YEAR-END REPORT 2019

elanders
GROUP

Contents

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

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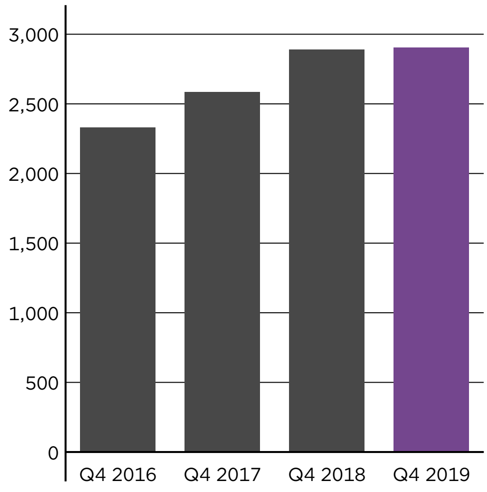
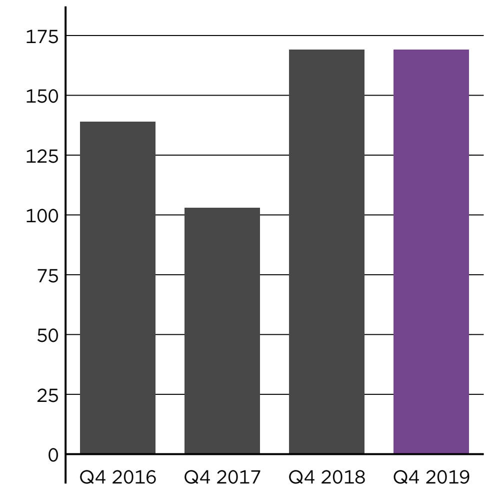
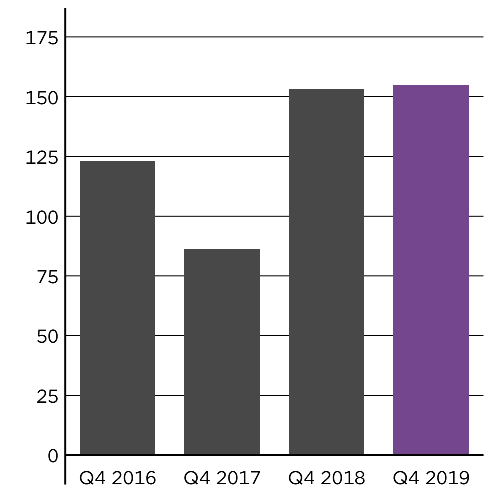
NET SALES, MSEK



ADJUSTED EBITA, MSEK



ADJUSTED EBIT, MSEK



Full Year 2019

- Net sales increased by five percent to MSEK 11,254 (10,742), of which 0.3 percentage points were organic growth.
- Adjusted EBITA increased to MSEK 563 (523), and the adjusted EBITA margin increased to 5.0 (4.9) percent. The IFRS 16 effect contributed positively to the adjusted EBITA by MSEK 35.
- The adjusted result per share was SEK 7.16 (7.18) per share. The IFRS 16 effect contributed negatively by SEK –0.61 per share.
- Operating cash flow increased to MSEK 1,454 (538), of which MSEK –5 (24) was acquisitions. The IFRS 16 effect contributed positively to operating cash flow by MSEK 708.
- During the period one-off items of MSEK –150 charged the operating result generated by the previously communicated expanded restructuring plan which was initiated in Germany and the historical accounting errors identified in customer projects.
- As a consequence of the implementation of IFRS 16 the financial goals have been revised. The revised goals are targets for net sales growth, EBITA margin and net debt / EBITDA.
- The Board proposes a dividend of SEK 2.90 (2.90) per share for 2019.

Fourth Quarter

- Net sales increased by MSEK 14 to MSEK 2,904 (2,890), but contracted by four percentage points in organic growth.
- Adjusted EBITA amounted to MSEK 169 (169) and the adjusted EBITA margin was 5.8 (5.9) percent. The IFRS 16 effect contributed positively to the adjusted EBITA by MSEK 9.
- The adjusted result per share was SEK 2.29 (3.01) per share. The IFRS 16 effect was SEK –0.13 per share.
- Operating cash flow amounted to MSEK 374 (393), of which MSEK 0 (24) was acquisitions. The IFRS 16 effect contributed positively to operating cash flow by MSEK 184.
- During the period one-off items of MSEK –180 charged the operating result due to the previously communicated expanded restructuring plan which was initiated in Germany and the historical accounting errors identified in customer projects.

Comments by the CEO

Our Asia-based supply chain operations had a strong fourth quarter and one of its best years ever, as did Print & Packaging Solutions. Our German operations in Supply Chain Solutions, however, experienced a weaker demand from its customers. Their result was also negatively affected by costs for structural measures and the accounting errors discovered in customer projects.

The underlying result before tax for the year, excluding one-off items and IFRS 16 effects, was MSEK 395 compared to MSEK 366 last year, which is an improvement of nearly eight percent. We had a strong cash flow in 2019, which means we can soon achieve a net debt/EBITDA ratio under 3.0, either with or without the effects of implementing IFRS 16. Cleared of one-off items the ratio is already under 3.0.

Organic net sales contracted in Supply Chain Solutions during the quarter, in part due to lower demand in customer segments Automotive and Industrial, and in part because of a conscious prioritization of more profitable business. As previously mentioned this is the business area where we see the greatest potential to increase profitability by optimizing our processes, focusing on the most profitable segments and services as well as taking over more of our customers' value chains.

Improving profitability was also one of the reasons we decided in the third quarter to reorganize our largest subsidiary LGI and reduce the number of divisions in order to better clarify result and customer ownership. In the fourth quarter we initiated a cost-cutting and streamlining program to bring down overhead costs. When carrying out these measures we discovered historical accounting errors in customer projects. These customer projects were all connected to one customer and the transportation operations for this customer over many years. The errors were corrected in the fourth quarter and affected the operating result for the quarter by MSEK –87, of which MSEK –30 is believed to stem from prior quarters in the year, and MSEK –57 is believed to refer to previous years. This led us to expand the above restructuring plan, which we expect to generate annual savings of MSEK 75 starting in 2020.

Print & Packaging Solutions finished the year with a strong quarter, which makes it one of the best years ever in terms of results. The fact that we could also report organic growth is particularly impressive considering the difficult market for printed matter. At the same time we have also improved our margin by continuing to streamline our production, combining this with a larger portion of digital print and a better product mix in general. Even our photobook companies finished well and improved results compared to previous years.

We are cautiously optimistic about 2020, starting the year with considerably lower overhead than before, even if the German market continued to be a challenge during the fourth quarter.

