result before tax
EUR	+/- 645	+/- 25	+/- 22
USD	+/- 340	+/- 20	+/- 18
EUR & USD	+/- 985	+/- 45	+/- 40

## NOTE 20 Financial Instruments and Financial Risk Management (cont.)

In regards to net assets in foreign subsidiaries the exposure is primarily in EUR and USD. Hedging of the net investments made in foreign subsidiaries has partly been made regarding the operations in Germany, Singapore and USA through loans in EUR and USD. If the exchange rates in EUR and USD changed by 10 percent it would affect equity by MSEK 166 (115), including the above described hedging.

### Currency hedges

The table below shows a compilation over the Group's outstanding forward exchange contracts per 31 December 2018. All the contracts are due within a year.

Currencies	Nominal amount MSEK	Average hedging rate
EUR/SEK	494.2	10.28
USD/SEK	51.3	8.97
EUR/PLN	39.4	4.30
SEK/GBP	6.4	11.35
USD/PLN	4.1	3.75
GBP/PLN	2.1	4.75

### Interest risk

Interest risk is defined as the risk of lower profits caused by a change in interest rates. The Group strives to achieve a balance between cost efficient borrowing and the risk exposure if a sudden, substantial interest rate change should occur and negatively influence profits and cash flow. A change in market interest rates by one percentage unit affects group profit after tax by MSEK 20 (19). The following table presents the allocation of interest-bearing and noninterest-bearing financial assets and liabilities. Reserves for pensions have been included in interest-bearing liabilities. In the table regarding dividing financial instruments into categories further down in this note they are included in non-financial liabilities.

MSEK	Floating interest	Non-interest-bearing
Current receivables	-	1,830.0
Cash and bank	722.4	-
Long-term liabilities	-2,442.3	-
Current liabilities	-818.7	-827.8
<b>Total</b>	<b>-2,538.6</b>	<b>1,002.2</b>

### Financing/liquidity risk

Financing/liquidity risk is defined as the risk of not being able to meet payment obligations as a result of insufficient liquid funds or difficulties in finding financing. Currently the Group has a credit agreement with two Swedish banks that cover operational financing and runs until January 2022. Related to the Group's interest bearing liabilities there are covenants from the credit institutions regarding debt/equity ratio and net debt in relation to EBITDA. As of 31 December 2018 all covenants were fulfilled. See page 84 concerning due date structure regarding financial liabilities.

### Credit risk

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

#### Financial credit risk

The most crucial financial credit risk for the Group arises when trading exchange derivative instruments and investing surplus liquidity. Hence, in order to reduce the risk, the financial policy stipulates that only counterparts that have been approved by Group Finance should be used. On 31 December 2018 total exposure regarding financial credit risks was MSEK 598 (586). The exposure is based on the recorded value of all financial assets except shareholdings and accounts receivable.

#### Commercial credit risk

The commercial credit risk consists of the payment ability of customers and is handled by the subsidiaries through careful monitoring of payment ability, follow up of customers' financial reports and good communication. The Group's total credit risk is spread out over many different companies. However, in actuality a few customers represent a large part of the Group's accounts receivable. These customers are for the most part large, listed companies that have been thoroughly investigated. The total commercial credit exposure is equivalent to the book value of accounts receivable and amounted to MSEK 1,762 (1,572) per 31 December 2018.

In 2018 credit losses amounted to MSEK 1 (3), of which MSEK 1 (0) were previously reserved.

### Operational risks

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

### Sensitivity analysis

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

• Net sales	+/- 44
• Personnel cost	+/- 22
• Cost of material	+/- 18

## NOTE 20 Financial Instruments and Financial Risk Management (cont.)

### DUE DATE STRUCTURE REGARDING FINANCIAL LIABILITIES

Due date structure regarding financial liabilities including interest expenses, excluding utilized bank overdrafts, is presented in the table below. The amounts are future undiscounted cash flows. The credit agreement with the Group's main banks expires in January 2022.

MSEK	Jan.–Mar. 2019	Apr.–Dec. 2019	2020–2021	2022–2023	2024–
Borrowing debts	659.1	91.8	2,270.2	-	-
Finance lease liabilities	11.3	56.5	45.8	33.1	-
Accounts payable	795.3	-	-	-	-
Other financial liabilities	32.5	-	-	-	-
Interest	19.6	45.5	107.1	1.5	-
<b>Total</b>	<b>1,517.8</b>	<b>193.8</b>	<b>2,423.1</b>	<b>34.6</b>	<b>-</b>

### Financial instruments – initial assessment

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

### RECEIVABLES OVERDUE BUT NOT WRITTEN-DOWN

MSEK	2018	2017
1–30 days overdue	255.9	142.5
31–60 days overdue	53.9	72.5
61–90 days overdue	19.7	22.5
91–120 days overdue	13.4	10.4
More than 120 days overdue	53.1	20.2
<b>Total</b>	<b>396.0</b>	<b>268.1</b>

Only accounts receivables are included in the table above. No other overdue receivables existed as of 31 December 2018 or 2017. Accounts receivable amounting to MSEK 66 (30) are overdue with more than 90 days without any identified need for write-down. The receivables refers to customers without any history of payment difficulties.

### CHANGE IN PROVISION FOR DOUBTFUL RECEIVABLES

MSEK	2018	2017
Opening provision for doubtful receivables	-22.2	-20.8
Provision in acquired and divested operations	0.1	-
Reversal of provision from previous year	11.4	0.6
Utilized provisions for confirmed losses	0.8	0.4
Provisions during the year	-1.2	-2.6
Translation difference	-0.8	0.2
<b>Closing provision for doubtful receivables</b>	<b>-11.9</b>	<b>-22.2</b>

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

MSEK	2018	2017
Interest income from financial assets	2.0	1.2
Interest expenses due to financial liabilities	-84.8	-74.3
<b>Total</b>	<b>-82.8</b>	<b>-73.1</b>

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

## NOTE 20 Financial Instruments and Financial Risk Management (cont.)

### Net profit/loss for financial instruments recorded in the income statement

The table below contains the following items that have been recorded in the income statement:

- Profits and losses stemming from exchange rate differences, including profits and losses attributable to hedge accounting.
- Profits and losses stemming from financial instruments where hedge accounting is applied.
- Profits and losses stemming from derivatives where hedge accounting is not applied.

MSEK	2018	2017
Loans and receivables	154.0	28.0
Other financial liabilities	-155.7	-33.6
<b>Total</b>	<b>-1.7</b>	<b>-5.6</b>

### Financial assets and liabilities measured at fair value

The financial instruments recognized at fair value in the Group's report on financial position are derivatives identified as hedging instruments. The derivatives consist of forward exchange contracts and are used for hedging purposes. Valuation at fair value of forward exchange contracts is based on published forward rates on an active market. All derivatives are included in level 2 in the fair value hierarchy. Since all the financial instruments recognized at fair value are included in level 2 there have been no transfers between valuation levels. The table below presents fair value respective booked value per class of financial assets and liabilities, which are recorded gross.

MSEK	2018	2017
Other current assets - Derivative instruments in hedge accounting relationships	0.2	0.3

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

### Hedge accounting

Financial instruments used to hedge currency risks in contracted cash flows as well as net investments abroad have been recorded at market value in the balance sheet. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of foreign currency, the group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness.

### CATEGORIZATION OF FINANCIAL INSTRUMENTS

The categorization of financial assets and liabilities and their book value in the balance sheets for 2018 and 2017 are presented in the tables below. For information regarding financial assets and liabilities valued at fair value see previous page. For other assets and liabilities shown below the fair value is estimated to be equivalent to their book value.

### FINANCIAL ASSETS AT AMORTISED COST

MSEK	2018	2017
Accounts receivable	1,761.9	1,571.3
Other financial assets	68.1	84.2
Cash and cash equivalents	722.4	679.4
<b>Total</b>	<b>2,552.4</b>	<b>2,334.9</b>

### LIABILITIES AT AMORTISED COST

MSEK	2018	2017
Trade payables and other financial liabilities	827.8	740.4
Borrowings	3,168.5	3,253.9
<b>Total</b>	<b>3,996.3</b>	<b>3,994.3</b>

## NOTE 21 Share Capital

Number of registered shares in the parent company	2018	2017
Issued per 1 January	35,357,751	35,357,751
<b>Issued per 31 December</b>	<b>35,357,751</b>	<b>35,357,751</b>

	2018	Number of shares	Number of votes	Share capital, SEK
A shares		1,814,813	18,148,130	18,148,130
B shares		33,542,938	33,542,938	335,429,380
<b>Total</b>		<b>35,357,751</b>	<b>51,691,068</b>	<b>353,577,510</b>

All shares are completely paid for. No shares are reserved for transfer according to option agreements or other contracts. The shares' quota value is SEK 10.

## NOTE 22 Interest-Bearing Liabilities

The Group had a total of MSEK 3,852 (3,369) per 31 December 2018 in credit facilities including factoring of which MSEK 599 (137) were unutilized.

The financing cost is priced according to a fixed interest term and an agreed margin. The Group's average effective interest rate during the year was 2.9 (2.7) percent. A fee is charged for granted credit facilities, this is recognized within other financial expenses.

### LONG-TERM LIABILITIES

MSEK	2018	2017
Finance lease liabilities	78.9	140.8
Borrowing debts	2,270.9	2,273.0
<b>Total</b>	<b>2,349.8</b>	<b>2,413.8</b>

### CURRENT LIABILITIES

MSEK	2018	2017
Finance lease liabilities	67.8	54.6
Borrowing debts	750.9	785.5
<b>Total</b>	<b>818.7</b>	<b>840.1</b>

### CHANGES IN INTEREST-BEARING LIABILITIES

MSEK	2018	2017
Opening liabilities	3,253.9	2,789.1
Liabilities in acquired operations	-	2.7
New loans	-	325.8
Amortization of loans	-159.4	-105.5
Other changes in interest-bearing liabilities	-86.8	242.6
Translation difference	160.8	-0.8
<b>Closing liabilities</b>	<b>3,168.5</b>	<b>3,253.9</b>

### Factoring

During December 2018 an agreement was signed regarding factoring. The total facility amounts to MEUR 50 and was utilized with MEUR 8 as of 31 December 2018.

### Pledged assets

See note 26 for information on pledged assets.

## NOTE 23 Provisions for Post-Employment Benefits

### Defined benefit pension plans

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

The fair value of the plan assets in the Elanders' defined benefit pension plans amounted to MSEK 23.4 (23.1) as of 31 December 2018 and the present value of the pension obligations amounted to MSEK 115.9 (113.3). The defined contribution plans are mainly attributable to the operations in Germany.

The actuarial measurement of pension obligations and costs for defined benefit plans are based on the following actuarial significant assumptions:

Percent	2018	2017
Discount rate <sup>1)</sup>	1.80	1.60
Expected inflation	0.50	0.50
Expected return on plan assets	1.60	1.70

<sup>1)</sup> The discount rate is based on the anticipated returns from a typical high-quality company euro bond with AA rating.

## NOTE 23 Provisions for Post-Employment Benefits (cont.)

### PROVISION FOR POST-EMPLOYMENT OBLIGATIONS

MSEK	Funded plans	Unfunded plans	Total
Present value of post-employment obligations	97.2	18.7	115.9
The fair value of plan assets	-23.4	-	-23.4
<b>Total</b>	<b>73.8</b>	<b>18.7</b>	<b>92.5</b>

### CHANGE IN CURRENT VALUE OF THE POST-EMPLOYMENT OBLIGATIONS

MSEK	2018	2017
Opening balance	113.3	108.4
Interest expense	1.8	1.7
Actuarial gains(-)/losses(+), net	-1.4	1.7
Current year service cost	0.5	0.8
Pensions paid out	-2.4	-2.2
Translation difference	4.1	2.9
<b>Closing balance</b>	<b>115.9</b>	<b>113.3</b>

### CHANGE IN PLAN ASSETS FAIR VALUE

MSEK	2018	2017
Opening balance	23.1	22.6
Interest income	0.3	0.3
Actuarial gains(-)/losses(+), net	-1.0	-0.3
Translation difference	1.0	0.5
<b>Closing balance</b>	<b>23.4</b>	<b>23.1</b>

### NET EXPENSE RECOGNIZED IN THE INCOME STATEMENT REGARDING DEFINED BENEFIT PLANS

MSEK	2018	2017
Current year service cost	0.5	0.8
Interest expense	1.8	1.7
Interest income	-0.3	-0.3
<b>Pension costs for defined benefit plans</b>	<b>2.0</b>	<b>2.2</b>

### Defined contribution pension plans

These plans mainly cover retirement, sick and family pensions. The premiums are paid regularly during the year by individual group companies to different insurance companies. The size of the premiums is based on wages. Pension costs for the period are included in the income statement and amount to MSEK 42.4 (33.2).

