



INTERIM REPORT JANUARY- JUNE 2014

IMPROVED MARGINS AND STABLE FINANCIAL DEVELOPMENT

Quarter 2

- Net sales amounted to 99,3 MEUR (106,2).
- Operating profit excluding non-recurring items was 6,4 MEUR (4,1) with an operating margin of 6,5% (3,9).
- Operating profit was 6,0 MEUR (4,3) and the operating margin was 6,0 % (4,0).
- Net profit was 1,8 MEUR (2,0).
- Earnings per share were 0,18 (0,20).

January – June

- Net sales amounted to 200,6 MEUR (209,5).
- Operating profit excluding non-recurring items was 12,1 MEUR (8,0) with an operating margin of 6,0% (3,8).
- Operating profit was 11,0 MEUR (6,9) and the operating margin was 5,5% (3,3).
- Net profit was 3,7 MEUR (2,4).
- Earnings per share were 0,37 (0,24).

CEO comments

The result for the second quarter confirms that we are on the right track with our selective focus on core segments, improved product mix and continuous improvements in operational excellence. Despite the lower sales value, we have through improved margins and lower costs now established an EBITDA margin around 10 %, in line with the top performers in our market, which we consider to be sustainable.

On the business side, we have a stable development with most of our customers and a lot of projects are ongoing in our chosen business segments where we see a long term potential. Nevertheless we short term we do not foresee any growth in net sales, even potential decreases of volumes due to the slow general market development, decreases with some customers and the geopolitical uncertainty especially in Russia.

Therefore, we continue to strongly focus to further improve our operational excellence and cost efficiency within the group. For instance we have launched a group wide manufacturing efficiency program and increased site specialisation which includes investments in people and in our key technologies.

The continuous improved margins during the last quarters and the stable financial development gives us a strong base to continue develop the company to the next level.

Harald Schulz, CEO



Key figures, Group

TEUR	1 Apr - 30 Jun		1 Jan - 30 Jun		12 months July - June 13/14	Full Year 2013
	2014	2013	2014	2013		
Net sales	99 279	106 218	200 614	209 484	415 314	424 183
EBITDA	10 198	8 297	19 794	16 271	44 276	40 753
EBITDA margin %	10,3%	7,8%	9,9%	7,8%	10,7%	9,6%
Operating profit (EBIT I) *	6 444	4 125	12 124	7 963	30 013	24 141
Operating margin %	6,5%	3,9%	6,0%	3,8%	7,2%	5,7%
Net profit	1 828	2 013	3 743	2 449	9 937	8 643
Earnings per share, EUR	0,18	0,20	0,37	0,24	0,99	0,87
Equity ratio %	25,9%	23,6%	25,9%	23,6%	25,9%	25,0%
Return on Equity in %					14,1%	12,7%
Return on capital employed in %					15,0%	12,0%
Net debt	102 571	110 202	102 571	110 202	102 571	104 982
Net debt/EBITDA	2,3	3,4	2,3	3,4	2,3	2,6
Gearing ratio %	146%	173%	146%	173%	146%	153%

* Non recurring items excluded

For financial definitions see page 11.

Sales

Net sales amounted to 200,6 MEUR (209,5) for the first 6 months in 2014, which is a decline of 4,2 % compared to the same period previous year. Most of the volume decrease is coming from BA Sweden where we have closed some unprofitable product lines and taken out unprofitable business thus substantially improving margin and EBITDA.

In addition to this we have had a negative currency impact in the size of 3 MEUR related to the weakening of the Swedish krona compared to the same period last year.

Operating profit

The operating profit for the period January-June was 11,0 MEUR (6,9). Adjusted for non-recurring items (mainly costs related to the divestment process) the operating profit was 12,1 MEUR (8,0) with an operating margin of 6,0 % (3,8). EBITDA YTD June was 19,8 MEUR (16,3) and the EBITDA margin was 9,9% (7,8).

Cashflow

The Group's operating cash flow for the first 6 months was positive with 6,1 MEUR (2,6). Cash used for capital expenditures for period was 4,7 MEUR (6,7).