Magnus Nilsson
President and Chief Executive Officer

Financial Overview

	Full year			Fourth quarter		
	2019	**2019 excl. IFRS 16 [1]**	**2018**	**2019**	**2019 excl. IFRS 16 [1]**	**2018**
Net sales, MSEK	11,254	11,254	10,742	2,904	2,904	2,890
EBITDA adjusted, MSEK [2]	1,435	723	725	395	208	217
EBITA adjusted, MSEK [2] [3]	563	527	523	169	160	169
EBITA-margin adjusted, % [2]	5.0	4.7	4.9	5.8	5.5	5.9
EBITA, MSEK [3]	413	378	523	–11	–20	169
EBITA-margin, %	3.7	3.4	4.9	–0.4	–0.7	5.9
Earnings per share adjusted, SEK [2]	7.16	7.77	7.18	2.29	2.42	3.01
Earnings per share, SEK	4.19	4.80	7.18	–1.26	–1.13	3.01
Operating cash flow, MSEK	1,454	746	538	374	190	393
Net debt at the end of the period, MSEK	3,961	2,142	2,539	3,961	2,142	2,539
Net debt/EBITDA adjusted, ratio [2] [4]	2.76	2.96	3.50	2.51	2.57	2.92

[1] Excluding the effect from the transition to IFRS 16, which means that the same accounting principles as 2018 have been used. IFRS 16 is effective from 1 January 2019 and has affected the accounting of the Group's lease agreements.

[2] One-off items have been excluded in the adjusted measures.

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

[4] Return ratios have been annualized (the result has been recalculated to correspond to the result for a 12-month period).

Group

Elanders is a global company with a broad range of services of integrated solutions in supply chain management. The business is 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, Singapore, the United Kingdom, Sweden, Germany and the USA. Our major customers are active in the areas Automotive, Electronics, Fashion & Lifestyle, Industrial and Health Care & Life Science.

ADJUSTED INCOME STATEMENTS

	Full year		Fourth quarter	
MSEK	**2019**	**2018**	**2019**	**2018**
Net sales	11,254	10,742	2,904	2,890
Operating expenses, adjusted	–9,819	–10,017	–2,509	–2,673
EBITDA adjusted	**1,435**	**725**	**395**	**217**
Depreciations and write-downs	–872	–203	–226	–48
EBITA adjusted	**563**	**523**	**169**	**169**
Amortization of assets identified in conjunction with acquisitions	–54	–64	–14	–16
EBIT adjusted	**508**	**459**	**155**	**153**
Historical errors in customer projects	–58	–	–87	–
Restructuring program	–92	–	–92	–
EBIT	**359**	**459**	**–25**	**153**
Net financial items	–143	–93	–35	–21
Result after financial items	**216**	**366**	**–59**	**132**
Income tax	–63	–108	15	–24
Adjusted tax	–45	–	–54	–
Adjusted result for the period	**258**	**259**	**82**	**108**
Result for the period attributable to:				
– parent company shareholders	253	254	81	107
– non-controlling interests	5	5	1	1
Adjusted earnings per share, SEK	*7.16*	*7.18*	*2.29*	*3.01*

Net sales and result

Full year

Net sales increased by five percent to MSEK 11,254 (10,742) compared to the same period last year. Cleared of exchange rate fluctuations and effects of acquisitions and divestures of operations, net sales grew organically by 0.3 percentage points. The organic growth was generated solely by business area Print & Packaging Solutions where organic growth was around ten percent. Supply Chain Solutions had negative organic growth in part due to lower demand in customer segments Automotive and Industrial, and in part because of a conscious prioritization of more profitable business.

Adjusted EBITA, i.e. the operating result adjusted for amortization on assets identified in conjunction with acquisitions along with one-off items, increased to MSEK 563 (523), which corresponded to an EBITA margin of 5.0 (4.9) percent. The result improvement over last year was largely due to the fact that Print & Packaging and the Asian operations in Supply Chain Solutions had one of their best years ever. Implementation of IFRS 16 also had a positive effect on the operating result, where around MSEK 35 stems from the interest component of rent and leasing costs now recorded in net financial items instead of as previously in the operating result.

The latter part of the year was more of a challenge for the European operations in Supply Chain Solutions. A weaker demand in customer segments Automotive and Industrial led to a lower margin in those operations and therefore, in connection with a change in leadership, a reorganization was adopted in the third quarter and structural measures in the fourth. The aim of the reorganization and restructuring was to better clarify result and customer ownership and reduce overhead. When implementing the reorganization accounting errors were discovered in customer projects connected to one customer. The errors were due to deficiencies in the prior transportation management system and the internal control environment. An investigation showed that an adjustment of around MSEK 87 needed to be made to rectify the excessively high operating result reported in prior quarters in 2019 and in many previous years. A very rough estimation of the result effect on prior quarters in 2019 indicated that about MSEK 30 had been incorrectly reported but it is impossible to verify the exact effect since historical data cannot be replicated in the system.

Including one-off costs EBITA was MSEK 413 (523). The one-off items amounted to around MSEK 150, primarily referring to the above mentioned costs for the expanded restructuring plan as well as the historical accounting errors in customer projects.

Fourth quarter
During the quarter net sales increased by MSEK 14 to MSEK 2,904 (2,890) compared to the same period last year. Cleared of exchange rate fluctuations and effects of acquisitions and divestitures, net sales contracted organically by four percent. The decline was mainly in customer segments Automotive and Industrial. Adjusted EBITA, i.e. the operating result adjusted for amortization on assets identified in conjunction with acquisitions along with one-off items, amounted to MSEK 169 (169), which corresponded to an adjusted EBITA margin of 5.8 (5.9) percent. Implementation of IFRS 16 also had a positive effect on the result by MSEK 9.

Including one-off costs EBITA was MSEK –11 (169). The one-off items, which amounted to MSEK 180, referred to the above mentioned costs for the expanded restructuring plan in Germany as well as the historical accounting errors in customer projects.

Supply Chain Solutions

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

	Full year		Fourth quarter	
	2019	**2018 [1]**	**2019**	**2018 [1]**
Net sales, MSEK	8,775	8,525	2,199	2,269
EBITDA adjusted, MSEK	1,132	540	280	149
EBITA adjusted, MSEK [2]	408	401	92	116
EBITA-margin adjusted, %	4.7	4.7	4.2	5.1
EBITA, MSEK [2]	265	401	–81	116
EBITA-margin, %	3.0	4.7	–3.7	5.1
Average number of employees	5,485	5,815	5,443	5,909

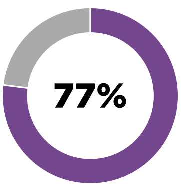
[1] The figures for the comparison period have been adjusted to reflect the new structure of business areas. The figures for 2018 have not been adjusted for IFRS 16 since the transition to IFRS 16 have been based on the Modified retrospective approach.
[2] EBITA refers to Earnings before interest, taxes and amortization; operating result plus amortization of assets identified in conjunction with acquisitions.

During the period Supply Chain Solutions experienced a weaker demand in customer segments Automotive and Industrial. All in all organic net sales decreased by two percent during the year and seven percent in the quarter through a combination of lower demand and a conscious prioritization of more profitable business.

