



INTERIM REPORT JANUARY–MARCH 2016

A STRONG START OF THE YEAR

Quarter 1

- Net sales increased to 147.0 MEUR (99.4).
- Operating profit excluding non-recurring items increased to 14.6 MEUR (7.4) with an operating margin of 9.9% (7.5%).
- Operating profit was 13.5 MEUR (7.0) and the operating margin was 9.2% (7.1%).
- Net profit after tax was 8.9 MEUR (5.2).
- Earnings per share were 0.89 EUR (0.52).
- Cash flow from operations was 6.9 MEUR (8.0).

CEO comments

AR Packaging continued its solid performance in the first quarter of 2016. Net sales grew by 48% and operating profit excluding non-recurring items increased to 14.6 MEUR with an operating margin of 9.9%. This is the highest level in a first quarter in the Group's history. The performance is a result of our strengthened market position as well as our continued focus on improving efficiency throughout our operations. The EBITDA margin increased to 13.1% (11.3%) before non-recurring items. The Group also delivered a stable cash flow following healthy improvement in profitability.

The increase in net sales and operating profit is mainly linked to our acquisition of the European operations of MeadWestvaco Corporation (MWV) as from 1 May, 2015. The acquired business continues to complement the Group in an excellent manner. Furthermore we had a very good development in the Branded Products division both in Europe and Russia. On a rolling 12 months basis we now have a sales level of around 560 MEUR.

The new EU directive regarding the tobacco market will come into effect in May, 2016 and we expect sales to the European tobacco market to be affected. For AR Packaging this may have some negative impact on margins but can also create new business.

The demand for complex high-quality packaging solutions is increasing in line with stricter regulations, increased focus on sustainability and a competitive consumer market for our customers. Our strategy to expand in high value-add segments where the Group has a competitive edge and to develop new and innovative packaging solutions in partnership with our customers, is therefore well in line with market demand.

In general we have a positive view for the rest of 2016. However, sales for the coming quarters are expected to be softer compared to the very good outcome of this first quarter.

Harald Schulz, CEO



Key figures, Group

TEUR	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2015	12 months April - Mar 15/16	Full Year 2015
Net sales	147 008	99 449	561 076	513 517
Adjusted EBITDA *	19 206	11 244	70 471	62 509
Adjusted EBITDA margin %	13.1%	11.3%	12.6%	12.2%
Adjusted operating profit (EBIT) *	14 607	7 432	51 915	44 740
Adjusted operating margin %	9.9%	7.5%	9.3%	8.7%
Operating profit (EBIT)	13 455	7 013	43 049	36 607
Operating margin %	9.2%	7.1%	7.7%	7.1%
Net profit	8 852	5 224	23 612	19 984
Earnings per share, EUR	0.89	0.52	2.36	2.00
Equity ratio %	28.3%	26.3%	28.3%	27.5%
Return on Equity %			24.1%	22.1%
Return on capital employed %			19.3%	18.9%
Net debt	105 741	81 010	105 741	106 261
Net debt/EBITDA	1.5	1.8	1.5	1.7
Gearing ratio %	96.6%	94.6%	96.6%	104.9%

For financial definitions see page 13.

Major events

AR Packaging has an ongoing discussion with a financial advisor to evaluate strategic alternatives, with a focus on a potential public listing on Nasdaq Stockholm. No decision has yet been made and the Group will inform the market if and when any such decisions are made.

AR Packaging and PT Maju Jaya Sarana Grafika (Jakarta, Indonesia), have signed a strategic partnership agreement. The objective of this agreement is to establish a cooperation in the manufacturing, procurement, sales and marketing in Indonesia of packaging made out of cardboard or other materials in combination with cardboard.

The Company is currently in the final stage of negotiations with a syndicate of banks for refinancing its long term debt, which is expected to be in place before end of quarter 2, 2016.

An annual shareholder's meeting (AGM) was held on March 16, 2016. The AGM decided to transfer the net profit of 2015 to the retained earnings. Information on other decisions taken can be found on the Group's website www.ar-packaging.com.

