



QUARTERLY REPORT JANUARY – MARCH 2015

EXCELLENT PERFORMANCE IN THE FIRST QUARTER OF 2015

Quarter 1

- Net sales amounted to 99.4 MEUR (101.3).
- Operating profit excluding non-recurring items was 7.4 MEUR (5.7) with an operating margin of 7.5 % (5.6).
- Operating profit was 7.0 MEUR (5.0) and the operating margin was 7.0 % (4.9).
- Net profit was 5.2 MEUR (1.9).
- Earnings per share were 0.56 (0.19).
- Cash flow from operations was 8.0 MEUR (3.2).

CEO comments

AR Packaging continues to deliver improved result after a strong financial performance in 2014. The EBITDA margin for the first quarter increased to 11.3 % compared to 9.5 % in the same quarter of 2014. Overall we see an excellent financial performance for the first quarter of 2015.

Total net sales for the Group decreased by approximately 2 % to 99.4 MEUR (101.3). The lower revenues were mainly related to currency exchange influences and excluding this impact the sales development was flat compared to the same quarter previous year.

The result for this quarter was achieved despite of a challenging market environment. The Russian market is currently more stable than the past 6 months. We have also gained some new projects for our machinery business within Performance Packaging, which are expected to contribute positively both volume and profit wise for the coming years.

The acquisition from MeadWestvaco Corporation (MWV), which is expected to be completed during the second quarter 2015, will strengthen our company and market presence for the benefit of our customers. We will have a very high focus to integrate the acquired business as fast and smoothly as possible for the stakeholders involved, and see this as a necessity for the continuous success of AR Packaging.

Harald Schulz, CEO



Key figures, Group

TEUR	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014	12 months Apr - Mar 14/15	Full Year 2014
Net sales	99 449	101 335	402 444	404 330
EBITDA	11 252	9 596	44 143	42 495
EBITDA margin %	11,3%	9,5%	11,0%	10,5%
Operating profit (EBIT I)	7 440	5 680	29 140	27 388
Operating margin %	7,5%	5,6%	7,2%	6,8%
Net profit	5 224	1 915	18 905	15 596
Earnings per share, EUR	0,52	0,19	1,89	1,56
Equity ratio %	26,3%	28,4%	26,3%	28,4%
Return on Equity in %			22,1%	19,6%
Return on capital employed in %			11,9%	13,4%
Net debt	81 010	103 628	81 010	87 131
Net debt/EBITDA	1,8	2,5	1,8	2,1
Gearing ratio %	95%	147%	95%	110%

* Non recurring items excluded

For financial definitions see page 10.

Sales

Net sales amounted to 99.4 MEUR (101.3) for the first quarter of 2015, which is a decline of 1.9 % compared to the same period previous year. BA Sweden shows a good development with an increased sales of 5.8 % compared to the same period previous year. In Russia we had a decline of around 10% against last year for the same period mainly related to weaker demand and currency effects. For BA France we are suffering from some lost business during 2014.

Operating profit

The operating profit for the period January-March was 7.0 MEUR (5.0). Adjusted for non-recurring items the operating profit was 7.4 MEUR (5.7) with an operating margin of 7.5 % (5.6). EBITDA YTD March was 11.3 MEUR (9.5) and the EBITDA margin was 11.3 % (9.5).

Cash flow

The Group's operating cash flow for the first quarter 2015 was positive with 8.0 MEUR (3.2). Cash used for capital expenditures for the period was net 2.2 MEUR (1.8).

Financial net

The financial net for the period January-March was -1.3 MEUR (-2.1). Translation effects have been positive in the period with 0.4 MEUR compared to - 0.1 MEUR for the same period last year.

Taxes

The total reported tax expense for the period January-March was 0.5 MEUR (1.0). The impact from changes in deferred taxes in the period is minor.



Earnings per share

Earnings per share for the first quarter increased to 0.52 EUR from 0.19 EUR for the same period last year.