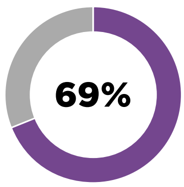
Asia-based operations ended the year very well and reported organic growth for the entire year and the quarter as well as one of their best years ever. The remaining shares in the subsidiary Asiapack Ltd. in Hong Kong were purchased in December and the company is now a wholly owned subsidiary.

In Europe there is a continuous focus on improving margins. As a consequence of this it was decided to implement a cost-cutting and streamlining program to reduce overhead. In parallell a reorganization was carried out to have a clearer ownership of the result and each customer within the organization. In connection with this, historical accounting errors in customer projects in the transportation operations were identified. Correcting the errors and one-off costs for the expanded restructuring plan had a substantial negative effect on the reported result for the fourth quarter.

The accumulated adjusted EBITA, i.e. the operating result adjusted for amortization on assets identified in conjunction with acquisitions along with one-off items, is better than in previous years due to the accomplishments in Asia and the successful reorganization of operations in Sweden. The result in the fourth quarter has been weighed down primarily by the European operations and this is also one of the reasons for the decision on the expanded restructuring plan.



Share of net sales (12 months)



Share of EBITA adjusted (12 months)

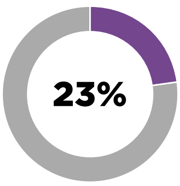
Print & Packaging Solutions

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

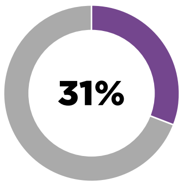
	Full year		Fourth quarter	
	2019	**2018** [1]	**2019**	**2018** [1]
Net sales, MSEK	2,564	2,243	737	626
EBITDA adjusted, MSEK	335	205	123	76
EBITA adjusted, MSEK [2]	188	142	86	61
EBITA-margin adjusted, %	7.3	6.3	11.6	9.7
EBITA, MSEK [2]	182	142	79	61
EBITA-margin, %	7.1	6.3	10.7	9.7
Average number of employees	1,201	1,327	1,208	1,221

[1] The figures for the comparison period have been adjusted to reflect the new structure of business areas. The figures for 2018 have not been adjusted for IFRS 16 since the transition to IFRS 16 have been based on the Modified retrospective approach.
[2] EBITA refers to Earnings before interest, taxes and amortization; operating result plus amortization of assets identified in conjunction with acquisitions.

Operations in Germany and the business with subscription boxes in Print & Packaging Solutions showed significant growth, resulting in the business area as a whole growing organically by 14 percent during the year. Setting the subscription box operations aside, the business area grew organically by almost five percent due to new business and a higher market share foremost on the very competitive German market. Allmost every section of the business area has developed positively during the year and the photobook companies finished the year on a high note as well.



Share of net sales (12 months)



Share of EBITA adjusted (12 months)

Important events during the period

Cost-cutting and streamlining program in Germany
A press release, dated November 15, 2019, presented the cost-cutting and streamlining program Elanders initiated in the German operations of the subsidiary LGI. The program would entail one-off costs of around MSEK 60 and was a natural progression of the reorganization of LGI the new management started in the third quarter. The aim of the program was to cut overhead costs and increase efficiency. This would mainly be achieved through measures that reduced indirect costs such as those for support functions like administration and too many management levels.
In January 2020 Elanders announced that this cost-cutting and streamlining program would be expanded by around MSEK 30.

Historical accounting errors in customer projects
In a press release, dated January 17, 2020, the market was informed that Elanders had identified historical accounting errors in customer projects. This was discovered in connection with carrying out the cost-cutting and streamlining program and reorganization in Elanders' subsidiary LGI, and stemmed from deficiencies in the prior transportation management system. This resulted in accounting errors for a specific major customer project due to both defiencies in the system and the internal control environment. When the new transportation management system came into use errors were noticed in previous calculations of the accruals and deferrals that the transportation management system accounting had been based on. Because of limitations in the prior transportation management system it has not been possible to recreate calculations for earlier periods and therefore we cannot with any kind of exactness pinpoint when the errors arose nor in which periods they were made.

The errors in the balance sheet items were corrected in connection with closing the fourth quarter 2019. Based on the investigation and analysis performed, it is estimated that the negative effect of these errors on operating profit is about MSEK 87, most of which was generated in previous years since the system deficiencies and errors have existed for many years. Based on a very rough estimate around MSEK 30 is believed to relate to 2019.

Changes in Group Management
In November Sven Burkhard became President for business area Print & Packing Solutions. He took over after Peter Sommer. Sven Burkhard is 34 and lives in Germany. He has been active in the Group since 2017 and has previously worked for, among other places, the German company Flyeralarm.

Financial goals
The implementation of IFRS 16, Leasing, had a major effect on how Elanders' balance sheets and income statements were presented. As a result Elanders has now reviewed prior financial goals and established new ones. The new financial goals are as follows:

- Average net sales growth should be 3–5 percent annually
- EBITA margin of at least 7 percent
- Net debt / EBITDA ratio no higher than 2.5

EBITA here refers to the operating result adjusted for amortization on assets identified upon acquisition. The goal of the ratio for net debt / EBITDA of 2.5 may be exceeded temporarily in connection with major acquisitions.

Factoring
Since the fourth quarter 2018 Elanders has used 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. During the fourth quarter no additional amount was utilized of the facility. At year-end a total of MEUR 20 (8) is utilized.

Three business areas become two
As of 1 January 2019, Elanders has two business areas, Supply Chain Solutions and Print & Packaging Solutions since e-Commerce Solutions was integrated into Print & Packaging Solutions.

Investments and depreciation

Full year
Net investments for the period amounted to MSEK 140 (137) and was mainly related to production equipment. Depreciation, amortization and write-downs amounted to MSEK 927 (266). Excluding the effects from IFRS 16, depreciation, amortization and write-downs amounted MSEK 250 (266).

Fourth quarter
For the quarter net investments amounted to MSEK 32 (17). Depreciation, amortization and write-downs amounted to MSEK 240 (64). Excluding the effects from IFRS 16, depreciation, amortization and write-downs amounted MSEK 62 (64).

Financial position, cash flow and financing

Full year
The operating cash flow increased to MSEK 1,454 (538) of which the effects of IFRS 16 were MSEK 708. The effect of IFRS 16 on operating cash flow refers primarily to the amortized portion of leasing fees that were previously included in the operating cash flow. This amortization is now included in the financing activities in cash flow. Excluding IFRS 16 effects, operating cash flow increased to MSEK 721 (523). The improvement was foremost related to decreased working capital.

Net debt increased to MSEK 3,961 compared to MSEK 2,539 at the beginning of the year. The change in net debt includes an increase of MSEK 2,043 attributable to the implementation of IFRS 16 and refers to adjustment of the opening balance. In addition to this, debt has increased by MSEK 93 due to changes in exchange rates since a large part of loans and leasing liabilities are in euros and a lesser amount in US dollars, which have both strengthened against the Swedish krona.