Sales

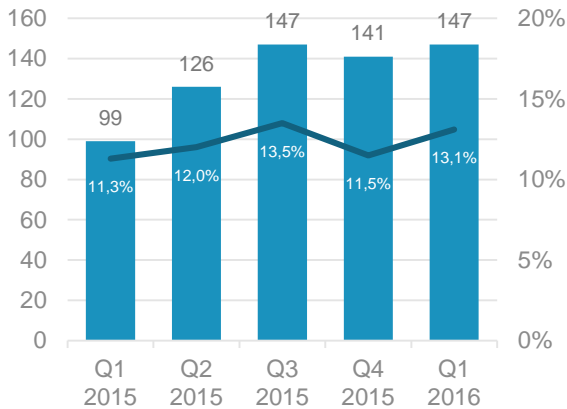
Net sales amounted to 147.0 MEUR (99.4) for the first quarter of 2016, an increase of 48% compared to the corresponding period of last year. The major part of the sales increase is related to the acquired business from MeadWestvaco (44.5 MEUR) which is reported under the Branded Products division. We are also showing an underlying growth of 3.1% in the business excluding the impact from the acquisition. For our three divisions we have the following development in external net sales: Net sales for division Branded Products more than doubled to 84.8 MEUR (37.2). The development for Barrier Packaging was positive with a sales increase with 4.3% from 38.2 MEUR to 39.9 MEUR. In the Food Packaging division sales decreased with 7.0% from 24.0 MEUR to 22.3 MEUR.



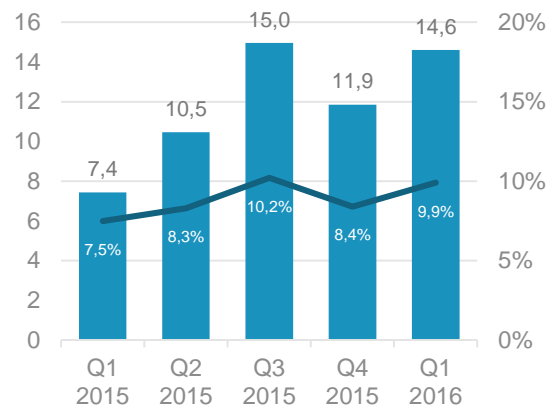
Operating profit

The operating profit for the period January-March was 13.5 MEUR (7.0). Non-recurring items of -1.2 MEUR (-0.4) are mainly costs related to preparations for a potential public listing of the Company. Adjusted for non-recurring items the operating profit was 14.6 MEUR (7.4) with an operating margin of 9.9% (7.5%). EBITDA for the period January-March was 19.2 MEUR (11.2) and the EBITDA margin increased to 13.1% compared to 11.3% for the same period last year.

QUARTERLY SALES (MEUR) AND EBITDA (%) *



OPERATING PROFIT (MEUR) AND OPERATING MARGIN (%) *



*Adjusted for non-recurring items.

Cash flow

The Group's net cash flow from operating activities for the first quarter 2016 was positive with 6.9 MEUR (8.0). Working capital has increased by 6.6 MEUR in the first quarter mainly due to increased trade receivables. Cash used for capital expenditures for the period January-March was 6.4 MEUR (2.2). A new printing line for flexibles was installed end of the first quarter with a total investment amount of 3.5 MEUR.

Financial net

The financial net for the period January-March was -2.3 MEUR (-1.3). Translation effects had no impact in the period, compared to a positive impact of 0.4 MEUR for the same period last year.

Taxes

The total reported tax expense for the period January-March was -2.3 MEUR (-0.5).

Earnings per share

Earnings per share for the first quarter 2016 was 0.89 EUR (0.52) before and after dilution.

Shareholders

As per March 31, 2016 the shareholding in ÅR Packaging Group AB is divided as follows;

Ahlström Capital	65%
Accent Equity	35%

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 2 228 as per March 31, 2016 compared to 1 570 as per March 31, 2015 and 2 231 as per December 31, 2015.



Risk management

There were no material adverse changes related to the risk profile of the Group in the quarter for the operational, legal and financial risks. For more info see the risk part described in the annual report 2015.