The obligations for retirement and sick pensions for white-collar workers for several of the Swedish companies have been safeguarded through insurance in Alecta. According to an opinion from the Swedish Financial Reporting Board, UFR 10, this is a defined benefit multi-employer plan. The Group has not had access to the information necessary to report these plans as defined benefit pension plans for the financial year 2018 since at the moment Alecta cannot provide specific defined benefit pension for those insured. Pension plans that are safeguarded through insurance in Alecta are therefore reported as a defined contribution plan. Fees for 2018 for pension insurance from Alecta totaled MSEK 2.7 (3.2). For 2019 no significant changes are expected regarding the total costs for pension insurance from Alecta.

**NOTE 24 Other Provisions**

MSEK	2018	Translation difference	Provided for during the year	Utilized during the year	Reversal of unutilized amounts	2017
Restructuring measures	3.0	0.3	3.0	-25.2	-	24.8
Guarantee commitments	28.9	1.0	21.5	-11.4	-4.7	22.5
Restoration costs	21.0	0.5	12.7	-1.9	-2.7	12.4
Additional purchase sums	4.7	0.1	-	-	-	4.6
Other	26.2	0.8	21.1	-14.0	-6.3	24.6
<b>Total</b>	<b>83.8</b>	<b>2.7</b>	<b>58.4</b>	<b>-52.5</b>	<b>-13.7</b>	<b>88.9</b>
Of which current	75.0					79.4

The sum for Reversal of unutilized amounts within Other includes provision in divested operations of MSEK 4.4.

**NOTE 25 Accrued Expenses and Deferred Income**

MSEK	2018	2017
Holiday pay liability	61.7	51.2
Social security contributions	48.4	36.8
Accrued salaries and remuneration	130.2	115.2
Other accrued expenses and deferred income	327.6	301.2
<b>Total</b>	<b>567.8</b>	<b>504.5</b>

**NOTE 24 Pledged Assets and Contingent Liabilities****PLEGDED ASSETS**

MSEK	2018	2017
Floating charges	119.3	194.9
Other pledged assets	547.1	423.1
<b>Total</b>	<b>666.4</b>	<b>617.9</b>
Pledged to:		
Credit institutions	666.4	617.9
<b>Total</b>	<b>666.4</b>	<b>617.9</b>

Other pledged assets refer primarily to collateral in the form of shares in subsidiaries. The item also includes assets held under a retention of title clause, such as financial leasing. See note 15 for further information.

**CONTINGENT LIABILITIES**

MSEK	2018	2017
Other contingent liabilities	0.1	0.1
<b>Total</b>	<b>0.1</b>	<b>0.1</b>

## NOTE 27 Transactions with Related Parties

The transactions between subsidiaries have taken place with normal business terms and at market prices. During the year intra-group sales of products and services amounted to MSEK 4,738 (3,976). Intra-group transactions and balances have been eliminated and are therefore not included in the figures below concerning the Group.

### Sales of products and services

During 2018 and 2017 there have not been any sales of products and services to related parties.

### Purchase of products and Services

Related parties to Peter Sommer, who is member of Group Management and MD of Elanders GmbH, own the property where Elanders GmbH runs most of its operations. During the year Elanders GmbH has paid MSEK 13.1 (12.3) in rent for this property, which is on par with the market.

Erik Gabrielson, who is member of the Board, is partner in Vinge Law Firm that during the year has provided legal counsel and invoiced fees amounting to MSEK 1.5 (1.6).

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

Remuneration to Board members and management is reported in note 5.

## NOTE 28 Acquired and Divested Operations

### Divestiture of operations in 2018

#### Elanders (Beijing) Printing Company Ltd

In October Elanders signed a contract with the Edelmann Group to transfer its Beijing, China operations in Print & Packaging Solutions to Edelmann. This unit had nearly 170 employees and annual net sales of around MSEK 80. The deal was concluded in the fourth quarter and had a positive effect on cash flow of about MSEK 23 and a minor negative effect on the operating result.

#### LOGworks GmbH

In November Elanders' subsidiary LGI signed a contract with Adecco for the divestiture of 51% of the shares in LOGworks, Elanders' staffing services in Germany that employs around 500 people. The sales had a positive effect on cash flow of MSEK 1 and a minor positive effect on the result, and the deal was concluded in the fourth quarter.

### ASSETS AND LIABILITIES IN DIVESTED OPERATIONS

MSEK	Book value in the Group
Intangible assets	-0.2
Tangible assets	-16.6
Inventory	-5.9
Accounts receivable	-33.0
Other current assets	-6.3
Cash and cash equivalents	-40.9
Accounts payable	14.7
Other non-interest bearing liabilities	24.4
<b>Total</b>	<b>-63.8</b>
Cash and cash equivalents received	65.0
<b>Effect on cash and cash equivalents for the group</b>	<b>24.1</b>

## NOTE 28

## Acquired and Divested Operations (cont.)

## Acquisition of operations in 2017

## Spreckley Limited

In July Elanders signed an agreement to acquire Spreckley Limited, a niched packaging company in the UK. The business is consolidated into the Elanders Group as of August 2017. For the 12 months period that ended on March 31, 2017, Spreckley reported net sales of approximately MGBP 2. The company employs around 20 people and is consolidated in the business area Print & Packaging Solutions. The purchase price was MGBP 2, where 85% is paid at the time for the acquisition and 15% 18 months after the acquisition, if certain conditions are met. Goodwill related to the acquisition amounted to MGBP 2 and other identified amortizable intangible assets amounted to MGBP 1. The acquisition's effect on the group's liquid funds was MSEK -22.

## Asiapack Limited

In October Elanders signed an agreement for the acquisition of 80% of the shares in the Hong Kong-based company Asiapack Limited. The business is consolidated into the Elanders Group as of October 2017. Asiapack has an annual sales of around MHKD 70 and has some 220 employees. Asiapack is part of the business area Supply Chain Solutions and is expected to contribute positively to earnings per share as of 1 January 2018. The purchase price for the shares is around MHKD 45 on a cash and debt-free basis and the acquisition will be financed through cash and loans. Elanders has an option to purchase the rest of the shares in 2020. Goodwill in connections to the acquisition amounted to MHKD 24 and identified amortizable intangible assets amounted to MHKD 14. The acquisition's effect on the group's liquid funds was MSEK -45.

## ASSETS AND LIABILITIES IN ACQUIRED OPERATIONS

MSEK	Book value in acquired operations	Adjustments to fair value	Book value in the group
Intangible assets	-	26.0	26.0
Tangible assets	3.5	-	3.5
Inventory	2.6	-	2.6
Accounts receivable	18.4	-	18.4
Other current assets	4.6	-	4.6
Cash and cash equivalents	15.6	-	15.6
Equity attributable to non-controlling interests	-5.7	-	-5.7
Accounts payable	-5.5	-	-5.5
Other non-interest bearing liabilities	-8.5	-5.0	-13.5
Interest bearing liabilities	-2.5	-	-2.5
<b>Identifiable net assets</b>	<b>22.5</b>	<b>21.0</b>	<b>43.5</b>
Goodwill			43.6
<b>Total</b>			<b>87.1</b>
<b>Less:</b>			
Unpaid purchase sums			-4.5
Cash and cash equivalents in acquisitions			-15.6
<b>Negative effect on cash and cash equivalents for the Group</b>			<b>67.0</b>

Since the acquisition date the acquired companies has contributed with MSEK 25 in net sales and MSEK 2 in operating result before acquisition costs. If the acquired companies would have been consolidated from January 1 instead of acquisition date they would have contributed with an additional MSEK 65-70 in net sales. The acquisition costs amounted to MSEK 2 and affected the result for 2017 negatively. No part of goodwill from the acquisitions is expected to be tax deductible.

---

**NOTE 29** **Events after the Balance Sheet Date**

In January 2019 Elanders announced the expansion of Group Management to include Bernd Schwenger from LGI. Because Andreas Bunz has announced he will be stepping down Bernd Schwenger will take over responsibility for the LGI Group later on in 2019. Kevin Rogers, who was previously one of the representatives in Group Management for business area Print &

Packaging Solutions, has temporarily left Group Management in order to lead Elanders' operations in Beijing during the period of transition after its divestment to Edelmann GmbH.

No other major events have taken place between the balance sheet date and the date this report was signed.

## Income Statements

MSEK	Note	2018	2017
Net sales		41.5	34.8
Selling expenses		-10.9	-9.3
Administrative expenses	2	-53.6	-60.7
Other operating income	3	4.3	3.4
Other operating expenses	3	0.0	-0.5
<b>Operating result</b>	4, 7	<b>-18.7</b>	<b>-32.3</b>
Result from shares in subsidiaries		10.1	147.3
Interest income		136.5	123.2
Other financial income		138.3	71.9
Interest expenses		-77.8	-65.7
Other financial expenses		-188.7	-27.3
<b>Result after financial items</b>	5	<b>-0.3</b>	<b>217.1</b>
Taxes	6	-6.5	-17.7
<b>Result for the year</b>		<b>-6.8</b>	<b>199.4</b>

## Statements of Comprehensive Income

MSEK	2018	2017
<b>Result for the year</b>	<b>-6.8</b>	<b>199.4</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>-6.8</b>	<b>199.4</b>

## Cash Flow Statements

MSEK	Note	2018	2017
<b>Operating activities</b>			
Result after financial items		-0.3	217.1
Adjustments for items not included in cash flow from operating activities	16	83.4	-138.2
Paid taxes		-0.9	-1.1
<b>Cash flow from operating activities before changes in working capital</b>		<b>82.2</b>	<b>77.8</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in operating receivables		1.4	14.1
Increase (+)/decrease (-) in operating liabilities		2.3	-7.2
<b>Cash flow from operating activities</b>		<b>85.9</b>	<b>84.8</b>
<b>Investing activities</b>			
Acquisition of tangible assets and intangible assets	11, 12	-1.1	-0.1
Divestment of subsidiaries	9	59.1	1.0
Received dividends from subsidiaries	16	103.3	147.3
Payments received regarding long-term holdings		-	1.0
Lending to and from subsidiaries		97.9	-668.0
<b>Cash flow from investing activities</b>		<b>259.1</b>	<b>-518.9</b>
<b>Financing activities</b>			
Amortization of loans	14	-109.5	-103.7
New loans	14	-	325.8
Other changes in interest-bearing liabilities	14	-65.5	264.9
Dividend to parent company shareholders		-91.9	-91.9
<b>Cash flow from financing activities</b>		<b>-266.9</b>	<b>395.0</b>
<b>Cash flow for the year</b>		<b>78.1</b>	<b>-39.1</b>
Cash and cash equivalents at the beginning of the year		140.9	179.9
<b>Cash and cash equivalents at year-end</b>		<b>219.0</b>	<b>140.9</b>

## Balance Sheets

MSEK	Note	2018	2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	11	1.0	1.2
Tangible fixed assets	12	1.3	0.3
Shares in subsidiaries	9	1,377.6	1,530.5
Receivables from group companies		2,925.7	2,806.7
Deferred tax assets	6	117.0	122.6
<b>Total fixed assets</b>		<b>4,422.7</b>	<b>4,461.4</b>
<b>Current assets</b>			
Receivables from group companies		275.2	315.9
Other receivables		4.1	2.8
Prepaid expenses and accrued income		9.2	11.5
Cash and bank balances		219.0	140.9
<b>Total current assets</b>		<b>507.6</b>	<b>471.1</b>
<b>Total assets</b>		<b>4,930.2</b>	<b>4,932.5</b>

