



## INTERIM REPORT JANUARY – SEPTEMBER 2015

### THE BEST QUARTER EVER FOR AR PACKAGING

#### Quarter 3

- Net sales amounted to 146.8 MEUR (103.4).
- Operating profit excluding non-recurring items was 15.0 MEUR (8.0) with an operating margin of 10.2% (7.8%).
- Operating profit was 14.6 MEUR (7.4) and the operating margin was 10.0% (7.2%).
- Net profit was 9.5 MEUR (5.4).
- Earnings per share were 0.95 (0.54).
- Cash flow from operations was 13.3 MEUR (7.4).

#### January - September

- Net sales amounted to 372.0 MEUR (304.1).
- Operating profit excluding non-recurring items was 32.9 MEUR (20.1) with an operating margin of 8.9% (6.7%).
- Operating profit was 25.2 MEUR (18.4) and the operating margin was 6.8% (6.1%).
- Net profit was 15.2 MEUR (9.2).
- Earnings per share were 1.53 (0.92).
- Cash flow from operations was 41.9 MEUR (18.9).

#### CEO comments

For AR Packaging the third quarter of 2015 was the best ever. The actual EBITDA increased by almost 70% compared to the same period in 2014. The EBITDA margin for the third quarter increased to 13.5% compared to 11.3% in the same quarter of 2014. For the period January-September the EBITDA was 46.2 MEUR with an EBITDA margin of 12.4% (10.3%).

Total net sales in the third quarter for the Group increased with 42% to 146.8 MEUR (103.4) mainly attributable to the acquired business with a sales value of 42.5 MEUR. Sales for the period January-September of 372 MEUR is 22% above the same period last year, whereof 68.4 MEUR is coming from the acquisition included since May 1<sup>st</sup>.

Obviously AR Packaging is developing in the right way in line with our chosen strategy, taken cost measures and internal efficiency improvement activities. Both top priorities for this year, to integrate the MWV business and to stop downwards trend of top line, are on good way to be fulfilled.

We have currently a challenging market situation with tough price negotiations which put pressure on our margins. The packaging for the tobacco industry has uncertainty relating to impact from new regulations on EU level, where the final consequences are difficult to predict. Our business in Russia has had a good development so far this year and we can see a steady improvement in the result compared to last year. The acquired business from MeadWestvaco Corporation (MWV), which now has been a part of AR Packaging since May, has shown a very positive development.

**Harald Schulz, CEO**



## Key figures, Group

TEUR	1 Jul - 30 Sep 2015	1 Jul - 30 Sep 2014	1 Jan - 30 Sep 2015	1 Jan - 30 Sep 2014	12 months Oct - Sep 14/15	Full Year 2014
Net sales	146 834	103 440	372 038	304 054	472 314	404 330
EBITDA *	19 806	11 730	46 177	31 461	57 211	42 495
EBITDA margin %	13,5%	11,3%	12,4%	10,3%	12,1%	10,5%
Operating profit (EBIT I) *	14 962	8 001	32 888	20 125	40 151	27 388
Operating margin %	10,2%	7,7%	8,8%	6,6%	8,5%	6,8%
Net profit	9 478	5 410	15 274	9 153	21 717	15 596
Earnings per share, EUR	0,95	0,54	1,53	0,92	2,17	1,56
Equity ratio %	24,9%	27,5%	24,9%	27,5%	24,9%	28,4%
Return on Equity in %					23,4%	19,6%
Return on capital employed in %					14,8%	13,4%
Net debt	129 151	96 714	129 151	96 714	129 151	87 131
Net debt/EBITDA	2,3	2,4	2,3	2,4	2,3	2,1
Gearing ratio %	138,8%	127,9%	138,8%	146,0%	138,8%	110,0%

\* Non recurring items excluded

For financial definitions see page 10.