Financial net

The financial net for the period January-June was -5,2 MEUR (-3,8). Translation effects have been negative in the period with -1,2 MEUR compared to -0,1 MEUR the same period last year.

Taxes

The total reported tax expense of 2,1 MEUR (0,7) includes a change in deferred taxes with 0,5 MEUR.



Earnings per share

Earnings per share for the first 6 months 2014 increased to 0,37 EUR from 0,24 EUR for the same period last year.

Shareholders

As per June 30, 2014 the shareholding in ÅR Packaging Group AB is divided as follows;

Ahlström Capital	63,6%
Accent Equity	34,4%
Management	2,0%

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 ÅR Packaging group was 1 603 as per June 30, 2014 (1 618 December 31, 2013).

Financial risk management

The management of financial risks is in all essential aspects the same as 2013 and is described in the consolidated financial statements for 2013 according to IFRS which was prepared in connection to the prospectus for listing of the bond.

Transactions with related parties

No transactions with related parties have taken place during the second quarter of 2014.

Major events during the quarter

The secured corporate bond has been officially listed at Nasdaq/OMX as planned during the last week of June 2014. In connection with the preparation of the prospectus a conversion of the group financial statements for 2013 to IFRS was made.

Significant events after the reporting period

No significant events have occurred since the balance sheet date.

Annual general meeting

The annual general meeting was held on 24 June 2014. Panu Routila, Jan Ohlsson, Hans Pettersson and Sebastian Burmeister were re-elected to the Board of Directors and Marcus Jennekvist and Harald Schulz were new elected. Hans Pettersson was elected as chairman of the board.

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 profit for the period January – June 2014 was -1,5 MEUR (- 0,4).



Accounting principles

The interim 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 2013 in accordance with IFRS. New standards and interpretations effective from January 1st, 2014 have had no impact on the financial reporting.

Interim reports

Quarter 3	21 November 2014
Quarter 4	27 February 2015 (Annual financial statements release)

Information in the report

The information is such that AR 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 28 August 2014 at 08.00 AM CET.

This interim report has not 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 August 2014

Hans Pettersson
Chairman of the board

Panu Routila
Member of the board

Jan Ohlsson
Member of the board

Sebastian Burmeister
Member of the board

Marcus Jennekvist
Member of the board

Ewa Malmqvist
Union representative

Eddie Erman
Union representative

Harald Schulz
CEO and member of the board



ÅR PACKAGING

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Condensed Consolidated statement of profit or loss

TEUR	Note	1 Apr - 30 Jun		1 Jan - 30 Jun	
		2014	2013	2014	2013
Net sales	1	99 279	106 218	200 614	209 484
Cost of goods sold		-84 452	-91 756	-171 368	-183 314
Gross margin		14 827	14 462	29 246	26 170
Selling expenses		-3 037	-3 001	-5 810	-5 494
Administrative expenses		-5 423	-5 610	-10 951	-11 372
Research and development expenses		-369	-381	-726	-794
Other operating income/expenses		15	-1 154	-743	-1 609
Operating profit (EBIT)1	1	6 013	4 316	11 016	6 901
Financial net		-3 098	-2 208	-5 196	-3 761
Profit before tax		2 915	2 108	5 820	3 140
Income tax expense		-1 087	-95	-2 077	-691
Net profit for the period		1 828	2 013	3 743	2 449
Attributable to:					
Shareholders of the parent company		1 750	1 946	3 652	2 467
Non-controlling interests		78	67	91	-18
		1 828	2 013	3 743	2 449
1 Of which non-recurring items		-431	191	-1 108	-1 062
Earnings per share					
Net profit for the period attributable to shareholders of the parent company:					
Before and after dilution. EUR		0,18	0,20	0,37	0,24

Condensed Consolidated statement of other comprehensive income

TEUR	1 Apr - 30 Jun		1 Jan - 30 Jun	
	2014	2013	2014	2013
Net profit for the period	1 828	2 013	3 743	2 449
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	-185	-565	-189	-384
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	-1 997	0	-1 997	0
Other comprehensive income for the period, net of tax	-2 182	-565	-2 186	-384
Total comprehensive income for the year, net of tax	-354	1 448	1 557	2 065
Attributable to:				
Shareholders of the parent company	-445	1 489	1 449	2 039
Non-controlling interests	91	-41	108	26
	-354	1 448	1 557	2 065