## Balance Sheets (cont.)

MSEK	Note	2018	2017
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Restricted equity</b>			
Share capital		353.6	353.6
Statutory reserve		332.4	332.4
<b>Total restricted equity</b>		<b>686.0</b>	<b>686.0</b>
<b>Unrestricted equity</b>			
Retained earnings		969.5	862.0
Result for the year		-6.8	199.4
<b>Total unrestricted equity</b>	<b>8</b>	<b>962.7</b>	<b>1,061.5</b>
<b>Total equity</b>		<b>1,648.6</b>	<b>1,747.4</b>
<b>PROVISIONS</b>			
Provisions for pensions and similar obligations		1.4	1.4
Other provisions	10	1.5	1.5
<b>Total provisions</b>		<b>2.9</b>	<b>2.9</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Liabilities to credit institutions	14, 15	2,120.2	2,117.8
Liabilities to group companies		66.2	66.1
Other liabilities		0.1	0.1
<b>Total long-term liabilities</b>		<b>2,186.5</b>	<b>2,184.0</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	14, 15	740.5	770.8
Accounts payable		3.1	2.5
Liabilities to group companies		319.8	197.4
Current tax liabilities		0.3	0.1
Other liabilities		0.7	2.1
Accrued expenses and deferred income	13	27.8	25.2
<b>Total current liabilities</b>		<b>1,092.2</b>	<b>998.1</b>
<b>Equity, provisions and liabilities</b>		<b>4,930.2</b>	<b>4,932.5</b>

## Statements of Changes in Equity

MSEK	Share capital	Statutory reserve	Unrestricted equity	Total
<b>Opening balance on 1 Jan. 2017</b>	<b>353.6</b>	<b>332.4</b>	<b>953.9</b>	<b>1,639.9</b>
Dividend	-	-	-91.9	-91.9
Total comprehensive income for the year	-	-	199.4	199.4
<b>Closing balance on 31 Dec. 2017</b>	<b>353.6</b>	<b>332.4</b>	<b>1,061.5</b>	<b>1,747.4</b>
Dividend	-	-	-91.9	-91.9
Result for the year	-	-	-6.8	-6.8
Other comprehensive income	-	-	-	-
<b>Closing balance on 31 Dec. 2018</b>	<b>353.6</b>	<b>332.4</b>	<b>962.7</b>	<b>1,648.6</b>

## NOTE 1 Accounting Principles

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

### Taxes

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

### Intangible assets

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

### Shares in associated companies and jointly controlled entities

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

### Pensions

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

### Financial guarantee contracts

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

### Group and shareholder contributions

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

### Financial instruments and hedge accounting

In view of the connection between accounting and taxation, the rules on financial instruments and hedge accounting are not applied by the parent company as a legal entity.

In the parent company, financial assets are valued at cost, less any impairment and financial current assets at the lower value of cost or net realizable value.

### Standards, amendments and interpretations of existing standards that have taken effect in 2018

No new standards, amendments or interpretations that have had significant affect on the company's financial reports have come into effect during 2018.

## NOTE 2 Fees to the Auditors

MSEK	2018	2017
<b>PwC</b>		
Audit assignment	1.2	1.1
Audit-related services	0.1	-
Tax advisory services	-	-
Other services	-	-
<b>Total</b>	<b>1.3</b>	<b>1.1</b>

No fees were paid to other auditing firms.

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

## NOTE 3 Other Operating Income and Expenses

### OTHER OPERATING INCOME

MSEK	2018	2017
Exchange rate gains	0.6	0.1
Other	3.7	3.3
<b>Total</b>	<b>4.3</b>	<b>3.4</b>

### OTHER OPERATING EXPENSES

MSEK	2018	2017
Exchange rate losses	-0.0	-0.5
<b>Total</b>	<b>-0.0</b>	<b>-0.5</b>

## NOTE 4 Personnel

Please see note 5 to the consolidated financial statements for personnel related information.

## NOTE 5 Result from Financial Items

### RESULT FROM SHARES IN SUBSIDIARIES

MSEK	2018	2017
Dividends from subsidiaries	103.3	147.3
Result from divestment of subsidiaries	-93.2	-
<b>Total</b>	<b>10.1</b>	<b>147.3</b>

### INTEREST INCOME

MSEK	2018	2017
Interest income, external	0.6	0.2
Interest income, subsidiaries	135.9	123.0
<b>Total</b>	<b>136.5</b>	<b>123.2</b>

### OTHER FINANCIAL INCOME

MSEK	2018	2017
Exchange rate gains	138.3	71.9
<b>Total</b>	<b>138.3</b>	<b>71.9</b>

### INTEREST EXPENSES

MSEK	2018	2017
Interest expenses, external	-77.6	-65.7
Interest expenses, subsidiaries	-0.2	-
<b>Total</b>	<b>-77.8</b>	<b>-65.7</b>

### OTHER FINANCIAL EXPENSES

MSEK	2018	2017
Exchange rate losses	-182.4	-18.9
Other financial expenses	-6.3	-8.4
<b>Total</b>	<b>-188.7</b>	<b>-27.3</b>

**NOTE 6 Taxes****TAX ON THE RESULT FOR THE YEAR**

MSEK	2018	2017
Withholding tax on income from foreign subsidiaries	-0.8	-1.2
Deferred tax	-5.7	-16.5
<b>Total</b>	<b>-6.5</b>	<b>-17.7</b>

**RECONCILIATION OF RECORDED TAX**

MSEK	2018	2017
Result before taxes	-0.3	217.1
Tax according to Swedish tax rate of 22%	0.1	-47.8
Tax effect of:		
Non-taxable dividends from subsidiaries	22.7	32.4
Divestment of subsidiaries	-20.5	-
Effect from change in tax rate	-8.0	-
Withholding tax on income from foreign subsidiaries	-0.8	-1.2
Correction of previous year's tax expense	0.3	-
Contribution, representation and association costs	-0.2	-0.4
Non-deductible costs in relation to acquisitions of operations	-	-0.6
Other	-0.1	-0.1
<b>Total</b>	<b>-6.5</b>	<b>-17.7</b>

**DEFERRED TAX RECEIVABLES**

MSEK	2018	2017
Tax loss carry forwards	110.0	116.1
Other	7.0	6.5
<b>Total</b>	<b>117.0</b>	<b>122.6</b>

**NOTE 7 Transactions with Related Parties****Sales of products and services**

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

**PURCHASE OF PRODUCTS AND SERVICES**

MSEK	2018	2017
Subsidiaries	3.5	3.6
Carl Bennet AB	-	0.6
<b>Total</b>	<b>3.5</b>	<b>4.2</b>

Erik Gabrielson, who is member of the Board, is partner in Vinge Law Firm that during the year has provided legal counsel and invoiced fees amounting to MSEK 1.5 (1.6).

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

Remuneration to Board members and Group Management is reported in note 5 to the consolidated financial statements.

**NOTE 8 Proposed Appropriation of Profits**

Profit and other non-restricted equity at the disposition of the Annual General Meeting:

MSEK	2018	2017
Retained earnings	969.5	862.0
Net result for the year	-6.8	199.4
<b>Total</b>	<b>962.7</b>	<b>1,061.5</b>

The Board of Directors and the Chief Executive Officer propose that the profit and other non-restricted equity will be dealt with accordingly:

MSEK	2018	2017
SEK 2.90 (2.60) per share is distributed to the shareholders	102.5	91.9
Remaining balance to be carried forward	860.1	969.5
<b>Total</b>	<b>962.7</b>	<b>1,061.5</b>

## NOTE 9 Shares in Subsidiaries

MSEK	2018	2017
Opening book value	1,530.5	1,632.6
Divestments	-152.8	-64.1
Repayment of purchase sum	-	-1.0
Repayment of share capital	-	-37.0
<b>Closing book value</b>	<b>1,377.6</b>	<b>1,530.5</b>

### SPECIFICATION OF SHARES IN SUBSIDIARIES

	Identity no.	Registered office	Number of shares	Book value of holding, MSEK
dlo n Deutsche Online Medien GmbH	HRB265124	Waiblingen, Germany	-	23.0
myphotobook GmbH	HRB94377	Berlin, Germany	-	-
Elanders do Brasil Representações Ltda	08.789.936/0001-55	São Paulo, Brazil	-	12.2
Mentor Gerenciamento de Supply Chain (Brasil) Ltda	51.959.310/0001-79	São Paulo, Brazil	-	9.4
Elanders France SARL	828035394	Paris, France	-	0.0
Elanders GmbH	HRB722349	Waiblingen, Germany	-	108.6
Elanders International AB	556058-0622	Kungsbacka, Sweden	-	-
Mentor Media Ltd	199302450H	Singapore	-	-
Asiapack Limited	626139	Hong Kong, China	-	-
Asia Pack Packing (Shenzhen) Company Limited	91440300734155669E	Shenzhen, China	-	-
Chengdu Mentor Media Co., Ltd	510100400032987A	Chengdu, China	-	-
Mentor Internet Solution Pte Ltd	199508226M	Singapore	-	-
Mentor Media (Chongqing) Co., Ltd	915000006939331000	Chongqing, China	-	-
Mentor Media (Chongqing) Co., Ltd - Wuhan Branch	91420100MA4KYTDK3K	Wuhan, China	-	-
Mentor Media (Kunshan) Co., Ltd	913205837584821000	Kunshan, China	-	-
Mentor Media Ltd, Taiwan Branch	70777068	Taoyuan, Taiwan	-	-
Mentor Media (Shenzhen) Co., Ltd	91440300726187433D	Shenzhen, China	-	-
Mentor Media (Songjiang) Co., Ltd	91310000763042057J	Songjiang, China	-	-
Mentor Media (Suzhou) Co., Ltd	91320508773759422B	Suzhou, China	-	-
Mentor Media (USA) Supply Chain Management Inc	C3095841	Eastvale, USA	-	-
Mentor Media (Xiamen) Co., Ltd	91350200612051108M	Xiamen, China	-	-
Mentor Media CBZ (Chongqing) Co., Ltd	915000005814642000	Chongqing, China	-	-
Mentor Media Japan Godogaisha	0100-03-017482	Yokohama, Japan	-	-
Mentor Media Juárez S.A. de C.V.	MMJ0810145N1	Juárez, Mexico	-	-
Mentor Media (Shenzhen) Logistics Ltd	91440300793899377C	Shenzhen, China	-	-
Mentor Printing and Logistics Private Limited	U72900TN2006PTC061596	Chennai, India	-	-
Mentor Shanghai Trading Co., Ltd	91310115329537946A	Shanghai, China	-	-
Mentor Supply Chain (Chongqing-CBZ) Co., Ltd	91500106MA5YR1XH62	Chongqing, China	-	-
Mentor Supply Chain (Netherlands) BV	858777265	Rotterdam, Netherlands	-	-
Mentor Media Czech s.r.o.	CZ27742270	Brno, Czech Republic	-	-
Shanghai Mentor Media Co., Ltd	91310115703003515D	Shanghai, China	-	-
Tristellar Graphic Sdn. Bhd.	64775T	Johor, Malaysia	-	-