Excluding the effects of IFRS 16, net debt contracted to MSEK 2,142 compared to MSEK 2,539 at the beginning of the year. The change in net debt includes an increase of MSEK 49 attributable to changed exchange rates. Leverage, i.e. net debt / adjusted EBITDA for a rolling 12-month period, excluding IFRS 16 effects, is now down to 3.0 (3.5). Including effects from IFRS 16 net debt / adjusted EBITDA is under 3.0.

Fourth quarter
The operating cash flow amounted to MSEK 374 (393), of which the effects of IFRS 16 were MSEK 185. The effect of IFRS 16 on operating cash flow refers primarily to the amortized portion of leasing fees that were previously included in the operating cash flow. This amortization is now included in the financing activities in cash flow. Excluding IFRS 16 effects, operating cash flow increased to MSEK 165 (393). The improvement was foremost related to decreased working capital.

Personnel

Full year
The average number of employees during the period was 6,696 (7,153), whereof 152 (180) in Sweden. The decrease in the number of employees is mainly attributable to employees in the operations divested in 2018. At the end of the period the Group had 6,664 (6,652) employees, whereof 152 (153) in Sweden.

Fourth quarter
The average number of employees during the quarter was 6,662 (7,140), whereof 150 (149) in Sweden.

Parent Company

The parent company has provided intragroup services. The average number of employees during the period was 11 (11) and at the end of the period 11 (10).

Other Information

Elanders' offer
Elanders offers integrated and customized solutions for handling all or part of our customers' supply chain. The Group can take complete responsibility for complex and global deliveries that may include purchasing, storage, configuration, production and distribution. We also offer order management solutions, payment flows and after-market services for our customers.

The services are provided by business-minded employees who, with their expertise and aided by intelligent IT solutions, contribute to developing our customers' offers which are often totally dependent on efficient product, component and service flows as well as traceability and information. In addition to our offer to the B2B market the Group sells photo products directly to consumers via our own brands, fotokasten and myphotobook.

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

Risks and uncertainties
Elanders divides risks into circumstantial risk (the future of our products/services and business cycle sensitivity), financial risk (currency, interest, financing and credit risks) as well as business risk (customer concentration, operational risks, risks in operating expenses as well as contracts and disputes). These risks, together with a sensitivity analysis, are described in detail in the Annual Report 2018. Circumstances in the world around us since the Annual Report was published are not believed to have caused any significant risks or influenced the way in which the Group works with these compared to the description in the Annual Report 2018.

Seasonal variations
The Group's net sales, and thereby income, are affected by seasonal variations. Historically the fourth quarter has been somewhat stronger than the other quarters.

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

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

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

Events after the balance sheet date

Divestiture of parts of operations in ITG Air & Sea
In a press release on September 3, 2019 Elanders communicated that the Taiwan-based logistics company Dimerco Express Group had acquired a 25 percent stake in Elanders' newly founded subsidiary, ITG Air & Sea GmbH. The business in the new subsidiary mainly stems from Elanders' subsidiary ITG's air and sea freight forwarding business with net sales of around MEUR 75. Dimerco also has an option to increase its stake to 49 percent after two years. With this joint venture Elanders hopes to expand growth opportunities and gain more market shares on the Asiatic market. This also increases our negotiating might with suppliers.

This deal was subject to the approval of the responsible anti-trust authorities. It has now been approved and the purchase price was paid in the beginning of January 2020.

Dimerco is a public company listed on the Taipei Exchange (TPEx) since 2001. Dimerco is a leading global transportation and logistics firm that has been providing professional services nearly 50 years through strategic alliances with various airlines and ocean liners with which they skillfully integrate, manage and streamline customers' supply chain management through smooth logistics solutions. The company has a global network with extensive marketing and sales outlets in China and Asia Pacific along with complementary operations in Europe and North America. In total the network has 160 business locations in 16 countries and Dimerco generated net sales of more than MUSD 600 in 2018.

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

Forecast
No forecast is given for 2020.

Accounting principles
The quarterly report for the Group has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and for the parent company in accordance with the Annual Accounts Act. The same accounting principles and calculation methods as those in the last Annual Report have been used, except for the standards with mandatory effective date 1 January 2019, where the significant differences for the Group are presented below.

Leases
International Accounting Standards Boards (IASB) has issued a new standard, IFRS 16 "Leases", which is effective from 1 January 2019. The standard concerns the accounting of operating lease agreements where the Group has large commitments in terms of rental contracts for premises and leasing of machinery and equipment as well as vehicles. The transition to IFRS 16 has been based on the Modified retrospective approach, which means that the comparison periods have not been adjusted for IFRS 16. The standard has had a significant effect on the Group's total assets and liabilities and the effects on opening balances as of 1 January 2019 are presented on page 14 in this report. Furthermore, the above application means that the figures for the current year will not be fully comparable with previous years.

The new accounting principles in short; The leases are recognized as a right-of-use asset with a corresponding lease liability. Short-term leases and leases for which the underlying asset is of low value are exempted. Each lease payment is divided into amortization and financial cost. The financial cost is allocated over the lease term, so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognized under each period. The Group's lease liabilities are recognized at the present value of the future lease payments. Discounting of the future lease payments are made with the interest rate implicit in the lease, if this rate can easily be determined. Otherwise, the Group's incremental borrowing rate is applied.

The Group's right-of-use assets are recognized at cost, and initially comprise the present value of the lease liability, adjusted for lease payments made at or before the commencement date. Restoration costs are included in the asset if a corresponding provision for restoration costs exist. The right-of-use asset is depreciated on a straight-line basis over the asset's useful life or the lease term, whichever is the shortest.

Review by company auditors
The company auditors have not reviewed this report.

Nomination committee for the Annual General Meeting 2020
The nomination committee for the Annual General Meeting on 28 April 2020 is as follows:

Carl Bennet, Chair	Carl Bennet AB
Hans Hedström	Carnegie Funds
Carl Gustafsson	Didner & Gerge Funds
Fredrik Carlsson	Svolder
Sophie Nachemson-Ekwall	Representative from the smaller shareholders

Shareholders who would like to submit proposals to Elanders' 2020 Nomination Committee, can contact the Nomination Committee by e-mail at valberedning@elanders.com or by mail: Elanders AB, Att: Nomination Committee, Flöjelbergsgatan 1C, SE-431 35 Mölndal, Sweden.

Annual General Meeting 2020
Elanders AB's Annual General Meeting will be held on April 28, 2020, Gothia Towers, Mässans gata 24, Gothenburg, Sweden. Shareholders wishing to have a matter addressed at the Annual General Meeting can submit their proposal to Elanders' Board Chairman by e-mail: arsstamma@elanders.com, or by mail: Elanders AB, Flöjelbergsgatan 1C, SE-431 35 Mölndal, Sweden. To ensure inclusion in the notice and thus in the Annual General Meeting's agenda, proposals must be received by the company not later than February 28, 2020.