Condensed Consolidated statement of financial position

TEUR	30 June 2014	30 June 2013	31 December 2013
ASSETS			
Goodwill	38 244	38 545	38 348
Other intangible assets	3 160	3 731	3 572
Property, plant and equipment	79 713	87 691	82 561
Other non-current assets	11 352	11 171	11 438
Total non-current assets	132 469	141 138	135 919
Inventories	49 802	49 148	47 092
Trade receivables	53 892	60 118	53 833
Other current assets	8 887	11 383	9 916
Cash and cash equivalents	26 001	7 663	26 854
Total current assets	138 582	128 312	137 695
TOTAL ASSETS	271 051	269 450	273 614
EQUITY	70 082	63 667	68 525
LIABILITIES			
Interest-bearing loans and borrowings	87 371	11 714	87 217
Deferred tax liabilities	2 691	2 229	2 582
Provisions for defined benefit pensions	29 025	25 860	26 188
Other provisions	950	1 659	0
Total non-current liabilities	120 037	41 462	115 987
Interest-bearing loans and borrowings	12 176	80 291	18 431
Trade payables	42 124	47 230	41 218
Other current liabilities	26 632	36 800	29 453
Total current liabilities	80 932	164 321	89 102
TOTAL LIABILITIES	200 969	205 783	205 089
TOTAL EQUITY AND LIABILITIES	271 051	269 450	273 614



Consolidated statement of changes in equity

TEUR	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
1 January 2013	4 999	51 672	-1 122	4 615	60 164	1 438	61 602
Profit for the period				2 467	2 467	-18	2 449
Other comprehensive income			-428		-428	44	-384
30 June 2013	4 999	51 672	-1 550	7 082	62 203	1 464	63 667
Profit for the period				6 191	6 191	1	6 192
Other comprehensive income			-170		-170	-56	-226
Acquisition of non-controlling interests					0	-1 108	-1 108
31 December 2013	4 999	51 672	-1 720	13 273	68 224	301	68 525
Profit for the period				3 652	3 652	91	3 743
Other comprehensive income			-206	-1 997	-2 203	17	-2 186
30 June 2014	4 999	51 672	-1 926	14 928	69 673	409	70 082

Condensed consolidated statement of cash flows

TEUR	1 Apr - 30 Jun		1 Jan - 30 Jun	
	2014	2013	2014	2013
Continuing operations:				
Profit before tax from continuing operations	2 915	2 108	5 820	3 140
Profit before tax	2 915	2 108	5 820	3 140
Non-cash items	5 434	6 546	10 865	9 123
Working capital changes	-184	-873	-3 550	1 231
Income tax paid	-1 172	1 488	-1 634	-484
Net cash flows from operating activities	6 993	9 269	11 501	13 010
Net cash flows from investing activities	-2 933	-4 264	-4 661	-6 675
Net cash flows from financing activities	-4 242	-3 677	-7 413	-5 060
Net cash flow for the period	-182	1 328	-573	1 275
Cash and cash equivalents at beginning of period	26 463	6 565	26 854	6 566
Net foreign exchange differences	-280	-230	-280	-178
Cash and cash equivalents at end of period	26 001	7 663	26 001	7 663



Condensed Parent Company statement of profit or loss

TEUR	1 Apr - 30 Jun		1 Jan - 30 Jun	
	2014	2013	2014	2013
Administrative expenses	-399	-206	-738	-325
Operating profit (EBIT)	-399	-206	-738	-325
Financial income	972	174	1 870	345
Financial expenses	-1 327	-189	-2 647	-435
Profit before tax	-754	-221	-1 515	-415
Income tax expense	0	0	0	0
Net profit for the period	-754	-221	-1 515	-415
Attributable to:				
Shareholders of the parent company	-754	-221	-1 515	-415