## NOTE 9 Shares in Subsidiaries (cont.)

### SPECIFICATION OF SHARES IN SUBSIDIARIES (CONT.)

	Identity no.	Registered office	Number of shares	Book value of holding, MSEK
Elanders Holding GmbH	HRB105591	Herrenberg, Germany	-	380.5
LGI Logistics Group International GmbH	HRB243806	Herrenberg, Germany	-	-
Helix Software + Support GmbH	HRB226056	Herrenberg, Germany	-	-
ITG GmbH Internationale Spedition und Logistik	HRB66157	Munich, Germany	-	-
ITG Global Logistics BV	34083373	Amsterdam, Netherlands	-	-
ITG Internationale Spedition Ges.mBH.	FN 139388h	Wien, Austria	-	-
ITG International Transports Inc.	43240627	Boston, USA	-	-
OOO ITG International Transports + Logistics	OGRN 1127746350720	Moscow, Russia	-	-
LGI Austria GmbH	FN 349601 w	Laxenburg, Austria	-	-
LGI Espana s.l.	B19274901	Cabanillas del Campo, Spain	-	-
LGI Hungaria Logisztikal Kft	13-09-140503	Páty, Hungary	-	-
LGI Logistics Group International AB	556727-7990	Arlöv, Sweden	-	-
LGI Logistics Group International Ltd	GB 07251732	Milton Keynes, UK	-	-
LGI Polska Sp. z o.o.	KRS 0000246814	Wroclaw, Poland	-	-
LGI Czechia s.r.o.	C225204581	Zákupy, Czech Republic	-	-
LGI Deutschland GmbH	HRB354685	Herrenberg, Germany	-	-
LGI FreightLog GmbH	HRB761526	Freiberg am Neckar, Germany	-	-
LGI TechLog GmbH	HRB513968	Herrenberg, Germany	-	-
Logistics Worksolution Sp. z o.o.	KRS 0000735255	Starachowice, Poland	-	-
Logistik Lernzentrum GmbH	HRB246072	Böblingen, Germany	-	-
Elanders Hungary Kft	20-09-065122	Zalalövő, Hungary	-	146.1
Elanders Infologistics AB	556121-8891	Göteborg, Sweden	314,330	286.8
Elanders Sverige AB	556262-1689	Härryda, Sweden	-	-
Elanders Italy S.r.l.	5686620963	Ponzano Veneto, Italy	-	2.7
Elanders Ltd	GB 3788582	Newcastle, UK	-	31.4
Elanders McNaughtan's Ltd	SC 135425	Glasgow, UK	-	-
Spreckley Ltd	4179929	Newcastle, UK	-	-
Elanders Polska Sp. z o.o.	KRS 0000101815	Płońsk, Poland	-	89.9
Elanders UK Ltd	GB 2209256	Harrogate, UK	-	0.9
fotokasten GmbH	HRB24050	Waiblingen, Germany	-	57.6
Midland Information Resources Company	42-1468885	Davenport, USA	10,000	223.0
ElandersUSA, LLC	58-1448183	Atlanta, USA	-	-
Schmid Druck + Medien GmbH	HRB18350	Kaisheim, Germany	-	5.5
<b>Total</b>				<b>1,377.6</b>

The parent company's ownership amounts to 100% for all group companies except for Asiapack Limited which amounts to 80%. No book value is stated for the companies not directly owned by the parent company.

## NOTE 10 Other Provisions

MSEK	2018	2017
Environmental obligations	1.5	1.5
<b>Total</b>	<b>1.5</b>	<b>1.5</b>

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

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

## NOTE 11 Intangible Assets

MSEK	Goodwill		Other intangible assets		Total	
	2018	2017	2018	2017	2018	2017
Opening acquisition value	2.0	2.0	11.0	11.9	13.0	13.9
Acquisitions	-	-	0.0	0.1	0.0	0.1
Disposals	-	-	-7.6	-1.0	-7.6	-1.0
<b>Closing acquisition value</b>	<b>2.0</b>	<b>2.0</b>	<b>3.4</b>	<b>11.0</b>	<b>5.4</b>	<b>13.0</b>
Opening accumulated amortization and write-downs	-1.4	-1.3	-10.4	-11.4	-11.8	-12.7
Amortization of the year	-0.1	-0.1	-0.1	-	-0.2	-0.1
Disposals	-	-	7.6	1.0	7.6	1.0
<b>Closing accumulated amortization and write-downs</b>	<b>-1.5</b>	<b>-1.4</b>	<b>-2.9</b>	<b>-10.4</b>	<b>-4.4</b>	<b>-11.8</b>
<b>Net residual value</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>1.0</b>	<b>1.2</b>

Amortization has been charged entirely to administrative expenses.

Other intangible assets refer to software.

## NOTE 12 Tangible Fixed Assets

MSEK	Equipment, tools, fixtures and fittings	
	2018	2017
Opening acquisition value	2.0	2.0
Acquisitions	1.1	-
Disposals	-1.7	-
<b>Closing acquisition value</b>	<b>1.4</b>	<b>2.0</b>
Opening accumulated depreciation	-1.7	-1.7
Depreciation for the year	-0.1	-0.0
Depreciation for the year	1.7	-
<b>Closing accumulated depreciation</b>	<b>-0.1</b>	<b>-1.7</b>
<b>Net residual value</b>	<b>1.3</b>	<b>0.3</b>

Depreciation has been charged entirely to administrative expenses.

There has been no financial leasing.

## NOTE 13 Accrued Expenses and Deferred Income

MSEK	2018	2017
Salaries and holiday pay	8.2	3.8
Social security contributions	8.7	6.5
Interest	0.6	0.4
Other accrued expenses and deferred income	10.3	14.6
<b>Total</b>	<b>27.8</b>	<b>25.2</b>

## NOTE 14 Liabilities to Credit Institutions

All liabilities to credit institutions are borrowing debts. Loans from Elanders' main banks follows the terms in the credit agreement and maturity is in January 2022. Elanders AB has loans in USD, EUR and PLN. The interest rate on the loans per 31 December 2018 was in the interval 2.00–4.69 (2.00–3.99) percent.

Please see note 20 to the consolidated financial statements for information regarding financial risk management.

### CHANGES IN INTEREST-BEARING LIABILITIES

MSEK	2018	2017
Opening liabilities	2,888.6	2,393.1
New loans	-	325.8
Amortization of loans	-109.5	-103.7
Other changes in interest-bearing liabilities	-65.5	264.9
Translation difference	147.1	8.5
<b>Closing liabilities</b>	<b>2,860.7</b>	<b>2,888.6</b>

### BANK OVERDRAFT FACILITIES

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

MSEK	2018	2017
Bank overdraft facilities, utilized amount	-	2.6
Bank overdraft facilities, granted amount	50.0	50.0
<b>Not utilized overdraft</b>	<b>50.0</b>	<b>47.4</b>

## NOTE 15 Pledged Assets and Contingent Liabilities

### PLEGDED ASSETS

MSEK	2018	2017
Floating charges	3.3	3.3
Other pledged assets	286.8	286.8
<b>Total</b>	<b>290.1</b>	<b>290.1</b>
Given to:		
Credit institutions	290.1	290.1
<b>Total</b>	<b>290.1</b>	<b>290.1</b>

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

### CONTINGENT LIABILITIES

MSEK	2018	2017
Surety and contingent liabilities given for subsidiaries	338.8	244.0
<b>Total</b>	<b>338.8</b>	<b>244.0</b>

### Exemption rules for subsidiaries

The parent company has issued a guarantee under section 479(C) of the UK Companies Act 2006 for the year ended 31 December 2018 in respect of the subsidiaries Elanders UK Ltd, Elanders McNaughtan's Ltd and Spreckley Ltd registered in the United Kingdom, listed in note 9. The parent company guarantees all outstanding liabilities to which the subsidiary companies are subject to at 31 December 2018, until they are satisfied in full and the guarantee is enforceable against the company by any person to whom the subsidiary companies are liable in respect of those liabilities. The subsidiaries have taken advantage of the exemption from audit by virtue of Section 479(A) of the Companies Act 2006.

The parent company has issued a guarantee to the subsidiary Elanders Holding GmbH, registered in Germany. The parent company guarantees for all obligations of Elanders Holding GmbH existing as of 31 December 2018 until the end of the following financial year. As a consequence of this, Elanders Holding GmbH and its German subsidiaries LGI Logistics Group International GmbH, Helix Software + Support GmbH, LGI Deutschland GmbH, LGI FreightLOG GmbH, ITG GmbH Internationale Spedition und Logistik, Logistik Lernzentrum GmbH and LGI TechLog GmbH, listed in note 9, apply the exemption rules set out in sec. 264 (3) German Commercial Code (HGB). Those rules exempt from legal audit and publishing and allows preparation reliefs of the financial statements. Furthermore, according to sec. 291 (1) and (2) German Commercial Code (HGB) Elanders Holding GmbH, LGI Logistics Group International GmbH, ITG GmbH Internationale Spedition und Logistik and Elanders GmbH are exempted from the preparation of consolidated financial statements and the management commentary as they are included in the consolidated financial statements of Elanders AB.

## NOTE 16 Supplementary Information to the Statements of Cash Flow

### Cash and cash equivalents

Cash and cash equivalents consist primarily of cash and bank balances. Short-term investments are classified as cash and cash equivalents when:

- the risk for changes in their fair value is insignificant
- they are easily converted.
- they mature in less than three months from the date they were acquired.

### ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW FROM OPERATING ACTIVITIES

MSEK	2018	2017
Depreciation, amortization and write-downs of intangible and tangible assets	0.3	0.1
Result from divestment of subsidiaries	93.2	-
Dividends from subsidiaries	-103.3	-147.3
Unrealized exchange rates gains and losses	93.3	8.5
Other items	-0.1	0.5
<b>Total</b>	<b>83.4</b>	<b>-138.2</b>

### PAID AND RECEIVED INTEREST

MSEK	2018	2017
Paid interest	-77.1	-65.3
Received interest	132.2	38.2
<b>Total</b>	<b>55.1</b>	<b>-27.1</b>

### DIVIDENDS RECEIVED FROM SUBSIDIARIES

MSEK	2018	2017
Elanders (Beijing) Printing Company Ltd	-	20.4
Elanders GmbH	72.4	81.8
Elanders Hungary Kft	20.8	14.4
Elanders Polska Sp.z o.o.	10.1	7.1
d o m Deutsche Online Medien GmbH	-	16.5
fotokasten GmbH	-	7.1
<b>Total</b>	<b>103.3</b>	<b>147.3</b>

# Proposed Appropriation of Profits

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

The Board of Directors and Chief Executive Officer propose that the profit and other unreserved funds of SEK 962,683,607

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

- SEK 2.90 per share, a total of SEK 102,537,478 is distributed to the shareholders
- the remaining balance of SEK 860,146,129 is to be carried forward.

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

This Annual Report will be presented at the Annual General Meeting 29 April 2019 for adoption.

Möln dal 5 March 2019

Carl Bennet  
Chairman of the Board

Johan Stern  
Vice Chairman of the Board

Pam Fredman

Dan Frohm

Erik Gabrielson

Linus Karlsson

Cecilia Lager

Anne Lenerius

Caroline Sundewall

Marcus Olsson

Magnus Nilsson  
Chief Executive Officer

Our auditor's report was issued on 5 March 2019  
PricewaterhouseCoopers AB

Magnus Willfors  
Authorized Public Accountant  
Auditor in Charge

Tomas Hilmarsson  
Authorized Public Accountant

# Auditor's Report

*Unofficial translation*

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

## **Report on the annual accounts and consolidated accounts**

### **Opinions**

We have audited the annual accounts and consolidated accounts of Elanders AB (publ) for the year 2018 except for the corporate governance statement and the statutory sustainability report on pages 44–49 and 50–58 respectively. The annual accounts and consolidated accounts of the company are included on pages 38–105 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 44–49 and 50–58 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### **Basis for opinions**

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

## **Our audit approach**

### **Audit scope**

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

### **Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

### **Key audit matters**

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

## Key audit matters

## How the key audit matter was addressed in our audit

### IMPAIRMENT TESTING OF INTANGIBLE ASSETS

*Reference to Note 1 and Note 14.*

The value of goodwill and trademarks with indefinite useful periods was SEK 2 831,8 million at 31 December 2018. Under IFRS, management is required to test the assets for impairment annually.

No impairment has been identified by management. In our audit, we have focused on the risk that goodwill and trademarks are too highly valued and may be impaired.

Of the total value of goodwill and trademarks with indefinite useful lives of SEK 2 831,8 million, SEK 1 094,1 million is attributable to the reporting segment Print & Packaging Solutions. The market conditions for this segment, which business mainly relates to traditional printing business, is challenging with partly decreasing demand and high price pressure. The operations for Elanders within the segment has shown stable profitability, but only limited growth. The risk on which we have focused on is that there is no impairment requirement for intangible assets related to Print & Packaging Solutions.

Certain of the assumptions and judgements made by management concerning future cash flows and circumstances are complex and have a significant impact on the calculation of value in use. This applies particularly to estimates of the future growth rate, operating margin and discount rate, where small deviations have a significant impact on the calculation of value in use. As described in Note 14, if the average growth rate or operating margin would decrease by one percent or if the discount rate would increase by one percent this would indicate potential impairment for segment Printing & Packaging Solutions.