Financial calendar

Annual Report 2019	20 March 2020
Q1 2020	28 April 2020
Annual General Meeting 2020	28 April 2020
Q2 2020	15 July 2020
Q3 2020	22 October 2020

Income Statements

	Full year		Fourth quarter	
MSEK	**2019**	**2018**	**2019**	**2018**
Net sales	11,254	10,742	2,904	2,890
Cost of products and services sold	–9,780	–9,330	–2,617	–2,500
Gross profit	**1,474**	**1,412**	**287**	**390**
Sales and administrative expenses	–1,144	–1,034	–311	–272
Other operating income	63	111	23	41
Other operating expenses	–34	–30	–23	–6
Operating result	**359**	**459**	**–25**	**153**
Net financial items	–143	–93	–35	–21
Result after financial items	**216**	**366**	**–59**	**132**
Income tax	–63	–108	15	–24
Result for the period	**153**	**259**	**–44**	**108**
Result for the period attributable to:				
– parent company shareholders	148	254	–45	107
– non-controlling interests	5	5	1	1
Earnings per share, SEK [1] [2]	*4.19*	*7.18*	*–1.26*	*3.01*
Average number of shares, in thousands	*35,358*	*35,358*	*35,358*	*35,358*
Outstanding shares at the end of the year, in thousands	*35,358*	*35,358*	*35,358*	*35,358*

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

Statements of Comprehensive Income

	Full year		Fourth quarter	
MSEK	**2019**	**2018**	**2019**	**2018**
Result for the period	**153**	**259**	**–44**	**108**
Items that will not be reclassified to the income statement				
Remeasurements after tax	–10	1	–10	1
Items that will be reclassified to the income statement				
Translation differences after tax	67	121	–83	7
Hedging of net investment abroad after tax	–11	–33	7	–5
Other comprehensive income	**46**	**88**	**–86**	**3**
Total comprehensive income for the period	**199**	**347**	**–130**	**111**
Total comprehensive income attributable to:				
– parent company shareholders	194	342	–131	109
– non-controlling interests	5	5	1	2

Statements of Cash Flow

	Full year		Fourth quarter	
MSEK	**2019**	**2018**	**2019**	**2018**
Result after financial items	**216**	**366**	**–59**	**132**
Adjustments for items not included in cash flow	1,131	213	444	56
Paid tax	–114	–127	–35	–26
Changes in working capital	104	3	–14	201
Cash flow from operating activities	**1,337**	**455**	**336**	**363**
Net investments in intangible and tangible assets	–133	–161	–31	–41
Acquired and divested operations	–5	24	–	24
Change in long-term receivables	–2	–1	–0	0
Cash flow from investing activities	**–140**	**–137**	**–32**	**–17**
Amortization of borrowing debts	–140	–115	–71	–29
Amortization of lease liabilities	–681	–45	–175	–10
Other changes in long- and short-term borrowing	–333	–66	–228	–99
Dividend to shareholders	–104	–93	–	-
Transactions with shareholders with non-controlling interest	–25	–	–25	-
Cash flow from financing activities	**–1,282**	**–318**	**–500**	**–138**
Cash flow for the period	**–84**	**0**	**–195**	**208**
Liquid funds at the beginning of the period	722	679	888	509
Translation difference	17	43	–38	6
Liquid funds at the end of the period	**655**	**722**	**655**	**722**
Net debt at the beginning of the period	**2,539**	**2,665**	**4,272**	**2,890**
Effect of applying IFRS 16 at the beginning of the period	2,043	-	–	-
Translation difference	93	121	-107	–4
Acquired and divested operations	–	41	–	41
Changes with cash effect	–1,062	–268	–271	–387
Changes with no cash effect	348	–20	66	–1
Net debt at the end of the period	**3,961**	**2,539**	**3,961**	**2,539**
Operating cash flow	**1,454**	**538**	**374**	**393**

Statements of Financial Position

MSEK	31 Dec. 2019	2018
ASSETS		
Intangible assets	3,229	3,218
Tangible assets	2,486	789
Other fixed assets	311	267
Total fixed assets	**6,026**	**4,274**
Inventories	335	468
Accounts receivable	1,740	1,762
Other current assets	448	511
Cash and cash equivalents	655	722
Total current assets	**3,179**	**3,463**
Total assets	**9,205**	**7,737**
EQUITY AND LIABILITIES		
EQUITY	**2,777**	**2,707**
Liabilities		
Non-interest-bearing long-term liabilities	214	199
Interest-bearing long-term liabilities	3,579	2,442
Total long-term liabilities	**3,793**	**2,642**
Non-interest-bearing short-term liabilities	1,597	1,569
Interest-bearing short-term liabilities	1,037	819
Total short-term liabilities	**2,635**	**2,388**
Total equity and liabilities	**9,205**	**7,737**

Statements of Changes in Equity

	Full year		Fourth quarter	
MSEK	2019	2018	2019	2018
Opening balance	**2,707**	**2,453**	**2,931**	**2,596**
Dividend to parent company shareholders	-103	-92	-	-
Dividend to non-controlling interests	-1	-1	-	-
Transactions with shareholders with non-controlling interest	-25	-	-25	-
Total comprehensive income for the period	199	347	-130	111
Closing balance	**2,777**	**2,707**	**2,777**	**2,707**
Equity attributable to				
- parent company shareholders	2,777	2,697	2,777	2,697
- non-controlling interests	-	10	-	10

Effect of applying IFRS 16

IFRS 16 "Leases" is effective from 1 January 2019 and affect the accounting of the Group's lease agreements where there are large commitments in terms of rental contracts for premises and leasing of machinery and equipment. The transition to IFRS 16 is based on the Modified retrospective approach. The standard has a significant effect on the Group's total assets and liabilities and the effects on opening balances 1 January 2019, income statement and a reconciliation of reported operating lease obligations are presented below. The effect of applying IFRS 16 deviate from the preliminary effects presented in the annual report related to some minor adjustments in the assumptions.

MSEK	Closing balance 31 December 2018	Effect IFRS 16	Opening balance 1 January 2019
Fixed assets	4,274	2,043	6,317
Current assets	3,463	–	3,463
Total assets	**7,737**	**2,043**	**9,780**
Equity	**2,707**	**–**	**2,707**
Long-term liabilities	2,642	1,444	4,085
Short-term liabilities	2,388	599	2,987
Total equity and liabilities	**7,737**	**2,043**	**9,780**

MSEK	Full year 2019	Effect IFRS 16	Full year 2019 excl. effect IFRS 16	Full year 2018
Net sales	11,254	–	11,254	10,742
EBITDA	1,285	-712	573	725
Operating result	359	-35	323	459
Result after financial items	216	30	245	366
Result for the period	**153**	**22**	**175**	**259**

MSEK	Fourth quarter 2019	Effect IFRS 16	Fourth quarter 2019 excl. effect IFRS 16	Fourth quarter 2018
Net sales	2,904	–	2,904	2,890
EBITDA	215	-187	28	217
Operating result	-25	-9	-34	153
Result after financial items	-59	6	-53	132
Result for the period	**-44**	**5**	**-40**	**108**

MSEK	Reconciliation leases from IAS 17 to IFRS 16
Operating lease obligations as of 31 December 2018	2,046
Discounting effect to net present value	-190
Short term and assets of low value exceptions	-81
Effect from extension options	268
Effect on the lease liability as of 1 January 2019	**2,043**
Finance leases per 31 December 2018	147
Lease liability according to IFRS 16 as of 1 January 2019	**2,190**

The Group's average discount rate used for transition is 3.1 percent. The discount rate for the various agreements is in the range of 2.5 to 7.35 percent and is dependent on the currency, jurisdiction and the contract length.