### Sales

Net sales amounted to 146.8 MEUR (103.4) for the third quarter of 2015, which is an increase of 42% to the same period previous year. The main reason for this is that the acquired business is included since May 1<sup>st</sup> 2015, which gives a positive impact of 42.5 MEUR. Sales YTD September ended at 372.0 MEUR (304.1) with an increase of 22% which is mainly related to the new business acquired. The new business added is included in the operating segment report under BA Central Europe (former BA Germany) and BA Russia and is in the third quarter for the first time included with reported numbers for a full quarter.

### Operating profit

The operating profit for the period July-September was 14.6 MEUR (7.4). Adjusted for non-recurring items the operating profit was 15.0 MEUR (8.0) with an operating margin of 10.2% (7.8%). Operating profit YTD September excluding non-recurring items was 32.9 MEUR (20.1) with an operating margin of 8.9% (6.7%). EBITDA for the period January-September was 46.2 MEUR (31.5) and the EBITDA margin increased to 12.4% compared to 10.3% for the same period last year.

### Cash flow

The Group's operating cash flow for the third quarter 2015 was positive with 13.3 MEUR (7.4). Operating cash flow YTD September was 41.9 MEUR (18.9). Cash used for capital expenditures for the period January-September was 7.4 MEUR (6.9) excluding the acquisition of the MWV business.

### Financial net

The financial net for the period July-September was -2.6 MEUR (-2.0). YTD September the financial net was -6.0 MEUR (-7.2). Translation effects have been negative in the period January-September with 0.1 MEUR compared to - 1.3 MEUR for the same period last year.



## Taxes

The total reported tax expense for the period July-September was -2.5 MEUR (0). Tax expenses January-September was -3.9 MEUR (-2.0). The impact from changes in deferred taxes in the period January-September is positive by 0.8 MEUR.

## Earnings per share

Earnings per share for the third quarter was 0.95 EUR (0.54) and for the first nine months of the year 1,53 EUR (0,92).

## Shareholders

As per September 30, 2015 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 2 252 as per September 30, 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 is described in the consolidated financial statements for 2014.

## Transactions with related parties

The main owners of ÅR Packaging Group AB have during the third quarter acquired the shares previously held by management. A new long term incentive program has been established for key management of the group. This program consists of totally 500.000 warrants, all of which have been issued and subscribed for. The subscription price is 0.74 EUR with a strike price of 20.00 EUR for each warrant. The duration of program is until December 2020. If all warrants are converted into shares it will mean a dilution of around 5% of the total numbers of shares.

## Major events during the quarter

AR Packaging announced on April 30, 2015 the closing of the acquisition of the European tobacco and general packaging operations of MeadWestvaco Corporation. The final cash settlement related to working capital changes was done during the third quarter. For more details please see under Note 3.

The company has developed a new long term strategic plan for the next five years which aims at significant growth.

The sustainability report for 2014 was published during September. The report is available on our website: [www.ar-packaging.com](http://www.ar-packaging.com).

## Significant events after the reporting period

Panu Routila is replaced by Tero Telaranta as member of the board of ÅR Packaging Group AB which has been decided at an extraordinary shareholders meeting held on October 1<sup>st</sup>, 2015.

## 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 third quarter was -0.8 MEUR (-0.7) and for the period January-September 2015 -3.0 MEUR (- 2.2).



## 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 1<sup>st</sup>, 2015 have had no impact on the financial reporting.

## Dates for publication of financial information

Quarter 4, 2015	17 February 2016 (18.00)
Quarter 1, 2016	27 April 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 October 23, 2015 at 08.00 AM 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, October 23 2015

*Hans Petersson*  
*Chairman of the board*

*Jan Ohlsson*  
*Member of the board*

*Sebastian Burmeister*  
*Member of the board*

*Tero Telaranta*  
*Member of the board*

*Marcus Jennekvist*  
*Member of the board*

*Walter Ahlström*  
*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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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 30 September 2015 and the nine-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, 23 October 2015