### VALUATION OF DEFERRED TAX ASSETS

*Reference to Note 1 and Note 9.*

As per year end the group recognizes deferred tax assets of SEK 249,9 million whereof SEK 181,9 million are related to taxable losses. The recognition of deferred tax assets for taxable losses are only allowed under the circumstances that it is more likely than not that they will be offset against future taxable profits. The taxable losses that stand as a base for the deferred tax assets are mainly related to the Swedish business.

The assessment of the probability that future taxable profits will occur in the Swedish business to be offset against the taxable losses is highly based on management's estimates and judgements on future budgets and forecasts.

In our audit we have focused on the risk that the valuation of deferred tax assets is overstated and could consequently be subject to impairment requirements.

In our audit, we have assessed the calculation model used by management and have confirmed that the key assumptions applied in the model are consistent with the company's budget and strategic plan.

We have also assessed the reasonableness of management's assumptions and judgements, without arriving at a deviating view of such assumptions and judgements. This assessment took the form of an analysis of the outcome of assumptions applied in previous years and of any adjustments made to assumptions from previous years in response to operational changes and external factors.

We have also carried out independent sensitivity analyses to test the safety margins in the operating segment, with a view to determining the degree to which the key variables can change before giving rise to impairment.

We have also assessed the correctness in the related disclosures in the Annual Report.

We have challenged management's estimates and audited the supporting documentation that form the basis for the assessment. Analysis has been made of the taxable profits that has been generated during the year and compared these to future profits needed to offset recognized taxable losses. In accordance with Swedish tax law there is currently no definite useful live of taxable losses. We have involved our tax specialists in these assessments. In addition to this we have assessed the completeness and accuracy in the disclosure described in Notes 1 and 10.

#### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–37 and 110–122. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors and the Chief Executive Officer

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

#### Report on other legal and regulatory requirements

##### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Chief Executive Officer of Elanders AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

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

##### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

### Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). This description is part of the auditor's report.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 44–49 has been prepared in accordance with the Annual Accounts Act. Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions. A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/the Annual Accounts Act for Credit Institutions and Securities Companies/the Annual Accounts Act for Insurance Companies.

### The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 50–58, and that it is prepared in accordance with the Annual Accounts Act. Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion. A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB was appointed auditor of Elanders AB (publ) by the general meeting of the shareholders on the 27 April 2018 and has been the company's auditor since the 21 April 2008.

Möln dal, 5 March 2019

PricewaterhouseCoopers AB

Magnus Willfors  
*Authorized Public Accountant  
Auditor in charge*

Tomas Hilmarsson  
*Authorized Public Accountant*



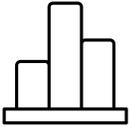
# Reconciliation Alternative Performance Measures

MSEK	2018	2017	2016	2015	2014
Average total assets	7,792	7,154	5,132	3,559	3,017
Average cash and cash equivalents	-595	-639	-573	-418	-336
Average non-interest-bearing liabilities	-1,799	-1,532	-1,131	-816	-671
<b>Average capital employed</b>	<b>5,398</b>	<b>4,983</b>	<b>3,428</b>	<b>2,325</b>	<b>2,010</b>
Operating Result	459	308	344	292	175
<b>Return on capital employed %</b>	<b>8.5</b>	<b>6.2</b>	<b>10.0</b>	<b>12.6</b>	<b>8.7</b>
Interest-bearing long-term liabilities	2,442	2,504	2,647	20	25
Interest-bearing short-term liabilities	819	840	228	1,247	1,327
Cash and cash equivalents	-722	-679	-651	-529	-457
<b>Net debt</b>	<b>2,539</b>	<b>2,665</b>	<b>2,224</b>	<b>738</b>	<b>895</b>
Operating result	459	308	344	292	175
Depreciation and write-downs	266	255	172	136	117
<b>EBITDA</b>	<b>725</b>	<b>563</b>	<b>516</b>	<b>428</b>	<b>292</b>
<b>Net debt/EBITDA, times</b>	<b>3.5</b>	<b>4.7</b>	<b>4.3</b>	<b>1.7</b>	<b>3.1</b>
Operating result	459	308	344	292	175
Amortization of assets identified in conjunction with acquisitions	64	63	40	21	19
<b>EBITA</b>	<b>523</b>	<b>371</b>	<b>384</b>	<b>313</b>	<b>194</b>
Net sales	10,742	9,342	6,284	4,236	3,730
<b>EBITA-margin, %</b>	<b>4.9</b>	<b>4.0</b>	<b>6.1</b>	<b>7.4</b>	<b>5.2</b>

MSEK	2018	2017	2016	2015	2014
Share price at year-end, SEK <sup>1)</sup>	87.20	82.00	106.25	64.36	36.27
Number of shares as per balance sheet date, in thousands <sup>1)</sup>	35,358	35,358	35,358	28,224	28,224
Net debt	2,539	2,665	2,224	738	895
Equity attributable to non-controlling interests	10	6	-	-	-
<b>Enterprise value, MSEK</b>	<b>5,633</b>	<b>5,570</b>	<b>5,981</b>	<b>2,555</b>	<b>1,919</b>
Total assets	7,737	7,409	6,782	3,560	3,570
Cash and cash equivalents	-722	-679	-651	-529	-457
Non-interest-bearing liabilities	-1,769	-1,612	-1,496	-805	-870
<b>Capital employed, MSEK</b>	<b>5,246</b>	<b>5,118</b>	<b>4,635</b>	<b>2,226</b>	<b>2,243</b>
Average share price <sup>1)</sup>	80.82	98.82	82.78	45.79	35.78
Dividends per share, SEK <sup>1)</sup>	2.90 <sup>2)</sup>	2.60	2.60	2.07	1.03
<b>Dividend yield %</b>	<b>3.6</b>	<b>2.6</b>	<b>3.1</b>	<b>4.5</b>	<b>2.9</b>
Share capital	2,697	2,447	2,411	1,488	1,348
<b>Share capital per share, SEK <sup>1)</sup></b>	<b>76.28</b>	<b>69.21</b>	<b>68.19</b>	<b>52.72</b>	<b>47.75</b>
Cash flow from operating activities	455	-64	331	269	162
Net financial items	93	78	44	32	36
Paid tax	127	134	104	85	61
Net investments	-138	-262	-1,907	-42	-296
<b>Operating cash flow</b>	<b>538</b>	<b>-115</b>	<b>-1,428</b>	<b>344</b>	<b>-38</b>
Average number of shares, in thousands <sup>1)</sup>	35,358	35,358	29,555	28,224	26,825
<b>Operating cash flow per share, SEK <sup>1)</sup></b>	<b>15.22</b>	<b>-3.24</b>	<b>-48.32</b>	<b>12.19</b>	<b>-1.42</b>
Volume on the stock market <sup>1)</sup>	3,829	8,592	13,025	5,714	7,306
<b>Turnover rate</b>	<b>0.11</b>	<b>0.24</b>	<b>0.44</b>	<b>0.20</b>	<b>0.27</b>

<sup>1)</sup> Historic number of shares and historic key ratios have been adjusted for the bonus issue element into the new share issues in 2014 and 2016.

<sup>2)</sup> Proposed by the board.



# Financial Definitions

**Added value**

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

**Added value ratio**

Added value in relation to net turnover.

**Average number of employees**

The number of employees at the end of each month divided number of months.

**Average number of shares**

Weighted average number of shares outstanding during the period.

**Capital employed**

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

**Capital turnover rate**

Net sales in relation to average total assets.

**Cash-flow per share**

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

**Debt/equity ratio**

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

**Dividend yield**

Dividends in relation to average share price.

**Earnings per share**

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

**EBIT**

Earnings before interest and taxes; operating result.

**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.

**Enterprise value**

Market value plus net debt and non-controlling interests.

**Equity per share**

Equity divided by the number of outstanding shares at balance sheet date.

**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 cash flow per share**

Operating cash flow divided by the average number of shares.

**Operating margin**

Operating result in relation to net sales.

**Operating result**

Earnings before financial items; EBIT.

**P/E ratio**

Share price at year-end in relation to earnings per share.

**Profit margin**

Result after financial items in relation to net turnover.

**Proportion of risk capital**

Risk capital in relation to total assets.

**P/S ratio**

Share price at year-end in relation to net turnover per share.

**Return on capital employed (ROCE)**

Operating result in relation to average capital employed.

**Return on equity**

Result for the year in relation to average equity.

**Return on total assets**

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

**Risk capital**

Equity plus deferred tax liabilities.

**Turnover rate**

Volume on the stock market divided by the average number of shares.



## Specific Terms

### After sales

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

### Blockchain solutions

A blockchain is a growing list of records, called blocks, which are linked using cryptography. Each block contains a cryptographic hash of the previous block, a timestamp and transaction data. By design, a blockchain is resistant to modification of the data. It is “an open, distributed ledger that can record transactions between two parties efficiently and in a verifiable and permanent way”. By using blockchain technology the user can ascertain that the product is genuine, as the whole supply chain for the product can be verified.

### Business-to-business (B2B)

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

### Contract Logistics

Contract logistics is a business model within the framework of supply chain management, which is based on a long-term cooperation between a manufacturer or a dealer of goods and a logistics service provider. The model is normally regulated by a service contract, comprises a considerable business volume and is individually formed.

### Cross-docking

Unloading materials from incoming transports and loading these directly into outbound transports, with little or no storage in between. This may be done to change the type of package, to sort material intended for different destinations, or to combine material from different origins into transports with the same or similar destinations.

### Digital print

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

### e-commerce

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

### End-to-end solution

An end-to-end solution refers to a comprehensive solution, where all the middle layers or steps are eliminated to optimize performance and efficiency in a process.

### Fulfillment

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

### Just-in-time (JIT)

Delivery precision – delivery exactly when the need arises. The concept also entails that customers do not need to store their products.

### Life Cycle Services

Services that are carried out during the whole or parts of a product's life cycle, from when the product is manufactured to it is recycled. Examples of services are delivery, installation, training, maintenance, wiping of data, upgrade of software, refurbishment and reselling or recycling. The service aims to maximize the product's life and optimize logistics flow in order to reduce the environmental impact.

### Offset print

A printing method in which ink and water are spread out on a printing plate that is then pressed against a rubber blanket. This absorbs the ink and transfers it to the paper. The expression offset comes from the fact that the printing plate never touches the paper.

### Omni-channels

An integrated way of thinking about people's relationships with organizations. Rather than working in parallel, communication channels are designed to cooperate and build a coherent, evolving, cross-channel experience. The approach includes channels such as physical locations, FAQ webpages, social media, mobile applications and telephone communication. Companies that use omni-channels give their customers the ability to be in contact with a them through multiple avenues at the same time.

### 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.

### Return logistics

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

### Supply chain

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

### Value Recovery

The process of maximizing the value of unused or end-of-life assets through effective reuse, recycling or divestment.

# Board of Directors



## CARL BENNET

Chairman of the Board.

Born: 1951.

Bachelor of Science (Econ.) Dr. Technol. h.c.

Elected in: 1997.

**Appointments on the Elanders Board:** Chairman of the nomination committee and remuneration committee.

**Other appointments:** CEO of Carl Bennet AB, Chairman of the board of Getinge AB and Lifco AB. Member of the board of Arjo AB, Holmen AB and L E Lundbergföretagen AB.

**Previous appointments:** President and CEO of Getinge AB.

**Shareholding through companies:** 1,814,813 class A shares and 15,903,596 class B shares.



## JOHAN STERN

Deputy Chairman of the Board.

Born: 1951.

Bachelor of Science (Econ.).

Elected in: 1998.

**Appointments on the Elanders Board:** Chairman of the audit committee and member of the remuneration committee.

**Other appointments:** Chairman of the board of HealthInvest Partners AB, Fädriften Invest AB, Harry Cullbergs Fund Foundation, Rolling Optics AB and Skanör Falsterbo Kallbadhus AB. Member of the board of Carl Bennet AB, Getinge AB, Lifco AB, RP Ventures AB, Swedish-American Chamber of Commerce, Inc. and Estea AB.