Segment Reporting

The two 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 economic characteristics and resemble each other regarding the nature of their products and services, production processes and customer types. Sales between segments are made on market terms.

Until 31 December 2018 Elanders had three business areas, Supply Chain Solutions, Print & Packaging Solutions and e-Commerce Solutions. As of 1 January 2019, e-Commerce Solutions was integrated into Print & Packaging Solutions and the Swedish operations that was earlier included in Print & Packaging Solutions is now included in Supply Chain Solutions. In 2018, the Swedish operations had net sales of MSEK 398.

The comparison periods have been adjusted to reflect the current segments.

NET SALES PER SEGMENT

	Full year		Fourth quarter	
MSEK	**2019**	**2018**	**2019**	**2018**
Supply Chain Solutions	8,775	8,525	2,199	2,269
Print & Packaging Solutions	2,564	2,243	737	626
Group functions	38	46	9	12
Eliminations	–122	–73	–41	–16
Group net sales	**11,254**	**10,742**	**2,904**	**2,890**

OPERATING RESULT PER SEGMENT

	Full year		Fourth quarter	
MSEK	**2019**	**2018**	**2019**	**2018**
Supply Chain Solutions	219	346	–92	102
Print & Packaging Solutions	174	133	77	59
Group functions	–34	–21	–9	–8
Group operating result	**359**	**459**	**–25**	**153**

Disaggregation of Revenue

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

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

Intra-group invoicing regarding group functions is reported net in net sales to group companies.

For comparability between the quarters, adjustments have been made regarding historical figures for net sales per customer segment due to that some customers were moved between the customer segments.

FULL YEAR

	Supply Chain Solutions		Print & Packaging Solutions		Total	
MSEK	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Total net sales	8,775	8,525	2,564	2,243	11,339	10,768
Less: net sales to group companies	–26	–17	–59	–9	–85	–26
Net sales	**8,749**	**8,508**	**2,505**	**2,234**	**11,254**	**10,742**

	Supply Chain Solutions		Print & Packaging Solutions		Total	
MSEK	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Customer segments						
Automotive	2,081	2,115	396	333	2,477	2,449
Electronics	3,715	3,455	50	65	3,765	3,520
Fashion & Lifestyle	1,261	1,271	751	555	2,012	1,826
Health Care & Life Science	244	212	55	53	299	265
Industrial	995	1,010	682	652	1,677	1,662
Other	452	445	573	576	1,025	1,020
Net sales	**8,749**	**8,508**	**2,505**	**2,234**	**11,254**	**10,742**
Main revenue streams						
Sourcing and procurement services	2,679	2,391	–	20	2,679	2,411
Freight and transportation services	2,388	2,670	420	294	2,808	2,964
Other contract logistics services	3,401	2,778	361	333	3,762	3,111
Other work/services	280	668	1,725	1,587	2,005	2,256
Net sales	**8,749**	**8,508**	**2,505**	**2,234**	**11,254**	**10,742**
Geographic markets						
Europe	5,415	5,467	1,642	1,490	7,057	6,957
Asia	2,886	2,614	12	60	2,898	2,674
North and South America	439	374	845	648	1,283	1,022
Other	9	53	7	37	15	89
Net sales	**8,749**	**8,508**	**2,505**	**2,234**	**11,254**	**10,742**

Disaggregation of Revenue (cont.)

FOURTH QUARTER

	Supply Chain Solutions		Print & Packaging Solutions		Total	
MSEK	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Total net sales	2,199	2,269	737	626	2,936	2,894
Less: net sales to group companies	–12	–4	–20	–0	–32	–4
Net sales	**2,187**	**2,264**	**717**	**626**	**2,904**	**2,890**

	Supply Chain Solutions		Print & Packaging Solutions		Total	
MSEK	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Customer segments						
Automotive	439	527	99	74	538	602
Electronics	1,011	1,000	16	42	1,028	1,042
Fashion & Lifestyle	302	337	208	169	510	506
Health Care & Life Science	67	45	18	15	84	61
Industrial	244	261	188	135	433	396
Other	123	94	188	190	311	284
Net sales	**2,187**	**2,264**	**717**	**626**	**2,904**	**2,890**
Main revenue streams						
Sourcing and procurement services	726	647	–	20	726	667
Freight and transportation services	516	677	114	88	630	765
Other contract logistics services	871	809	79	81	950	890
Other work/services	75	131	524	437	599	568
Net sales	**2,187**	**2,264**	**717**	**626**	**2,904**	**2,890**
Geographic markets						
Europe	1,276	1,419	489	431	1,765	1,850
Asia	804	734	2	3	807	737
North and South America	105	101	224	183	329	284
Other	2	11	2	8	4	19
Net sales	**2,187**	**2,264**	**717**	**626**	**2,904**	**2,890**

NET SALES PER QUARTER

	2019				2018	
MSEK	**Fourth quarter**	**Third quarter**	**Second quarter**	**First quarter**	**Fourth quarter**	**Third quarter**
Customer segments						
Automotive	538	637	648	652	602	655
Electronics	1,028	922	857	958	1,042	967
Fashion & Lifestyle	510	521	512	469	506	488
Health Care & Life Science	84	77	65	73	61	68
Industrial	433	428	404	413	396	408
Other	311	240	234	241	284	231
Net sales	**2,904**	**2,825**	**2,719**	**2,806**	**2,890**	**2,817**

Financial Assets and Liabilities Measured at Fair Value

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

Derivative instruments in hedge accounting relationships recognized at fair value is presented under other current assets and non-interest bearing short-term liabilities. These items gross are below MSEK 1 both per 31 December 2019 and the comparison periods.

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

Acquisitions and Divestiture of Operations

No acquisitions or divestments of operations were made in 2019.

In October 2018 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.