Transactions with related parties

No transactions with related parties have taken place during the quarter except from ordinary group internal transactions.

Parent company

The parent company, ÅR Packaging Group AB, is a holding company which provides some administrative services such as general management and financing of the Group. The net result for the first quarter was -2.0 MEUR (-1.2).

Dates for publication of financial information

Quarter 2, 2016	11 August 2016 (08.00)
Quarter 3, 2016	20 October 2016 (08.00)
Quarter 4, 2016	16 February 2017 (08.00)
Annual report	April 2017

Information in the report

ÅR Packaging Group AB is to publish this information in accordance with the Swedish Securities Market Act. The information was submitted for publication on April 26, 2016 at 16.00 CET.

This report has been reviewed 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, 26 April 2016

Hans Petersson
Chairman of the board

Sebastian Burmeister
Member of the board

Jan Ohlsson
Member of the board

Harri-Pekka Kaukonen
Member of the board

Hannu Kottonen
Member of the board

Tero Telaranta
Member of the board

Marcus Jennekvist
Member of the board

Walter Ahlström
Member of the board

Harald Schulz
CEO and member of the board

Ewa Malmqvist
Union representative

Eddie Erman
Union representative



ÅR PACKAGING

Additional information is provided by:

Harald Schulz, President and CEO, +49 6192 406 100

Niclas Nyström, CFO, +46 40 661 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



Review report

To the Board of Directors of ÅR Packaging Group AB (publ)
Corp. id. 556702-3006

Introduction

We have reviewed the summary interim financial information (interim report) of ÅR Packaging Group AB (publ) as of 31st of March 2016 and the three month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Malmö 26 April 2016

KPMG AB

KPMG AB

Eva Melzig Henriksson
Authorized Public Accountant
Auditor in charge

Elisabeth Lundström
Authorized Public Accountant



Condensed consolidated income statement

TEUR	Note	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2015
Net sales	2	147 008	99 449
Cost of goods sold		-119 104	-83 261
Gross margin		27 904	16 188
Selling expenses		-4 013	-2 952
Administrative expenses		-9 089	-5 387
Research and development cost		-234	-364
Other operating income/expenses		-1 113	-472
Operating profit (EBIT) *	2	13 455	7 013
Financial net		-2 328	-1 253
Profit before tax		11 127	5 760
Income tax expense		-2 275	-536
Net profit for the period		8 852	5 224
Attributable to:			
Shareholders of the parent company		8 861	5 227
Non-controlling interests		-9	-3
		8 852	5 224
Earnings per share			
Before and after dilution EUR		0,89	0,52

*Of which non-recurring items: -1 152 KEUR (-419).

Condensed Consolidated statement of other comprehensive income

TEUR	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2015
Net profit for the period	8 852	5 224
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	-651	1 014
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Re-measurement gains (losses) on defined benefit plans	0	0
Income tax effect	0	0
Other comprehensive income for the period, net of tax	-651	1 014
Total comprehensive income for the year, net of tax	8 201	6 238
Attributable to:		
Shareholders of the parent company	8 234	6 219
Non-controlling interests	-33	19
	8 201	6 238



Condensed consolidated balance sheet

TEUR	31 March 2016	31 March 2015	31 December 2015
ASSETS			
Non-current assets:			
Goodwill	37 808	37 772	38 009
Other intangible assets	5 560	3 162	5 437
Property, plant and equipment	105 687	75 408	104 294
Other non-current assets	17 778	15 625	17 071
Total non-current assets	166 833	131 967	164 811
Current assets:			
Inventories	63 006	46 336	65 545
Trade receivables	76 814	58 748	59 904
Other current assets	16 153	10 591	15 300
Cash and cash equivalents	64 082	78 482	63 131
Total current assets	220 055	194 157	203 880
TOTAL ASSETS	386 888	326 124	368 691
EQUITY	109 509	85 650	101 308
LIABILITIES			
Non-current liabilities:			
Interest-bearing loans and borrowings	133 660	120 535	133 003
Deferred tax liabilities	3 046	3 057	2 999
Provisions for defined benefit pensions	35 075	30 550	35 127
Total non-current liabilities	171 781	154 142	171 129
Current liabilities:			
Interest-bearing loans and borrowings	1 088	8 407	1 262
Trade payables	53 554	41 600	52 591
Other liabilities	50 956	36 325	42 401
Total current liabilities	105 598	86 332	96 254
TOTAL LIABILITIES	277 379	240 474	267 383
TOTAL EQUITY AND LIABILITIES	386 888	326 124	368 691