**Previous appointments:** Active within SEB's operations in Sweden and the USA.

**Shareholding:** 107,000 class B shares.



## PAM FREDMAN

Member of the Board.

Born: 1950.

M.Sc. in Engineering. PhD.

Elected in: 2016.

**Appointments on the Elanders Board:** Member of the remuneration committee.

**Other appointments:** Member of the board of Sahlgrenska Science Park AB and for the project "Attractiveness for Sustainable Growth" within the Swedish Academy of Engineering Sciences (IVA).

**Previous appointments:** Vice-Chancellor Gothenburg University.

**Shareholding:** 1,609 class B shares.



## DAN FROHM

Member of the Board.

Born: 1981.

M.Sc. in Industrial Engineering and Management.

Elected in: 2017.

**Appointments on the Elanders Board:** Member of the audit committee.

**Other appointments:** Member of the board of Carl Bennet AB, Getinge AB and Swedish-American Chamber of Commerce, Inc.

**Previous appointments:** Management consultant at Applied Value LLC (New York office).

**Shareholding (own and related parties):** 23,676 class B shares.



## ERIK GABRIELSON

Member of the Board.

Born: 1962.

Master of Laws.

Elected in: 2012.

**Appointments on the Elanders Board:** Member of the remuneration committee.

**Other appointments:** Lawyer and partner of the law firm Vinge. Chairman of the board of Eldan Recycling A/S. Member of the board of Carl Bennet AB and Lifco AB.

**Shareholding:** None.



## LINUS KARLSSON

Member of the Board.

Born: 1968.

Berghs School of Communication.

Elected in: 2014.

**Appointments on the Elanders Board:** Member of the remuneration committee.

**Other appointments:** Strategic/creative advisor. Member of the board of the World Childhood Foundation USA. Member of Facebook Creative Council.

**Previous appointments:** Creative Chairman at McCann Global brands.

**Shareholding:** None.

**CECILIA LAGER**

Member of the Board.

**Born:** 1963.

Business Administration.

**Elected in:** 2009.

**Appointments on the Elanders Board:** Member of the audit committee.

**Other appointments:** Chairman of the board of Navigera AB. Member of the board of Altor Fund Manager AB, Capacent Holding AB, Clemondo Group AB, Collector AB, Collector Bank AB, Evolution Gaming AB and Greengold Group AB.

**Previous appointments:** CEO SEB Funds. Marketing Director Alecta. Member of the board of Cinnober Financial Technology AB, Eniro AB, Intellecta AB, Knowit AB, Oniva Online Group AB and Vardia Insurance Group ASA.

**Shareholding:** 37,521 class B shares.

**ANNE LENERIUS**

Member of the Board.

**Born:** 1956.

Business Administration.

**Elected in:** 2014.

**Appointments on the Elanders Board:** Member of the audit committee.

**Other appointments:** Member of the board and CEO of Arado AB.

**Previous appointments:** Chief Financial Officer of Carl Bennet AB. Group Controller at Ernström Holding AB. Finance Manager at JMS/Q Systemhydraulik AB. Chairman of the Board of Entercircle Konfektion AB.

**Shareholding:** 6,892 class B shares.

**MAGNUS NILSSON**

Member of the Board.

**President and Chief Executive Officer of Elanders AB.**

**Born:** 1966.

Education in Graphic Technology, Design, Business Administration and Marketing.

**Elected in:** 2010.

Employed in Elanders since 1999.

**Shareholding:** 73,577 class B shares.

**CAROLINE SUNDEWALL**

Member of the Board.

**Born:** 1958.

Master of Science in Business Administration, Stockholm School of Economics.

**Elected in:** 2015.

**Appointments on the Elanders Board:** Member of the audit committee.

**Other appointments:** Member of the board and CEO of Caroline Sundewall AB. Member of the board of Cramo (Finland), Hemfosa, Mertzig Asset Management and Sintercast. Chairman of the board of the Streber Cup Foundation. Member of the board of the Tillväxt Helsingborg Foundation.

**Previous appointments:** Chairman of the board of Cloetta and Svolder. Member of the Board of TeliaSonera, Electrolux, Lifco, Haldex, Pågen, Ahlsell and Södra Skogsägarna.

**Shareholding:** 6,666 class B shares.

**MARCUS OLSSON**

Employee representative.

**Born:** 1971.

Upper secondary education.

**Elected in:** 2014.

**Work:** Supervisor.

**Shareholding:** None.

**MARTIN SCHUBACH**

Deputy employee representative.

**Born:** 1974.

Upper secondary education.

**Elected in:** 2015.

**Work:** Prepare/Automation.

**Shareholding:** 267 class B shares.

# Group Management



## MAGNUS NILSSON

President & CEO.

**Born:** 1966.

Employed since 1999. Education in Graphic Technology, Design, Business Administration and Marketing. Active within the graphic industry since 1987. Head of production Elanders in Hungary 2002. MD Elanders Berlings Skogs 2003-2005 and Elanders in China 2005-2009.

**Shareholding:** 73,577 class B shares.



## ANDRÉAS WIKNER

CFO.

**Born:** 1971.

Employed since 2007. Master of Science in Business Administration. Auditor during 1997-2007. Approved Public Accountant 2004. Authorized Public Accountant 2005.

**Shareholding:** 4,664 class B shares.



## DR. ANDREAS BUNZ

Supply Chain Solutions (LGI), President.

**Born:** 1958.

Employed since 2016. Diploma in Business Management (technically oriented), Ph.D. from Stuttgart University. Thirty years of experience within Supply Chain Management and Transportation Logistics, including 22 years as CEO of LGI Logistics Group International. Joined Elanders in connection with the acquisition of LGI Logistics Group International in 2016.

**Shareholding:** None.



## ECKHARD BUSCH

Supply Chain Solutions (LGI), Senior Vice President.

**Born:** 1960.

Employed since 2016. Diploma in Industrial Engineering from Karlsruhe Institute of Technology. Thirty years of experience within Supply Chain Management and Contract Logistics as Member of LGI's Executive Committee and Managing Director (COO). Joined Elanders in connection with the acquisition of LGI Logistics Group International in 2016.

**Shareholding:** None.



## BERND SCHWENGER

Supply Chain Solutions (LGI), Senior Vice President.

**Born:** 1972.

Employed since 2018. Diploma in Transport Economics and Logistics. Almost 20 years of experience within Supply Chain Management and Transportation Logistics, including 11 years as Manager at HP and 7 years as Director Transportation and Managing Director at Amazon Logistics in Germany.

**Shareholding:** None.

**KOK KHOON LIM**

Supply Chain Solutions  
(Mentor Media), President.

**Born:** 1955.

Employed since 2014. Bachelor degree in Electrical & Electronics Engineering and Master of Science (Industrial Engineering). More than 30 years' of experience in world-class multinational corporations and positions such as General Manager for Hewlett Packard's Handheld Mobile Products Division, Vice President and Chief Technology Officer for Philips Consumer Electronics Home Entertainment Business Group and Managing Directors for Technology Solutions Business and Innovation Centre's at Wearnes Group. Joined Elanders in connection with the acquisition of Mentor Media in 2014, where he was CEO.

**Shareholding:** None.

**PETER SOMMER**

Print & Packaging Solutions,  
President.

**Born:** 1957.

Employed since 2007. Graphic engineer. Sole founder of Sommer Corporate Media. Joined Elanders in connection with the acquisition of Sommer Corporate Media in 2007, where he was CEO.

**Shareholding:** 170,666 class B shares.

## Auditors and Nomination Committee

**AUDITORS**

PricewaterhouseCoopers AB with the authorized public accountants:

**Magnus Willfors**

**Born:** 1963.

Company Auditor in Charge since 2015.

**Other appointments:**

Carl Bennet AB, Arjo AB, Arise AB and E.ON Sverige AB.

**Tomas Hilmarsson**

**Born:** 1981.

Company Auditor since 2018.

**Other appointments:**

Lifco AB and BE Group AB.

**THE NOMINATION COMMITTEE****Carl Bennet**

Chairman and contact, represents Carl Bennet AB.

**Hans Hedström**

Carnegie Funds.

**Carl Gustafsson**

Didner & Gerge Funds.

**Göran Espelund**

Lannebo Funds.

**Sophie Nachemson-Ekwall**

Representative for the smaller shareholders.

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

valberedning@elanders.com

**Elanders AB**

Att: Nomination Committee  
Flöjelbergsgatan 1C  
431 35 Mölndal, Sweden



# Contact Elanders

## HEAD OFFICE

### Elanders AB

Flöjelbergsgatan 1 C  
431 35 Mölndal, Sweden  
Web: [www.elanders.com](http://www.elanders.com)  
E-mail: [info@elanders.com](mailto:info@elanders.com)  
Tel: +46 31 750 00 00  
President & CEO: Magnus Nilsson

## SUPPLY CHAIN SOLUTIONS

### LGI

Web: [www.lgi.de](http://www.lgi.de)  
E-mail: [info@lgi.de](mailto:info@lgi.de)  
President: Dr. Andreas Bunz  
Senior Vice President: Eckhard Busch  
and Bernd Schwenger

### LGI Logistics Group International GmbH Corporate HQ

Hewlett-Packard-Straße 1/1  
71083 Herrenberg, Germany  
Tel: +49 7032 2291 0  
Fax: +49 7032 2291 111

## GERMANY

### AREA STUTTART-KARLSRUHE

#### Böblingen

Hewlett-Packard-Straße 2  
71034 Böblingen  
Tel: +49 7031 3060 402  
Fax: +49 7031 3060 420  
Schickardstraße 27  
71034 Böblingen  
Tel: +49 7031 3060 205  
Fax: +49 7031 3060 420  
Hans-Klemm-Straße 27  
71034 Böblingen  
Tel: +49 7031 3060 400  
Fax: +49 7031 3060 465

#### Bondorf

Am Römerfeld 4+6  
71149 Bondorf  
Tel: +49 7457 955 605  
Fax: +49 7457 955 6309

#### Butzbach

Am Magnapark 3-5  
35510 Butzbach  
Tel: +49 6441 8707 105

#### Ehningen

Mercedesstraße 10  
71139 Ehningen  
Tel: +49 7031 3060 400  
Fax: +49 7031 3060 465

#### Esslingen

Fritz-Müller-Straße 116  
73730 Esslingen  
Tel: +49 711 45984 130  
Fax: +49 711 45984 140

#### Freiberg am Neckar

c/o LGI FreightLog GmbH  
Murrerstraße 1  
71691 Freiberg am Neckar  
Tel: +49 7032 2291 349

#### Gomaringen

Siemensstraße 4  
72810 Gomaringen  
Tel: +49 7121 9456 413

#### Großbottwar

Schleifwiesenstraße 25-27  
71723 Großbottwar  
Tel: +49 711 4598 4130

#### Herrenberg

Heisenbergstraße 2  
71083 Herrenberg  
Tel: +49 7032 2291 0  
Fax: +49 7032 2291 111

#### Heilbronn

c/o AUDI AG  
Alexander Baumann Straße 45  
Building K40  
74078 Heilbronn  
Tel: +49 172 734 93 81

#### Reutlingen

Max-Planck-Straße 77-83  
72766 Reutlingen  
Tel: +49 7032 8939 343  
Fax: +49 7032 8939 310

Markwiesenstraße 51  
72766 Reutlingen  
Tel: +49 7121 9456 363

Heubergstraße 6  
72766 Reutlingen  
Tel: +49 7121 9456 485

#### Sindelfingen

c/o Daimler AG  
Building 38  
71063 Sindelfingen  
Tel: +49 162 1063317

Building 46/48  
71063 Sindelfingen  
Tel: +49 172 8307245

#### Stuttgart

c/o Daimler AG  
Am Nordkai 3  
70327 Stuttgart  
Tel: +49 162 2594881

#### Stuttgart Airport

c/o ITG GmbH Internationale  
Spedition + Logistik  
Gottlieb-Manz-Straße 12  
70794 Filderstadt-Bernhausen  
Tel: +49 711 797 309 0  
Fax: +49 711 797 309 15