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 Jul - 30 Sep 2015	1 Jul - 30 Sep 2014	1 Jan - 30 Sep 2015	1 Jan - 30 Sep 2014
Net sales	1	146 834	103 440	372 038	304 054
Cost of goods sold		-119 742	-86 640	-311 868	-258 008
<b>Gross margin</b>		<b>27 092</b>	<b>16 800</b>	<b>60 170</b>	<b>46 046</b>
Selling expenses		-5 847	-2 871	-12 455	-8 681
Administrative expenses		-7 665	-5 368	-20 508	-16 319
Research and development expenses		-436	-350	-1 168	-1 076
Other operating income/expenses		1 482	-808	-826	-1 551
<b>Operating profit (EBIT)<sup>1</sup></b>	1	<b>14 626</b>	<b>7 403</b>	<b>25 213</b>	<b>18 419</b>
Financial net		-2 610	-2 035	-5 992	-7 231
<b>Profit before tax</b>		<b>12 016</b>	<b>5 368</b>	<b>19 221</b>	<b>11 188</b>
Income tax expense		-2 538	42	-3 947	-2 035
<b>Net profit for the period</b>		<b>9 478</b>	<b>5 410</b>	<b>15 274</b>	<b>9 153</b>
<b>Attributable to:</b>					
Shareholders of the parent company		9 450	5 389	15 167	9 041
Non-controlling interests		28	21	107	112
		<b>9 478</b>	<b>5 410</b>	<b>15 274</b>	<b>9 153</b>
1 Of which non-recurring items		-336	-598	-7 675	-1 706
<b>Earnings per share</b>					
<b>Net profit for the period attributable to shareholders of the parent company:</b>					
Before and after dilution. EUR		0,95	0,54	1,53	0,92

## Condensed Consolidated statement of other comprehensive income

TEUR	1 Jul - 30 Sep 2015	1 Jul - 30 Sep 2014	1 Jan - 30 Sep 2015	1 Jan - 30 Sep 2014
Net profit for the period	9 478	5 410	15 274	9 153
<b>Other comprehensive income:</b>				
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>				
Exchange differences on translation of foreign operations	-2 260	120	-2 041	-69
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>				
Re-measurement gains (losses) on defined benefit plans, net of tax	0	0	0	-1 997
<b>Other comprehensive income for the period, net of tax</b>	<b>-2 260</b>	<b>120</b>	<b>-2 041</b>	<b>-2 066</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>7 218</b>	<b>5 530</b>	<b>13 233</b>	<b>7 087</b>
<b>Attributable to:</b>				
Shareholders of the parent company	7 122	5 530	13 109	6 979
Non-controlling interests	96	0	124	108
	<b>7 218</b>	<b>5 530</b>	<b>13 233</b>	<b>7 087</b>



## Condensed consolidated balance sheet

TEUR	30 September 2015	30 September 2014	31 December 2014
<b>ASSETS</b>			
Goodwill	37 530	38 240	37 390
Other intangible assets	5 266	3 067	3 033
Property, plant and equipment	106 415	77 597	76 346
Other non-current assets	18 495	12 374	15 556
<b>Total non-current assets</b>	<b>167 706</b>	<b>131 278</b>	<b>132 325</b>
Inventories	63 895	49 629	46 009
Trade receivables	75 981	55 734	51 178
Other current assets	16 646	8 434	12 203
Cash and cash equivalents	48 627	29 989	37 899
<b>Total current assets</b>	<b>205 149</b>	<b>143 786</b>	<b>147 289</b>
<b>TOTAL ASSETS</b>	<b>372 855</b>	<b>275 064</b>	<b>279 614</b>
<b>EQUITY</b>	<b>93 015</b>	<b>75 612</b>	<b>79 412</b>
<b>LIABILITIES</b>			
Interest-bearing loans and borrowings	134 364	87 145	86 875
Deferred tax liabilities	3 383	2 726	3 009
Provisions for defined benefit pensions	36 379	29 109	30 630
<b>Total non-current liabilities</b>	<b>174 126</b>	<b>118 980</b>	<b>120 514</b>
Interest-bearing loans and borrowings	8 398	10 449	7 525
Trade payables	54 490	42 064	38 311
Other liabilities	42 826	27 959	33 852
<b>Total current liabilities</b>	<b>105 714</b>	<b>80 472</b>	<b>79 688</b>
<b>TOTAL LIABILITIES</b>	<b>279 840</b>	<b>199 452</b>	<b>200 202</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>372 855</b>	<b>275 064</b>	<b>279 614</b>