Consolidated statement of changes in equity

TEUR	Share capital	Additional paid-in capital	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
1 January 2015	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
Total comprehensive income	0	0	992	5 227	6 219	19	6 238
31 March 2015	4 999	51 672	-1 838	30 459	85 292	358	85 650
1 April 2015	4 999	51 672	-1 838	30 459	85 292	358	85 650
Profit for the period				14 703	14 703	57	14 760
Other comprehensive income			121	411	532	-4	528
Total comprehensive income	0	0	121	15 114	15 235	53	15 288
Transactions with owners:							
Paid in capital for issued warrants		370			370		370
31 December 2015	4 999	52 042	-1 717	45 573	100 897	411	101 308
1 January 2016	4 999	52 042	-1 717	45 573	100 897	411	101 308
Profit for the period				8 861	8 861	-9	8 852
Other comprehensive income			-627	0	-627	-24	-651
Total comprehensive income	0	0	-627	8 861	8 234	-33	8 201
31 March 2016	4 999	52 042	-2 344	54 434	109 131	378	109 509

Condensed consolidated cash flow statement

TEUR	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2015
Operating activities		
Profit before tax	11 127	5 760
Non-cash items	4 919	3 369
Income tax paid	-2 578	-639
Cash flows from operating activities before change in working capital	13 468	8 490
Working capital adjustments	-6 578	-446
Net cash flows from operating activities	6 890	8 044
Net cash flows from investing activities	-6 377	-2 246
Net cash flows from financing activities	552	34 492
Net cash flow for the period	1 065	40 290
Cash and cash equivalents at beginning of period	63 131	37 899
Net foreign exchange differences	-114	293
Cash and cash equivalents at end of period	64 082	78 482



Condensed Parent Company income statement

TEUR	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2015
Administrative expenses	-1 312	-700
Operating profit (EBIT)	-1 312	-700
Financial income	1 286	862
Financial expenses	-1 925	-1 401
Result before taxes	-1 951	-1 239
Income tax revenue	0	0
Net result for the period	-1 951	-1 239
Attributable to:		
Shareholders of the parent company	-1 951	-1 239

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

Condensed Parent Company balance sheet

TEUR	31 March 2016	31 March 2015	31 December 2015
ASSETS			
Non-current financial assets	176 187	110 562	181 195
Total non-current assets	176 187	110 562	181 195
Trade receivables	0	0	563
Other receivables	3 378	0	465
Cash and cash equivalents	8 890	56 981	728
Total current assets	12 268	56 981	1 756
TOTAL ASSETS	188 455	167 543	182 951
EQUITY	47 295	52 114	49 246
LIABILITIES			
Interest-bearing loans and borrowings	129 426	114 052	129 307
Total non-current liabilities	129 426	114 052	129 307
Other liabilities	11 734	1 377	4 398
Total current liabilities	11 734	1 377	4 398
TOTAL LIABILITIES	141 160	115 429	133 705
TOTAL EQUITY AND LIABILITIES	188 455	167 543	182 951



NOTES

Note 1 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 Accounts Act. The accounting principles have been applied in the same way as in the consolidated financial statements for 2015 in accordance with IFRS. New standards and interpretations effective from January 1, 2016 have had no impact on the financial reporting.