#### Waghäusel

Karlsruher Straße 61  
68753 Waghäusel  
Tel: +49 7254 9580 113  
Fax: +49 7254 9580 199

#### Winnenden

Max-Eyth-Straße 14  
71364 Winnenden  
Tel: +49 711 4598 4130

## AREA HAMBURG-BREMEN

### Bremen

c/o ITG GmbH Internationale  
Spedition + Logistik  
Pieperstraße 1-3  
28195 Bremen  
Tel: +49 421 175 69 0  
Fax: +49 421 175 69 19

### Hamburg

c/o ITG GmbH Internationale  
Spedition + Logistik  
Weg beim Jäger 218-222  
22335 Hamburg  
Tel: +49 40 500 62 0  
Fax: +49 40 598 033

### Hamburg-Altenwerder

Altenwerder Hauptstraße 17-23  
21129 Hamburg  
Tel: +49 4033 3966 160  
Fax: +49 4033 3966 190

### Hamburg-Billbrook

Werner-Siemens-Straße 39  
22113 Hamburg  
Tel: +49 40 19 735 22  
Fax: +49 40 81973 520

## AREA FRANKFURT-HEIDELBERG

### Mörfelden-Walldorf (Frankfurt Airport)

c/o ITG GmbH Internationale  
Spedition + Logistik  
Hessenring 13  
64546 Mörfelden-Walldorf  
Tel: +49 6105 968 52 0  
Fax: +49 6105 968 52 80

### Wiesloch

c/o Heidelberger Druckmaschinen AG  
Gutenbergring 19  
Building 2+11  
69168 Wiesloch  
Tel: +49 6222 8221 36  
Fax: +49 6222 8265 812

## AREA MUNICH-NUREMBERG

### Kösching

Einsteinstraße 6  
85092 Kösching  
Tel: +49 8456 916 7147

### Manching

Königsau 2  
85077 Manching  
Tel: +49 8459 3334 150  
Fax: +49 8459 3334 190

### Nuremberg

c/o ITG GmbH Internationale  
Spedition + Logistik  
Andernacher Straße 53  
90411 Nürnberg  
Tel: +49 911 350 187 0  
Fax: +49 911 350 187 19

### Schwaig (Munich Airport)

c/o ITG GmbH Internationale  
Spedition + Logistik  
Eichenstraße 2  
85445 Schwaig (Oberding)  
Tel: +49 8122 567 0  
Fax: +49 08122 567 1101

## AREA BERLIN-DRESDEN

### Neustadt in Sachsen

Kirschallee 6  
01844 Neustadt in Sachsen  
Tel: +49 3596 586 60  
Fax: +49 3596 586 699

### Werder

Am Magna Park 4  
OT Plötzin  
14542 Werder (Havel)  
Tel: +49 33 275749 120  
Fax: +49 33 275749 190

## AREA DÜSSELDORF

### Düsseldorf Airport

c/o ITG GmbH Internationale  
Spedition + Logistik  
Ungelsheimer Weg 6  
40474 Düsseldorf  
Tel: +49 211 566 236 0  
Fax: +49 211 566 236 30

### Herten

Friedrich-Bergius-Straße 1-3  
45699 Herten  
Tel: +49 2366 5011 110  
Fax: +49 2366 5011 190

### Hünxe

Werner-Heisenberg-Straße 1  
46569 Hünxe  
Tel: +49 281 16400 102  
Fax: +49 281 16400 109

### Neuss

c/o ITG GmbH Internationale  
Spedition + Logistik  
Graf-Landsberg-Straße 3-5  
41460 Neuss  
Tel: +49 2131 1282 0  
Fax: +49 2131 1282 242

## AREA ERFURT

### Erfurt

c/o LGI TechLog GmbH  
Joseph-Meyer-Straße 3  
99095 Erfurt  
Tel: +49 36204 722 201

## AUSTRIA

### LGI Austria GmbH

**Vienna**  
Frankstalstraße 1  
2361 Laxenburg  
Tel: +43 2236 860 936 110  
Fax: +43 2236 860 936 111

## CZECH REPUBLIC

### LGI Czechia s. r. o.

#### Prague

Poděbradská 601  
25090 Jirny  
Tel: +420 281 049 080  
Fax: +420 281 049 099

#### Zákupy

Nadrazní 295  
47123 Zákupy  
Tel: +420 487 828 024  
Fax: +420 281 049 099

## HUNGARY

### LGI Hungária Logisztikai Kft.

#### Budapest

M1 Üzleti Park B/6 épület  
H 2071 Páty  
Tel: +36 23 312 978  
Fax: +36 23 312 983

## NETHERLANDS

### Amsterdam

c/o ITG Global Logistics BV  
Kaaipstadweg 34A  
1047 HG Amsterdam  
Tel: +31 20 8515 740  
Fax: +31 20 8515 701

### Nieuw-Vennep

c/o ITG Global Logistics BV  
Lireweg 5 F  
2153 PH Nieuw-Vennep  
Tel: +31 20 8515 700  
Fax: +31 20 8515 701

### Rotterdam

c/o ITG Global Logistics BV  
Van Weerden Poelmanweg 10  
3088 EB Rotterdam  
Tel: +31 10 8511 600  
Fax: +31 10 8511 601

## POLAND

### LGI Polska Sp. z. o. o.

#### Wrocław

ul. Magazynowa 2  
Bielany Wrocławskie  
55-075 Kobierzyce  
Tel: +48 71 38 22 525  
Fax: +48 71 72 24 142

## RUSSIA

### Moscow

c/o OOO ITG International  
Transport + Logistics  
Ostrovnyaya Ulitsa 2  
121552 Moscow  
Tel: +7 495 234 69 84  
Fax: +7 495 234 69 84

## SWEDEN

### LGI Logistics Group International AB

#### Malmö

Lommavägen 39  
S 232 35 Arlöv  
Tel: +46 40 430 610  
Fax: +46 40 430 644

**UNITED KINGDOM****LGI Logistics Group International UK**

**Milton Keynes**  
6 Deans Road  
Old Wolverton  
MK12 5NA Milton Keynes  
England  
Tel: +44 19 08318 748

**USA**

**Boston**  
c/o ITG International Transports, Inc.  
6 Kimball Lane  
Suite 230  
MA 01940 Lynnfield  
Tel: +1 617 455 60 20  
Fax: +1 617 455 60 15

**MENTOR MEDIA**

Web: www.mentormedia.com  
E-mail: sales@mentormedia.com  
President: Kok Khoon Lim

**Mentor Media Ltd  
Corporate HQ**

47 Jalan Buroh, #08-02  
Singapore 619491, Singapore  
Tel: +65-6631 3333 / +65-6896 3773  
Fax: +65-6896 3777 / +65-6896 3826

**BRAZIL**

**Mentor Gerenciamento  
de Supply Chain (Brasil) Ltda**  
Avenida Ferraz  
Alvim 832 - Serraria  
09980-025 - Diadema - SP  
Tel: +55 11 3195 3430

**CHINA**

**Asiapack (Shenzhen) Co., Ltd.**  
3rd floor, Nb.2 Jinsheng 4th Rd,  
Lanzhu Rd North side,  
Shenzhen Export Processing Zone,  
Pingshan, Shenzhen, 518118  
Web: asiapack.com  
E-mail: info@asiapack.com  
Tel: +86 755 8966 6950

**Chengdu Mentor Media Co., Ltd**  
High-tech Comprehensive Bonded Zone  
Chengdu Shuangliu Park, Gongxing  
Town Chengdu City 610213  
Tel: +86-28 6708 2288  
Fax: +86-28 6708 2285

**Mentor Media (Chongqing) Co., Ltd**  
Unit 4, 5, 6, Level 3, HP PC Factory,  
No.22, Xi Yuan Yi Lu, Shapingba District,  
Chongqing City, 401332  
Tel: +86-23 8652 9808  
Fax: +86-23 8652 9828

**Mentor Media CBZ (Chongqing) Co., Ltd**  
No. 6-2 Zongbao Road, Shapingba  
District, Chongqing City, 401331  
Tel: +86-23 6562 0388  
Fax: +86-23 6566 0985

**Mentor Supply Chain  
(Chong Qing-CBZ) Co., Ltd**  
The ground floor, No. 6-2  
Zongbao Road, Shapingba District,  
Chongqing City, 401331  
Tel: +86-23 6562 0388  
Fax: +86-23 6566 0985

**Mentor Media (Kunshan) Co., Ltd**  
No.48, Factory Building,  
Central Avenue, Kunshan Export  
Processing Zone, Kunshan City,  
Jiangsu Province 301  
Tel: +86-512 5772 0005  
Fax: +86-512 5772 0228

**Mentor Media (Shenzhen) Co., Ltd**  
Unit 302-304, No.6 Hongmian Dao,  
Futian Free Trade Zone,  
Shenzhen, 518038  
Tel: +86-755 8348 0418  
Fax: +86-755 8359 5154

**Mentor Media (Shenzhen) Logistics Ltd**  
4th Floor, Area A, A420-A423, North  
Area No. 9 Road, Yantian Bonded Zone  
ShenZhen, 518000  
Tel: +86-0755-83480418  
Fax: +86-0755-83595154

**Mentor Media (Xiamen) Co., Ltd**

No. 56 HuLi Dadao, 3rd Floor,  
Unit S1 & S2, HuLi District,  
Xiamen, Fujian, 361006  
Tel: +86-592 570 3399 /  
+86-592 570 3377  
Fax: +86-592 570 3377

**Shanghai Mentor Media Co., Ltd**  
Floor 2, Unit 4 East Side, Land 71#,  
No. 211 Qinqiao Road, Pudong,  
Shanghai, 201206  
Tel: +86-21 5834 1893/5834  
2368/5834 1699  
Fax: +86-21 5834 0155

**Mentor Shanghai Trading Co., Ltd**  
Unit A-808C, No.188 Yesheng Road,  
China (Shanghai) Pilot Free Trade Zone  
(Yangshan), Shanghai, 201308  
Tel: +86-21 5834 1893/5834  
2368/5834 1699  
Fax: +86-21 5834 0155

**CZECH REPUBLIC**

**Mentor Media Czech s.r.o.**  
Vlastimila Pecha 2  
Brno, 627 00  
Tel: +420 515 577 401

**HONG KONG**

**Asiapack Limited**  
Unit F, 25/F, Seabright Plaza  
9-23 Shell Street, North Point  
Web: asiapack.com  
E-mail: info@asiapack.com  
Tel: +852 2735 1163

**INDIA**

**Mentor Printing and Logistics Pvt. Ltd**  
*Registered Office and Print Operations  
(EOU Unit) - (Export Oriented Unit)*  
B-50, SIPCOT Industrial Park,  
Irukattukottai - 602 117,  
Sriperumbudur Taluk, Tamilnadu.  
Tel: +91 44 7110 3600  
Fax: +91 44 7110 3902

**SCM Operations - DTA Unit.  
(Domestic Tariff Area)**  
B-51, SIPCOT Industrial Park,  
Irukattukottai - 602 117,  
Sriperumbudur Taluk, Tamilnadu.  
Tel: +91 44 7110 3600  
Fax: +91 44 7110 3902

**SCM Operations - SEZ Unit -  
(Special Economic Zone)**  
Plot No. DV-2,  
SIPCOT HI-TECH SEZ,  
Sriperumbudur, Kancheepuram (Dist.)  
Tamilnadu.