In November 2018 Elanders' subsidiary LGI signed a contract with Adecco for the divestiture of 51 percent 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 DIVESTMENTS

MSEK	Book value in the Group
Tangible assets	–17
Inventory	–6
Accounts receivable	–33
Other current assets	–6
Cash and cash equivalents	–41
Accounts payable	15
Other non-interest bearing liabilities	–24
Total	**–64**
Cash and cash equivalents received	65
Effect on cash and cash equivalents for the group	**24**

Income Statements

	Full year		Fourth quarter	
MSEK	**2019**	**2018**	**2019**	**2018**
Net sales	38	41	9	10
Operating expenses	–74	–60	–19	–12
Operating result	**–35**	**–19**	**–9**	**–2**
Net financial items	211	18	155	–11
Result after financial items	**176**	**–1**	**145**	**–13**
Income tax	–5	–6	–4	–1
Result for the period	**171**	**–7**	**141**	**–14**

Statements of Comprehensive Income

	Full year		Fourth quarter	
MSEK	**2019**	**2018**	**2019**	**2018**
Result for the period	**171**	**–7**	**141**	**–14**
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	**171**	**–7**	**141**	**–14**

Balance Sheets

	31 Dec.	
MSEK	**2019**	**2018**
ASSETS		
Fixed assets	4,450	4,423
Current assets	198	508
Total assets	**4,648**	**4,930**
EQUITY, PROVISIONS AND LIABILITIES		
Equity	1,717	1,649
Provisions	8	3
Long-term liabilities	2,220	2,187
Short-term liabilities	702	1,092
Total equity, provisions and liabilities	**4,648**	**4,930**

Statements of Changes in Equity

	Full year		Fourth quarter	
MSEK	**2019**	**2018**	**2019**	**2018**
Opening balance	**1,649**	**1,747**	**1,576**	**1,662**
Dividend	–103	–92	–	–
Total comprehensive income for the period	171	–7	141	–14
Closing balance	**1,717**	**1,649**	**1,717**	**1,649**

Quarterly Data

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Net sales, MSEK	2,904	2,825	2,719	2,806	2,890	2,817	2,613	2,422	2,584
EBITDA, MSEK	215	387	349	334	217	206	168	134	151
EBITDA adjusted, MSEK	395	377	339	324	217	206	168	134	151
EBITA, MSEK	-11	169	132	123	169	154	116	83	103
EBITA adjusted, MSEK	169	159	122	113	169	154	116	83	103
EBITA-margin, %	-0.4	6.0	4.8	4.4	5.9	5.5	4.4	3.4	4.0
EBITA-margin adjusted, %	5.8	5.6	4.5	4.0	5.9	5.5	4.4	3.4	4.0
Operating result, MSEK	-25	156	118	110	153	138	100	68	86
Operating margin, %	-0.8	5.5	4.3	3.9	5.3	4.9	3.8	2.8	3.3
Result after financial items, MSEK	-59	118	84	73	132	114	74	46	68
Result after tax, MSEK	-44	88	59	50	108	75	42	34	45
Earnings per share, SEK [1]	-1.26	2.43	1.62	1.40	3.01	2.07	1.15	0.95	1.24
Earnings per share adjusted, SEK [1]	2.29	2.23	1.42	1.20	3.01	2.07	1.15	0.95	1.24
Operating cash flow, MSEK	374	439	251	390	393	52	127	-34	5
Cash flow per share, SEK [2]	9.51	11.70	6.54	10.05	10.27	0.94	2.85	-1.17	2.14
Depreciation and write-downs, MSEK	240	232	231	224	64	68	68	67	65
Net investments, MSEK	32	27	53	28	17	41	41	38	104
Goodwill, MSEK	2,480	2,539	2,497	2,476	2,439	2,440	2,466	2,429	2,337
Total assets, MSEK	9,205	9,931	9,823	9,749	7,737	7,896	7,850	7,684	7,409
Equity, MSEK	2,777	2,931	2,776	2,818	2,707	2,596	2,554	2,559	2,453
Equity per share, SEK	78.54	82.52	78.20	79.38	76.28	73.16	72.02	72.17	69.21
Net debt at the end of the period, MSEK	3,961	4,272	4,587	4,358	2,539	2,890	2,915	2,834	2,665
Capital employed, MSEK	6,738	7,203	7,363	7,176	5,246	5,486	5,469	5,392	5,118
Return on total assets, % [3]	neg.	7.3	5.3	5.3	8.0	7.0	6.3	5.1	4.8
Return on equity, % [3]	neg.	12.1	8.2	7.2	16.1	11.4	6.4	5.4	7.3
Return on capital employed, % [3]	neg.	8.5	6.5	6.1	11.4	10.1	7.3	5.2	6.8
Debt/equity ratio	1.4	1.5	1.7	1.6	0.9	1.1	1.1	1.1	1.1
Equity ratio, %	30.2	29.5	28.3	28.9	35.0	32.9	32.5	33.3	33.1
Interest coverage ratio [4]	2.7	4.3	4.6	4.9	5.3	4.7	3.7	3.8	4.1
Number of employees at the end of the period	6,664	6,704	6,764	6,788	6,652	7,246	7,170	7,085	6,997

[1] There is no dilution.
[2] Cash flow per share refers to cash flow from operating activities.
[3] Return ratios have been annualized (the result has been recalculated to correspond to the result for a 12 month period).
[4] Interest coverage ratio calculation is based on a moving 12 month period.

Five Year Overview – Full Year

	2019	2018	2017	2016	2015
Net sales, MSEK	11,254	10,742	9,342	6,285	4,236
EBITDA, MSEK	1,285	725	563	516	428
EBITDA adjusted, MSEK	1,435	725	563	516	428
EBITA, MSEK	413	523	371	384	313
EBITA adjusted, MSEK	563	523	371	384	313
Result after financial items, MSEK	216	366	230	300	259
Result after tax, MSEK	153	259	165	217	175
Earnings per share, SEK [1) 2)]	4.19	7.18	4.65	7.35	6.18
Cash flow from operating activities per share, SEK [2)]	37.81	12.88	-1.81	11.19	9.52
Equity per share, SEK [2)]	78.54	76.28	69.21	68.19	52.72
Dividends per share, SEK [2)]	2.90 [3)]	2.90	2.60	2.60	2.07
EBITA-margin, %	3.7	4.9	4.0	6.1	7.4
EBITA-margin adjusted, %	5.0	4.9	4.0	6.1	7.4
Return on total assets, %	4.2	6.6	4.3	6.7	8.2
Return on equity, %	5.3	9.8	6.8	12.4	12.1
Return on capital employed, %	5.0	8.5	6.2	10.0	12.6
Net debt/EBITDA ratio	3.1	3.5	4.7	4.3	1.7
Net debt/EBITDA adjusted ratio, times	2.8	3.5	4.7	4.3	1.7
Debt/equity ratio	1.4	0.9	1.1	0.9	0.5
Equity ratio, %	30.2	35.0	33.1	35.6	42.0
Average number of shares, in thousands [2)]	35,358	35,358	35,358	29,555	28,224

1) There is no dilution.
2) Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issues in 2014 and 2016.
3) Proposed by the board.