Note 2 Operating segments

January - March 2016	Branded Products	Barrier Packaging	Food Packaging	Group common, and eliminations	Group Total
Net sales:					
External customers	84 839	39 851	22 318	0	147 008
Inter-segment	804	2 378	2 496	-5 678	0
Total net sales	85 643	42 229	24 814	-5 678	147 008
Net operating expenses	-75 323	-38 469	-23 953	5 344	-132 401
whereof depreciation and amortisation	-2 507	-975	-1 002	-115	-4 599
Adjusted operating profit (EBIT)	10 320	3 760	861	-334	14 607
Non-recurring items	6	-186	77	-1 049	-1 152
Operating profit (EBIT)	10 326	3 574	938	-1 383	13 455
Financial income					398
Financial expense					-2 726
Profit before tax					11 127
Income tax					-2 275
Net profit for the period					8 852

January - March 2015	Branded Products	Barrier Packaging	Food Packaging	Group common, and eliminations	Group Total
Net sales:					
External customers	37 155	38 216	24 017	61	99 449
Inter-segment	830	2 704	2 471	-6 005	0
Total net sales	37 985	40 920	26 488	-5 944	99 449
Net operating expenses	-35 544	-36 954	-25 184	5 665	-92 017
whereof depreciation and amortisation	-1 549	-1 021	-1 120	-122	-3 812
Adjusted operating profit (EBIT)	2 441	3 966	1 304	-279	7 432
Non-recurring items	-24	182	0	-577	-419
Operating profit (EBIT)	2 417	4 148	1 304	-856	7 013
Financial income					514
Financial expense					-1 767
Profit before tax					5 760
Income tax					-536
Net profit for the period					5 224



Note 3 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 114.5 MEUR and a fair value of 117.3 MEUR. The assessment of the fair value of financial assets has been carried out in accordance with IFRS hierarchy level 2, with exception of cash and equivalents, which are valued in accordance with level 1. For additional information see Note 37 in the annual report for 2015.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities.

TEUR	31 March 2016		31 March 2015		31 Dec 2015		Hierarchy level
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	
Assets measured at fair value:							
Derivatives							
Currency forward contracts	2 436	2 436	2 241	2 241	404	404	2
Available-for-sale financial assets							
Cash and cash equivalents	64 082		78 482		63 131		
Assets for which fair value is disclosed:							
Loans and receivables							
Non-current financial assets	404		255		214		
Trade receivables	76 814		58 748		59 904		
Other receivables	4 041		3 764		3 590		
Accrued income	6 781		3 348		8 087		
Liabilities for which fair value is disclosed:							
Derivatives							
Currency forward contracts	2 110	2 110	1 984	1 984	0	0	2
Interest-bearing loans and borrowings							
Bond loan	114 458	117 319	114 035	116 886	114 350	117 352	2
Loans from credit institutions	16 281	16 281	9 471	9 471	17 122	17 122	2
Finance lease	3 778	3 778	5 018	5 018	2 514	2 514	2
Other loans	231	231	418	418	279	279	2
Other payables							
Trade payables	53 554		41 600		52 591		
Other payables	3 717		3 081		3 023		
Accrued expenses	14 608		9 644		12 606		

There have been no transfers between the different hierarchy levels during the period.

Fair value on current financial assets and liabilities are assessed agree with the carrying amount due to the short maturity.

Note 4 Significant events after the reporting period

No significant events have occurred after the reporting period.



FINANCIAL DEFINITIONS

Adjusted EBITDA

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

Adjusted EBITDA margin

Adjusted EBITDA as a percentage of net sales for the period.

Adjusted operating profit (Adjusted EBIT)

Operating profit excluding non-recurring items.

Adjusted operating margin

Adjusted operating profit (Adjusted EBIT) as a percentage of net sales for the period.

Capital employed

Total assets less non-interest bearing liabilities.

Earnings per share

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

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)

Operating profit including non-recurring items.

Operating margin

Operating profit as a percentage of net sales for the period.

Return on capital employed

Profit after financial items, excluding non-recurring items, plus financial expenses for the last twelve months to end of period as a percentage of average capital employed for the last twelve months to end of period.

Return on equity

Net profit excluding non-controlling interests for the last twelve months to end of period as a percentage of average shareholders' equity excluding non-controlling interests for the last twelve months to end of period.