Shareholders

As per March 31, 2015 the shareholding in ÅR Packaging Group AB is divided as follows;

Ahlström Capital	64 %
Accent Equity	34 %
Management	2 %

The total number of issued shares is 10 000 100 and the quota value is 0.50 EUR per share.

Personnel

The total number of employees within AR Packaging was 1 586 as per March 31, 2015 (1 594 as per December 31, 2014).

Financial risk management

The management of financial risks is in all essential aspects the same as 2014 and which are described in the consolidated financial statements for 2014.

Transactions with related parties

No transactions with related parties have taken place during the first quarter of 2015.

Major events during the quarter

AR Packaging has in January 2015 announced the acquisition of the European tobacco and general packaging operations of MeadWestvaco Corporation. The operations included in the agreement are three plants in Graz, Austria; Krakow, Poland; and Moscow, Russia and some additional carton business and related machinery in Svitavy, Czech Republic. Total turnover of the acquired operations is 146 MEUR and number of employees is around 700. AR Packaging estimates that the acquired business generated approximately 18 MEUR in EBITDA for the whole year 2014 (including contribution margin from the additional business). More than 10 MEUR of restructuring costs is expected over the next two years, potentially resulting in annualized synergy effects of up to 4 MEUR. The acquired business sales and EBITDA have been decreasing over the past few years but is expected to stabilize and increase. The value of the transaction is approximately 70 MEUR. The acquisition is expected to be completed during the second quarter in 2015.

Significant events after the reporting period

No major events have occurred after the reporting period.

Parent company

The parent company, ÅR Packaging Group AB, is a holding company which provides some administrative services like general management and financing of the Group. The net result for the period January – March 2015 was -1.2 MEUR (- 0.8).

Accounting principles

The year-end report for the Group is prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. The parent company's reporting is prepared in accordance with RFR 2 Reporting for legal entities and the Swedish Annual Reports Act. The accounting principles have been applied in the same way as in the consolidated financial statements for 2014 in accordance with IFRS. New standards and interpretations effective from January 1st, 2014 have had no impact on the financial reporting.



Dates for publication of financial information

Quarter 2, 2015	11 August 2015 (08.00)
Quarter 3, 2015	23 October 2015 (08.00)
Quarter 4, 2015	18 February 2016 (08.00)
Annual report	April 2016

Information in the report

The information is such that ÅR Packaging Group AB is to publish in accordance with the Swedish Securities Market Act and or the Financial Instruments Trading Act. The information was submitted for publication on 29 April 2015 at 08.00 AM CET.

This report has not been subject to review by the Company's auditors.

Report from the Board of directors and the CEO

The Board of directors and the CEO certify that this interim report provides a true and fair view of the parent company and the Group's financial position and results and describes the major risks and uncertainties facing the parent company and the Group.

Lund, April 28 2015

The Board of Directors of ÅR Packaging Group AB

Additional information is provided by:

Harald Schulz, President and CEO, +49 172 671 88 95

Niclas Nyström, CFO, +46 701 44 56 64

For further information, see our website: www.ar-packaging.com

ÅR Packaging Group AB (publ)

Box 177

221 00 Lund, Sweden

Telephone: +46 46 287 33 00

Registration no: 556702-3006



Condensed consolidated income statement

TEUR	Note	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Net sales	1	99 449	101 335
Cost of goods sold		-83 261	-86 916
Gross margin		16 188	14 419
Selling expenses		-2 952	-2 773
Administrative expenses		-5 387	-5 528
Research and development expenses		-364	-357
Other operating income/expenses		-472	-758
Operating profit (EBIT)¹	1	7 013	5 003
Financial net		-1 253	-2 098
Profit before tax		5 760	2 905
Income tax expense		-536	-990
Net profit for the period		5 224	1 915
Attributable to:			
Shareholders of the parent company		5 227	1 902
Non-controlling interests		-3	13
		5 224	1 915
1 Of which non-recurring items		-419	-677
Earnings per share			
Net profit for the period attributable to shareholders of the parent company:			
Before and after dilution. EUR		0,52	0,19