Five Year Overview – Fourth Quarter

	2019	2018	2017	2016	2015
Net sales, MSEK	2,904	2,890	2,584	2,330	1,124
EBITA, MSEK	-11	169	103	139	116
EBITA adjusted, MSEK	169	169	103	139	116
Result after tax, MSEK	-44	108	45	79	73
Earnings per share, SEK [1) 2)]	-1.26	3.01	1.24	2.37	2.60
Cash flow from operating activities per share, SEK [2)]	9.51	10.27	2.14	2.83	8.32
Equity per share, SEK [2)]	78.54	76.28	69.21	71.87	52.72
Return on equity, % [3)]	neg.	16.1	7.3	15.8	20.0
Return on capital employed, % [3)]	neg.	11.4	6.8	10.7	19.2
EBITA-margin, %	-0.4	5.9	4.0	6.0	10.3
EBITA-margin adjusted, %	5.8	5.9	4.0	6.0	10.3
Operating margin, %	-0.8	5.3	3.3	5.3	9.9
Average number of shares, in thousands [2)]	35,358	35,358	35,358	33,549	28,224

1) There is no dilution.
2) Historic number of shares and historic key ratios have been adjusted for the bonus issue element in the new share issue in 2016.
3) Return ratios have been annualized (the result has been recalculated to correspond to the result for a 12 month period).

Reconciliation Alternative Performance Measures – Financial Overview

	Full year			Fourth quarter		
MSEK	2019	2019 excl. IFRS 16 [1)]	2018	2019	2019 excl. IFRS 16 [1)]	2018
Operating result	359	323	459	–25	–34	153
Depreciation, amortization and write-downs	927	250	266	240	62	64
Adjustments for one-off items	150	150	–	180	180	-
EBITDA adjusted	**1,435**	**723**	**725**	**395**	**208**	**217**
Operating result	359	323	459	–25	–34	153
Amortization of assets identified in conjunction with acquisitions	54	54	64	14	14	16
EBITA	**413**	**378**	**523**	**–11**	**–20**	**169**
Adjustments for one-off items	150	150	–	180	180	-
EBITA adjusted	**563**	**527**	**523**	**169**	**160**	**169**
EBITA-margin, %	3.7	3.4	4.9	–0.4	–0.7	5.9
EBITA-margin adjusted, %	5.0	4.7	4.9	5.8	5.5	5.9
Cash flow from operating activities	1,337	693	455	336	167	363
Net financial items	143	78	93	35	19	21
Paid tax	114	114	127	35	35	26
Net investments	–140	–140	–137	–32	–32	–17
Operating cash flow	**1,454**	**746**	**538**	**374**	**190**	**393**
Interest-bearing long-term liabilities	3,579	2,375	2,442	3,579	2,375	2,442
Interest-bearing short-term liabilities	1,037	423	819	1,037	423	819
Cash and cash equivalents	–655	–655	–722	–655	–655	–722
Net debt at the end of the period	**3,961**	**2,142**	**2,539**	**3,961**	**2,142**	**2,539**
Net debt/EBITDA adjusted, ratio	2.8	3.0	3.5	2.5	2.6	2.9

Reconciliation Alternative Performance Measures – Quarterly Data

MSEK	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Operating result	–25	156	118	110	153	138	100	68	86
Depreciation, amortization and write-downs	240	232	231	224	64	68	68	67	65
EBITDA	**215**	**387**	**349**	**334**	**217**	**206**	**168**	**134**	**151**
Operating result	–25	156	118	110	153	138	100	68	86
Amortization of assets identified in conjunction with acquisitions	14	14	14	13	16	16	16	16	17
EBITA	**–11**	**169**	**132**	**123**	**169**	**154**	**116**	**83**	**103**
Cash flow from operating activities	336	414	231	355	363	33	101	–41	76
Net financial items	35	37	34	37	21	24	26	22	19
Paid tax	35	15	39	26	26	36	42	23	14
Net investments	–32	–27	–53	–28	–17	–41	–41	–38	–104
Operating cash flow	**374**	**439**	**251**	**390**	**393**	**52**	**127**	**–34**	**5**
Average total assets	9,568	9,877	9,786	9,764	7,817	7,873	7,767	7,547	7,247
Average cash and cash equivalents	–772	–805	–726	–726	–616	–552	–574	–616	–620
Average non-interest-bearing liabilities	–1,826	–1,789	–1,790	–1,805	–1,835	–1,844	–1,763	–1,676	–1,587
Average capital employed	**6,970**	**7,283**	**7,270**	**7,233**	**5,366**	**5,477**	**5,430**	**5,255**	**5,040**
Annualized operating result	–98	623	472	438	614	552	399	271	344
Return on capital employed, %	**neg.**	**8.5**	**6.5**	**6.1**	**11.4**	**10.1**	**7.3**	**5.2**	**6.8**
Interest-bearing long-term liabilities	3,579	3,845	3,931	3,833	2,442	186	2,575	2,559	2,504
Interest-bearing short-term liabilities	1,037	1,315	1,377	1,256	819	3,213	935	826	840
Cash and cash equivalents	–655	–888	–721	–731	–722	–509	–596	–552	–679
Net debt at the end of the period	**3,961**	**4,272**	**4,587**	**4,358**	**2,539**	**2,890**	**2,915**	**2,834**	**2,665**

Reconciliation Alternative Performance Measures – Full Year

MSEK	2019	2018	2017	2016	2015
Operating result	359	459	308	344	292
Depreciation, amortization and write-downs	927	266	255	172	136
EBITDA	**1,285**	**725**	**563**	**516**	**428**
Operating result	359	459	308	344	292
Amortization of assets identified in conjunction with acquisitions	54	64	63	40	21
EBITA	**413**	**523**	**371**	**384**	**313**
Average total assets	9,677	7,792	7,154	5,132	3,559
Average cash and cash equivalents	-749	-595	-639	-573	-418
Average non-interest-bearing liabilities	-1,808	-1,799	-1,532	-1,131	-816
Average capital employed	**7,120**	**5,398**	**4,983**	**3,428**	**2,325**
Operating result	359	459	308	344	292
Return on capital employed, %	**5.0**	**8.5**	**6.2**	**10.0**	**12.6**

Reconciliation Alternative Performance Measures – Fourth Quarter

MSEK	2019	2018	2017	2016	2015
Operating result	-25	153	86	123	111
Amortization of assets identified in conjunction with acquisitions	14	16	17	16	5
EBITA	**-11**	**169**	**103**	**139**	**116**
Average total assets	9,568	7,817	7,247	6,748	3,543
Average cash and cash equivalents	-772	-616	-620	-639	-451
Average non-interest-bearing liabilities	-1,826	-1,835	-1,587	-1,527	-782
Average capital employed	**6,970**	**5,366**	**5,040**	**4,581**	**2,311**
Annualized operating result	-98	614	344	490	444
Return on capital employed. %	**neg.**	**11.4**	**6.8**	**10.7**	**19.2**

Financial Definitions

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

Average number of shares
Weighted average number of shares outstanding during the period.

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

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

Earnings per share
Result for the period attributable to parent company shareholders 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.

EBITA adjusted
Earnings before interest, taxes and amortization; operating result plus amortization of assets identified in conjunction with acquisitions adjusted for one-off items.

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

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

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

Interest coverage ratio
Operating result plus interest income divided by interest costs.

Net debt
Interest bearing liabilities less liquid funds.

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

Operating margin
Operating result in relation to net sales.

Return on capital employed (ROCE)
Operating result in relation to average capital employed.

Return on equity
Result for the year in relation to average equity.

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

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