## Consolidated statement of changes in equity

TEUR	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>1 January 2014</b>	4 999	51 672	-1 720	13 273	68 224	301	68 525
Profit for the period				9 041	9 041	112	9 153
Other comprehensive income			-65	-1 997	-2 062	-4	-2 066
<b>30 September 2014</b>	4 999	51 672	-1 785	20 317	75 203	409	75 612
Profit for the period				6 482	6 482	-18	6 464
Other comprehensive income			-1 045	-1 567	-2 612	-52	-2 664
<b>31 December 2014</b>	4 999	51 672	-2 830	25 232	79 073	339	79 412
Profit for the period				15 167	15 167	107	15 274
Other comprehensive income			-2 058	0	-2 058	17	-2 041
<b>Total result</b>	4 999	51 672	-4 888	40 399	92 182	463	92 645
<b>Transactions with owners</b>							
Paid in capital for issued warrants		370			370		370
<b>30 September 2015</b>	4 999	52 042	-4 888	40 399	92 552	463	93 015

## Condensed consolidated cash flow statement

TEUR	1 Jul - 30 Sep 2015	1 Jul - 30 Sep 2014	1 Jan - 30 Sep 2015	1 Jan - 30 Sep 2014
<b>Continuing operations:</b>				
Profit before tax from continuing operations	12 016	5 368	19 221	11 188
<b>Profit before tax</b>	<b>12 016</b>	<b>5 368</b>	<b>19 221</b>	<b>11 188</b>
Non-cash items	-5 892	3 738	19 393	14 603
Working capital changes	9 854	-808	10 271	-4 358
Income tax paid	-2 669	-930	-7 030	-2 564
<b>Net cash flows from operating activities</b>	<b>13 309</b>	<b>7 368</b>	<b>41 855</b>	<b>18 869</b>
<b>Net cash flows from investing activities</b>	<b>-10 453</b>	<b>-2 256</b>	<b>-78 078</b>	<b>-6 917</b>
<b>Net cash flows from financing activities</b>	<b>-1 893</b>	<b>-1 193</b>	<b>47 147</b>	<b>-8 606</b>
<b>Net cash flow for the period</b>	<b>963</b>	<b>3 919</b>	<b>10 924</b>	<b>3 346</b>
Cash and cash equivalents at beginning of period	48 350	26 001	37 899	26 854
Net foreign exchange differences	-686	69	-196	-211
<b>Cash and cash equivalents at end of period</b>	<b>48 627</b>	<b>29 989</b>	<b>48 627</b>	<b>29 989</b>



## Condensed Parent Company income statement

TEUR	1 Jul - 30 Sep 2015	1 Jul - 30 Sep 2014	1 Jan - 30 Sep 2015	1 Jan - 30 Sep 2014
Administrative expenses	-223	-236	-1 065	-974
<b>Operating profit (EBIT)</b>	<b>-223</b>	<b>-236</b>	<b>-1 065</b>	<b>-974</b>
Financial income	1 385	887	3 408	2 757
Financial expenses	-1 921	-1 315	-5 325	-3 962
<b>Result before taxes</b>	<b>-759</b>	<b>-664</b>	<b>-2 982</b>	<b>-2 179</b>
Income tax revenue	0	0	0	0
<b>Net result for the period</b>	<b>-759</b>	<b>-664</b>	<b>-2 982</b>	<b>-2 179</b>
<b>Attributable to:</b>				
<b>Shareholders of the parent company</b>	<b>-759</b>	<b>-664</b>	<b>-2 982</b>	<b>-2 179</b>