Condensed Consolidated statement of other comprehensive income

TEUR	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Net profit for the period	5 224	1 915
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1 014	-4
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Re-measurement gains (losses) on defined benefit plans, net of tax	0	0
Other comprehensive income for the period, net of tax	1 014	-4
Total comprehensive income for the year, net of tax	6 238	1 911
Attributable to:		
Shareholders of the parent company	6 219	1 894
Non-controlling interests	19	17
	6 238	1 911



Condensed consolidated balance sheet

TEUR	31 March 2015	31 March 2014	31 December 2014
ASSETS			
Goodwill	37 772	38 356	37 390
Other intangible assets	3 162	3 397	3 033
Property, plant and equipment	75 408	80 630	76 346
Other non-current assets	15 625	10 906	15 556
Total non-current assets	131 967	133 289	132 325
Inventories	46 336	47 310	46 009
Trade receivables	58 748	59 436	51 178
Other current assets	10 591	10 556	12 203
Cash and cash equivalents	78 482	26 462	37 899
Total current assets	194 157	143 764	147 289
TOTAL ASSETS	326 124	277 053	279 614
EQUITY	85 650	70 436	79 412
LIABILITIES			
Interest-bearing loans and borrowings	120 535	95 120	86 875
Deferred tax liabilities	3 057	2 609	3 009
Provisions for defined benefit pensions	30 550	26 210	30 630
Total non-current liabilities	154 142	123 939	120 514
Interest-bearing loans and borrowings	8 611	9 146	7 525
Trade payables	41 600	45 094	38 311
Other liabilities	36 121	28 438	33 852
Total current liabilities	86 332	82 678	79 688
TOTAL LIABILITIES	240 474	206 617	200 202
TOTAL EQUITY AND LIABILITIES	326 124	277 053	279 614



Consolidated statement of changes in equity

TEUR	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
1 January 2014	4 999	51 672	-1 720	13 273	68 224	301	68 525
Profit for the period				1 902	1 902	13	1 915
Other comprehensive income			-8	0	-8	4	-4
31 March 2014	4 999	51 672	-1 728	15 175	70 118	318	70 436
Profit for the period				13 621	13 621	60	13 681
Other comprehensive income			-1 102	-3 564	-4 666	-39	-4 705
31 December 2014	4 999	51 672	-2 830	25 232	79 073	339	79 412
Profit for the period				5 227	5 227	-3	5 224
Other comprehensive income			992	0	992	22	1 014
31 March 2015	4 999	51 672	-1 838	30 459	85 292	358	85 650

Condensed consolidated cash flow statement

TEUR	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014
Continuing operations:		
Profit before tax from continuing operations	5 760	2 905
Profit before tax	5 760	2 905
Non-cash items	3 369	3 876
Working capital changes	-446	-3 349
Income tax paid	-639	-253
Net cash flows from operating activities	8 044	3 179
Net cash flows from investing activities	-2 246	-1 793
Net cash flows from financing activities	34 492	-1 736
Net cash flow for the period	40 290	-350
Cash and cash equivalents at beginning of period	37 899	26 854
Net foreign exchange differences	293	-42
Cash and cash equivalents at end of period	78 482	26 462



Condensed Parent Company income statement

TEUR	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2014	1 Jan - 31 Dec 2014
Administrative expenses	-700	-339	-1 078
Operating profit (EBIT)	-700	-339	-1 078
Financial income	862	898	3 749
Financial expenses	-1 401	-1 320	-5 248
Result before taxes	-1 239	-761	-2 577
Income tax revenue	0	0	1 300
Net result for the period	-1 239	-761	-1 277
Attributable to:			
Shareholders of the parent company	-1 239	-761	-1 277

There is no other comprehensive income to report for the Parent Company.