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

Condensed Parent Company statement of financial position

TEUR	30 June 2014	30 June 2013	31 December 2013
ASSETS			
Non-current financial assets	129 096	79 096	129 096
Total non-current assets	129 096	79 096	129 096
Trade receivables	142	0	0
Other current receivables	459	298	458
Cash and cash equivalents	3 425	3	5 349
Total current assets	4 026	301	5 807
TOTAL ASSETS	133 122	79 397	134 903
EQUITY	53 116	55 772	54 630
LIABILITIES			
Interest-bearing loans and borrowings	78 789	21 884	78 705
Total non-current liabilities	78 789	21 884	78 705
Trade payables	0	842	0
Other current liabilities	1 217	899	1 568
Total current liabilities	1 217	1 741	1 568
TOTAL LIABILITIES	80 006	23 625	80 273
TOTAL EQUITY AND LIABILITIES	133 122	79 397	134 903



NOTES

Note 1 Operating segment reporting

Operating segments

April - June 2014	BA Sweden	BA Germany	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	35 445	25 536	18 422	12 360	6 866	650	99 279
Inter-segment	2 469	608	0	0	3 176	-6 253	0
Total net sales	37 914	26 144	18 422	12 360	10 042	-5 603	99 279
Net operating expenses	-35 251	-24 070	-17 737	-11 928	-9 315	5 466	-92 835
whereof depreciation and amortisation	-1 082	-960	-916	-511	-237	-48	-3 754
Operating profit (EBIT I)*	2 663	2 074	685	432	727	-137	6 444
Non-recurring items	-149	302	0	-43	-18	-523	-431
Operating profit (EBIT)	2 514	2 376	685	389	709	-660	6 013

Operating segments

April - June 2013	BA Sweden	BA Germany	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	39 563	26 688	18 327	12 820	8 664	156	106 218
Inter-segment	2 611	122	47	44	2 920	-5 744	0
Total net sales	42 174	26 810	18 374	12 864	11 584	-5 588	106 218
Net operating expenses	-40 566	-24 932	-17 790	-12 663	-10 845	4 703	-102 093
whereof depreciation and amortisation	-1 214	-1 161	-865	-549	-255	-128	-4 172
Operating profit (EBIT I)*	1 608	1 878	584	201	739	-885	4 125
Non-recurring items	-637	-28	-66	-30	-25	977	191
Operating profit (EBIT)	971	1 850	518	171	714	92	4 316

Operating segments

January - June 2014	BA Sweden	BA Germany	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	71 267	51 035	36 944	25 989	14 679	700	200 614
Inter-segment	5 317	1 090	0	28	6 148	-12 583	0
Total net sales	76 584	52 125	36 944	26 017	20 827	-11 883	200 614
Net operating expenses	-71 697	-48 092	-36 080	-25 073	-19 181	11 633	-188 490
whereof depreciation and amortisation	-2 158	-1 956	-1 867	-1 021	-482	-186	-7 670
Operating profit (EBIT I)*	4 887	4 033	864	944	1 646	-250	12 124
Non-recurring items	-396	296	0	-78	-34	-896	-1 108
Operating profit (EBIT)	4 491	4 329	864	866	1 612	-1 146	11 016

Operating segments

January - June 2013	BA Sweden	BA Germany	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	79 552	51 964	36 101	25 313	16 370	184	209 484
Inter-segment	4 948	225	47	44	5 526	-10 790	0
Total net sales	84 500	52 189	36 148	25 357	21 896	-10 606	209 484
Net operating expenses	-81 926	-49 223	-35 074	-24 850	-20 591	10 143	-201 521
whereof depreciation and amortisation	-2 473	-2 162	-1 791	-1 105	-522	-255	-8 308
Operating profit (EBIT I)*	2 574	2 966	1 074	507	1 305	-463	7 963
Non-recurring items	-676	-15	-70	-95	-47	-159	-1 062
Operating profit (EBIT)	1 898	2 951	1 004	412	1 258	-622	6 901

* 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 78,8 MEUR and a fair value of 84,7 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 38 in the consolidated financial statements for 2013. 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.