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

## Condensed Parent Company balance sheet

TEUR	30 September 2015	30 September 2014	31 December 2014
<b>ASSETS</b>			
Non-current financial assets	180 564	129 096	130 534
<b>Total non-current assets</b>	<b>180 564</b>	<b>129 096</b>	<b>130 534</b>
Trade receivables	111	450	1 280
Other receivables	492	171	31
Cash and cash equivalents	1 748	2 851	1 874
<b>Total current assets</b>	<b>2 351</b>	<b>3 472</b>	<b>3 185</b>
<b>TOTAL ASSETS</b>	<b>182 915</b>	<b>132 568</b>	<b>133 719</b>
<b>EQUITY</b>	<b>50 741</b>	<b>52 452</b>	<b>53 353</b>
<b>LIABILITIES</b>			
Interest-bearing loans and borrowings	129 188	78 982	79 092
<b>Total non-current liabilities</b>	<b>129 188</b>	<b>78 982</b>	<b>79 092</b>
Other liabilities	2 986	1 134	1 274
<b>Total current liabilities</b>	<b>2 986</b>	<b>1 134</b>	<b>1 274</b>
<b>TOTAL LIABILITIES</b>	<b>132 174</b>	<b>80 116</b>	<b>80 366</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>182 915</b>	<b>132 568</b>	<b>133 719</b>



## NOTES

### Note 1 Operating segment reporting

#### Operating segments

July - September 2015	BA Sweden	BA Central Europe	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
<b>Net sales:</b>							
External customers	39 084	60 515	29 832	10 673	6 665	65	146 834
Inter-segment	2 064	808	-49	30	2 354	-5 207	0
<b>Total net sales</b>	<b>41 148</b>	<b>61 323</b>	<b>29 783</b>	<b>10 703</b>	<b>9 019</b>	<b>-5 142</b>	<b>146 834</b>
Net operating expenses	-37 842	-53 454	-26 655	-10 417	-8 387	4 883	-131 872
whereof depreciation and amortisation	-993	-1 867	-1 031	-547	-242	-164	-4 844
<b>Operating profit (EBIT I)*</b>	<b>3 306</b>	<b>7 869</b>	<b>3 128</b>	<b>286</b>	<b>632</b>	<b>-259</b>	<b>14 962</b>
Non-recurring items	-1	-431	-5	77	-8	32	-336
<b>Operating profit (EBIT)</b>	<b>3 305</b>	<b>7 438</b>	<b>3 123</b>	<b>363</b>	<b>624</b>	<b>-227</b>	<b>14 626</b>

#### Operating segments

July - September 2014	BA Sweden	BA Central Europe	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
<b>Net sales:</b>							
External customers	35 553	28 197	20 259	11 657	6 921	853	103 440
Inter-segment	2 260	1 047	0	0	2 577	-5 884	0
<b>Total net sales</b>	<b>37 813</b>	<b>29 244</b>	<b>20 259</b>	<b>11 657</b>	<b>9 498</b>	<b>-5 031</b>	<b>103 440</b>
Net operating expenses	-34 695	-26 462	-19 012	-11 321	-8 595	4 646	-95 439
whereof depreciation and amortisation	-1 051	-959	-896	-509	-217	-97	-3 729
<b>Operating profit (EBIT I)*</b>	<b>3 118</b>	<b>2 782</b>	<b>1 247</b>	<b>336</b>	<b>903</b>	<b>-385</b>	<b>8 001</b>
Non-recurring items	-371	146	0	-20	27	-380	-598
<b>Operating profit (EBIT)</b>	<b>2 747</b>	<b>2 928</b>	<b>1 247</b>	<b>316</b>	<b>930</b>	<b>-765</b>	<b>7 403</b>