Condensed Parent Company balance sheet

TEUR	31 March 2015	31 March 2014	31 December 2014
ASSETS			
Non-current financial assets	110 562	129 071	130 534
Total non-current assets	110 562	129 071	130 534
Trade receivables	0	413	1 280
Other receivables	0	292	31
Cash and cash equivalents	56 981	4 009	1 874
Total current assets	56 981	4 714	3 185
TOTAL ASSETS	167 543	133 785	133 719
EQUITY	52 114	53 869	53 353
LIABILITIES			
Interest-bearing loans and borrowings	114 052	78 798	79 092
Total non-current liabilities	114 052	78 798	79 092
Other liabilities	1 377	1 118	1 274
Total current liabilities	1 377	1 118	1 274
TOTAL LIABILITIES	115 429	79 916	80 366
TOTAL EQUITY AND LIABILITIES	167 543	133 785	133 719



NOTES

Note 1 Operating segment reporting

Operating segments

January - March 2015	BA Sweden	BA Germany	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	38 216	25 726	16 599	11 154	7 693	61	99 449
Inter-segment	2 704	675	0	0	2 648	-6 027	0
Total net sales	40 920	26 401	16 599	11 154	10 341	-5 966	99 449
Net operating expenses	-36 946	-24 501	-15 855	-10 912	-9 482	5 687	-92 009
whereof depreciation and amortisation	-1 021	-999	-912	-525	-233	-122	-3 812
Operating profit (EBIT I)*	3 974	1 900	744	242	859	-279	7 440
Non-recurring items	182	-20	-4	0	0	-585	-427
Operating profit (EBIT)	4 156	1 880	740	242	859	-864	7 013

Operating segments

January - March 2014	BA Sweden	BA Germany	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	35 822	25 499	18 522	13 629	7 813	50	101 335
Inter-segment	2 848	482	0	28	2 972	-6 330	0
Total net sales	38 670	25 981	18 522	13 657	10 785	-6 280	101 335
Net operating expenses	-36 446	-24 022	-18 343	-13 145	-9 866	6 167	-95 655
whereof depreciation and amortisation	-1 076	-996	-951	-510	-245	-138	-3 916
Operating profit (EBIT I)*	2 224	1 959	179	512	919	-113	5 680
Non-recurring items	-247	-6	0	-35	-16	-373	-677
Operating profit (EBIT)	1 977	1 953	179	477	903	-486	5 003

* Non-recurring items excluded

Note 2 Fair values of financial assets and liabilities

In all material aspects fair value coincides with the carrying amount in the balance sheet for financial assets and liabilities except from the bond loan which has a carrying amount of 79.1 MEUR and a fair value of 79.9 MEUR. The assessment of the fair value of financial assets has been carried out in accordance with level 2, with exception of cash and equivalents, which are valued in accordance with level 1. For additional information, see Note 36 in the consolidated financial statements for 2014. No material changes have taken place in relation to the valuation as per December 31.



FINANCIAL DEFINITIONS

Capital employed

Total assets less non-interest bearing liabilities.

Earnings per share

Net earnings, excluding non-controlling interests, divided by average number of shares.

EBITDA

Operating profit excluding non-recurring items and amortisation and depreciation of fixed assets.

Equity ratio

Shareholders' equity including non-controlling interests as a percentage of total assets.

Gearing ratio

Net debt as a percentage of total equity.

Net debt

Total interest bearing liabilities (including pension liability) less cash and cash equivalents.

Operating profit (EBIT 1)

Operating profit excluding non-recurring items.

Operating margin

Operating profit (EBIT 1) as a percentage of net sales for the year.

Return on capital employed

Twelve months to end of period profit after financial items, excluding non-recurring items, plus financial expenses as a percentage of twelve months to end of period average capital employed.

Return on equity

Twelve months to end of period net profit excluding non-controlling interests as a percentage of twelve months to end of period average shareholders' equity excluding non-controlling interests.