**MEXICO**

**Mentor Media Juárez S.A. de C.V.**  
Avenida Libre Comercio No. 2164,  
Parque Industrial las Américas Cd.  
Juárez, Chihuahua, C.P. 32596  
Tel: +52 656 257 1600  
Fax: +52 656 257 1601

**SINGAPORE**

**Mentor Media Ltd  
Fulfillment Plant**  
No. 40 Penjuru Lane, Block 1,  
#02-01 & 03-21 Singapore 609216  
Tel: +65-6631 3333 / +65-6896 3773  
Fax: +65-6896 3777 / +65-6896 3826

**TAIWAN**

**Mentor Media Taiwan Branch**  
Rm. 2, 7F., No.146,Wenxing Rd.,  
Guishan Township,  
Taoyuan County 33377  
Tel: +886-3-3279389#429  
Fax: +886-3-3279380/3279382

**USA**

**Mentor Media (USA)  
Supply Chain Management, Inc**  
3768 Milliken Avenue  
Eastvale, CA 91752  
Tel: +1 909 930 0800  
Fax: +1 909 930 0807

**PRINT & PACKAGING SOLUTIONS**

President: Peter Sommer

**GERMANY**

**d|o|n Deutsche Online Medien GmbH**  
Anton-Schmidt-Straße 5,  
71332 Waiblingen  
Web: www.deutsche-online-medien.de  
E-mail: info@d-o-m.org  
Tel: +49 71 51 165 17 0  
Fax: +49 71 51 165 17 99

**Elanders Germany GmbH**

Anton-Schmidt-Straße 15,  
71332 Waiblingen  
Web: www.elanders.com/ger  
E-mail: info.germany@elanders.com  
Tel: +49 71 51 95 63 0  
Fax: +49 71 51 95 63 109

**fotokasten GmbH**

Anton-Schmidt-Straße 5,  
71332 Waiblingen  
Web: www.fotokasten.de  
Tel: +49 71 51 165 17 0  
Fax: +49 71 51 165 17 99

**myphotobook GmbH**

Oranienstraße 183  
10999 Berlin  
Web: www.myphotobook.de  
Tel: +49 180 5 846 846  
Fax: +49 3052 0 047 441

**Schmid Druck + Medien GmbH**

Gewerbepark 5  
86687 Kaisheim  
Web: www.druckerei-schmid.de  
E-mail: info@druckerei-schmid.de  
Tel: +49 90 99 96 95 0  
Fax: +49 90 99 96 95 30

**HUNGARY****Elanders Hungary Kft**

**Zalalövő**  
Újmajor u. 2,  
8999 Zalalövő  
Web: www.elanders-hungary.com  
E-mail: info@elanders-hungary.com  
Tel: +36 92 57 25 00  
Fax: +36 92 57 10 78

**Jászberény**  
5100 Jászberény,  
Fémnyomó u. 1.  
Web: www.elanders-hungary.com  
E-mail: info@elanders-hungary.com  
Tel: +36 92 57 25 00  
Fax: +36 92 57 10 78

**ITALY**

**Elanders Italy S.r.l.**  
Via Delle Industrie 8,  
31050 Ponzano Veneto (TV)  
Tel: +39 (0) 422 44 22 53  
Fax: +39 (0) 422 44 22 53

**POLAND****Elanders Polska Sp. z o.o.**

**Płońsk**  
Ul. Mazowiecka 2,  
09-100 Płońsk  
Web: www.elanders.com/pol,  
www.elanders.pl  
E-mail: recepcja.plonsk@elanders.com  
Tel: +48 23 662 23 16  
Fax: +48 23 662 31 46

**Wrocław**

Wrocławska str. 33D,  
55-095 Długołęka  
Web: www.elanders.com/pol,  
www.elanders.pl  
E-mail: recepcja.plonsk@elanders.com  
Tel: +48 71 346 06 78

**SWEDEN****Elanders Sverige AB**

**Mölnlycke**  
Box 137  
435 23 Mölnlycke  
Web: www.elanders.se  
E-mail: info.sweden@elanders.com  
Tel: +46 31 750 00 00

**Vialed**

Box 22035  
50114 Borås  
Web: www.elanders.se  
E-mail: info.sweden@elanders.com  
Tel: +46 31 750 00 00

**Vällingby**

Box 518  
162 15 Vällingby  
Web: www.elanders.se  
E-mail: info.sweden@elanders.com  
Tel: +46 31 750 00 00

**UNITED KINGDOM****Elanders Ltd**

Merlin Way, New York Business Park,  
North Tyneside, NE27 0QG, England  
Web: www.elanders.com/uk  
E-mail: addingvalue@elanders.com  
Tel: +44 1912 80 04 00  
Fax: +44 1912 80 04 01

**Elanders McNaughtan's Ltd  
(Elanders Packaging)**

Unit 4, 21 James Street Righead  
Industrial Estate Bellshill  
ML4 3LU, Scotland  
Web: www.elanders.com/uk  
E-mail: info.scotland@elanders.com  
Tel: +44 1236 733 833

**Spreckley Limited**

79 Arnold Road Nottingham  
NG6 0ED, United Kingdom  
Web: www.spreckleys.com  
E-mail: davidcorthorn@spreckleys.com  
Tel: +44 115 978 3786  
Fax: +44 115 978 3784

**USA****ElandersUSA, LLC**

**Acworth**  
4525 Acworth Industrial Drive  
Acworth, Georgia 30101  
Web: www.elandersamericas.com  
Tel: +1 770 917 70 00  
Fax: +1 770 917 70 20

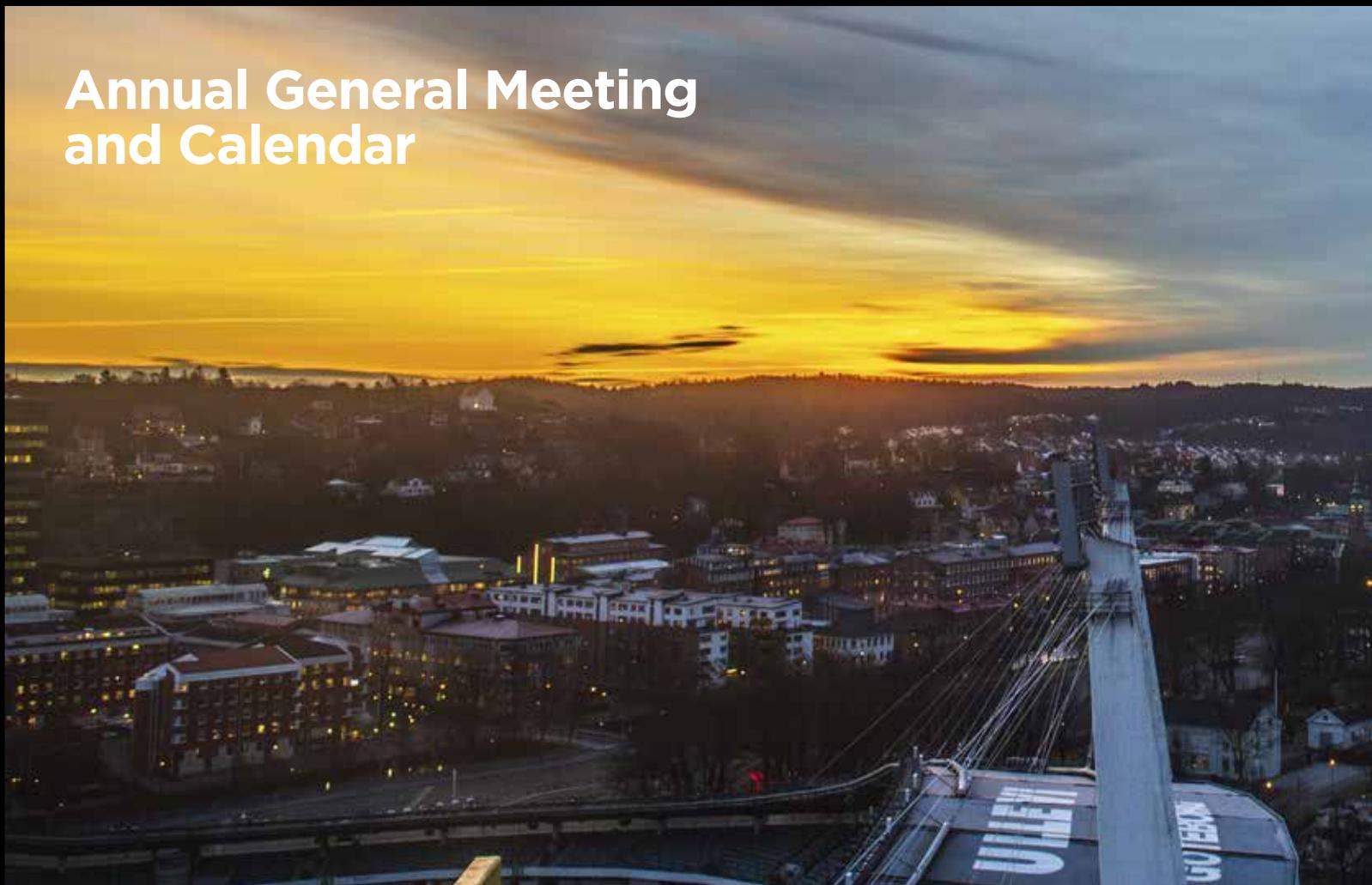
**Kennesaw**

Kennesaw 1925 Shiloh road  
30144 Kennesaw, Georgia  
Web: www.elandersamericas.com  
Tel: +1 770 917 70 00  
Fax: +1 770 917 70 20

**Midland Information  
Resources Company**

5440 Corporate Park Drive  
Davenport, IA 52807  
Web: www.elandersamericas.com  
Tel: +1 563 359 3696  
Fax: +1 563 823 7651

# Annual General Meeting and Calendar



Shareholders in Elanders AB (publ) are welcomed to the company's Annual General Meeting Monday 29 April 2019 at 3 p.m., Gothia Towers, Mässans gata 24, Gothenburg, Sweden.

Shareholders who wish to participate in the Annual General Meeting must be inscribed in the share register held by Euroclear Sweden AB no later than Tuesday 23 April 2019. Intent to participate must be reported by Tuesday 23 April 2019.

Shareholders whose shares are registered with a nominee must re-register the shares in their own name with Euroclear Sweden AB in order to be entitled to attend the Annual General Meeting. Such registration, which can be temporary, is requested with the nominee and must be duly effected on Tuesday 23 April 2019. This means that shareholders must advise their nominee well in advance of this day.

Intent of participation can be made via the company website [www.elanders.com](http://www.elanders.com). Alternatively via e-mail [arsstamma@elanders.com](mailto:arsstamma@elanders.com), in writing to Elanders AB (publ), Annual General Meeting, Flöjelbergsgatan 1 C, 431 35 Mölndal, Sweden or via telephone +46 31 750 07 21.

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

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



## Notification of participation, Annual General Meeting 2019

**Web:** [www.elanders.com](http://www.elanders.com)

**E-mail:** [arsstamma@elanders.com](mailto:arsstamma@elanders.com)

**In writing:**  
Elanders AB (publ)  
Annual General Meeting  
Flöjelbergsgatan 1 C, 431 35 Mölndal, Sweden

**Telephone:** +46 31 750 07 21

Intent to participate must be reported by  
Tuesday 23 April 2019.

## Calendar

Annual General Meeting	29 April 2019
Quarterly Report Q1, 2019	29 April 2019
Quarterly Report Q2, 2019	16 July 2019
Quarterly Report Q3, 2019	21 October 2019
Year-end Report 2019	28 January 2020

---

## DISTRIBUTION POLICY

Elanders' Annual Report is distributed to those shareholders who have actively ordered a printed version, certain customers and other interested parties.

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

---

## TRANSLATION

Elanders and Camille Forslund.

This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

---

## PHOTO

Globalgoals.org: page 53.  
Haigwood Studios Photography: John Haigwood and Kyle Ripley, cover and pages 2, 21.  
Jessica Lindhoff: page 28.  
LGI: page 29.  
LGI / Mikael Göthage: page 118.  
Marcus Vetter: cover and pages 19, 24–27.  
Mikael Göthage: pages 2, 9, 114–117.  
Shutterstock: imtmphoto, Kenneth Man, leungchopan, WAYHOME studio – cover, slonme pages 12–13, one photo page 18, VILevi page 28, NCS Production page 33, TierneyMJ page 59, MarvenBrant pages 120–121.  
Travis Wilkins, Digital Impact Studio: page 20.  
Uli Schneider: cover and pages 22–23.  
Unsplash: Andrew Butler page 10, AbsoluteVision page 37.

---

## PRODUCTION FACTS

**Design:** Narva.

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

**Paper:** Covers: Algro Design Duo 300 g.  
Inlay: Lessebo Design Smooth bright 115 g.

**Print:** Schmid Druck + Medien GmbH, Germany.

---

## FSC® LABELED ANNUAL REPORT

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