#### Operating segments

January - September 2015	BA Sweden	BA Central Europe	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
<b>Net sales:</b>							
External customers	115 183	134 000	67 927	33 043	21 399	486	372 038
Inter-segment	7 356	2 168	0	39	7 366	-16 929	0
<b>Total net sales</b>	<b>122 539</b>	<b>136 168</b>	<b>67 927</b>	<b>33 082</b>	<b>28 765</b>	<b>-16 443</b>	<b>372 038</b>
Net operating expenses	-111 654	-121 191	-62 699	-32 305	-26 813	15 512	-339 150
whereof depreciation and amortisation	-3 037	-4 506	-2 977	-1 610	-709	-450	-13 289
<b>Operating profit (EBIT I)*</b>	<b>10 885</b>	<b>14 977</b>	<b>5 228</b>	<b>777</b>	<b>1 952</b>	<b>-931</b>	<b>32 888</b>
Non-recurring items	-1 115	-4 213	-755	77	-8	-1 661	-7 675
<b>Operating profit (EBIT)</b>	<b>9 770</b>	<b>10 764</b>	<b>4 473</b>	<b>854</b>	<b>1 944</b>	<b>-2 592</b>	<b>25 213</b>

#### Operating segments

January - September 2014	BA Sweden	BA Central Europe	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
<b>Net sales:</b>							
External customers	106 820	79 233	57 203	37 646	22 165	987	304 054
Inter-segment	7 577	2 137	0	28	8 160	-17 902	0
<b>Total net sales</b>	<b>114 397</b>	<b>81 370</b>	<b>57 203</b>	<b>37 674</b>	<b>30 325</b>	<b>-16 915</b>	<b>304 054</b>
Net operating expenses	-106 694	-74 667	-55 131	-36 394	-27 775	16 732	-283 929
whereof depreciation and amortisation	-3 208	-2 864	-2 763	-1 530	-699	-272	-11 336
<b>Operating profit (EBIT I)*</b>	<b>7 703</b>	<b>6 703</b>	<b>2 072</b>	<b>1 280</b>	<b>2 550</b>	<b>-183</b>	<b>20 125</b>
Non-recurring items	-767	441	0	-98	-8	-1 274	-1 706
<b>Operating profit (EBIT)</b>	<b>6 936</b>	<b>7 144</b>	<b>2 072</b>	<b>1 182</b>	<b>2 542</b>	<b>-1 457</b>	<b>18 419</b>

\* 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 114.2 MEUR and a fair value of 117.5 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.

## Note 3 Business combinations

On 30 April 2015 the Group acquired 100% of the share capital of the European tobacco, chocolate confectionary and general packaging operations from MeadWestvaco Corporation for 75.166 TEUR and obtained control. The consideration was paid in cash. The acquired operation includes three plants in Graz (Austria), Krakow (Poland) and Moscow (Russia), and certain additional carton business and related machinery in Svitavy (Czech Republic) which will be operated under the A&R Carton brand. The acquisition is a good fit to AR Packaging's existing operations and it provides strong growth opportunities. The acquisition is expected to yield substantial synergies related to the market position, purchasing opportunities, manufacturing rationalization and administration costs cutting. The net sales included in the consolidated income statement since 30 April 2015 contributed by the acquired operation was 68.399 TEUR. The acquired business contributed with an operational net profit of 7.354 TEUR for the same period. Had the operations been consolidated from 1 January 2015, executive management estimates that the consolidated income statement would show pro-forma net sales of 116.000 TEUR and operating profit of around 11.300 TEUR.

### Effects from acquisition 2015

#### Recognized amounts of identifiable assets acquired and liabilities assumed:

##### TEUR

Intangible assets	2 600
Property, plant & equipment	41 156
Inventory	17 788
Trade and other receivables	31 559
Cash and cash equivalents	4 489
Trade and other payables	-21 071
Deferred tax liabilities	-1 355
Total identifiable net assets	75 166
Goodwill	0
Total consideration transferred	75 166

#### *Acquisition-related costs*

Acquisition-related costs, consultancy fees for due diligence, of 1.664 TEUR have been charged to administrative expenses in the consolidated income statement for the period ended 30 September 2015.

#### *Acquired receivables*

The fair value of trade receivables is 24.116 TEUR. The gross contractual amount for trade receivables is 24.157 TEUR, of which 41 TEUR is provided for as uncertain.

The PPA is to be considered final with regards to the consideration transferred, as the final cash settlement related to working capital adjustments etc. of 8 836 TEUR was paid in September.



## 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.