



YEAR END REPORT JANUARY - DECEMBER 2014

STRONG FINANCIAL PERFORMANCE IN 2014

Quarter 4

- Net sales amounted to 100.3 MEUR (104.8).
- Operating profit excluding non-recurring items was 7.3 MEUR (4.6) with an operating margin of 7.2 % (4.4).
- Operating profit was 7.3 MEUR (4.2) and the operating margin was 7.3 % (4.0).
- Net profit was 6.4 MEUR (0.0).
- Earnings per share were 0.64 (0.0).
- Cashflow from operations was 14.1 MEUR (4.3).

January – December

- Net sales amounted to 404.3 MEUR (424.2).
- Operating profit excluding non-recurring items was 27.4 MEUR (24.1) with an operating margin of 6.8% (5.7).
- Operating profit was 25.7 MEUR (21.5) and the operating margin was 6.4% (5.1).
- Net profit was 15.6 MEUR (8.6).
- Earnings per share were 1.56 (0.86).
- Cashflow from operations was 32.9 MEUR (17.4).

CEO comments

AR Packaging showed a strong financial performance in 2014 and reached a double-digit profit margin (EBITDA) of 10.5 percent compared to 9.6 percent in 2013. After the successful restructuring of the company in 2013, we managed to develop the Group further in 2014. A strong strategic market presence and our internal efficiency process led to improved margins. This was achieved despite revenues decreasing by approximately 5 percent to 404 MEUR (424). The lower revenues were mainly due to the termination of certain low-margin businesses, currency exchange influences and, to a lesser extent, the loss of some general carton business in Europe.

During the past two years, we have focused on securing sustainable strong profitability, while next year we will concentrate more on top-line growth, despite a challenging market. Our focus is to strengthen our sales organisation and key account management to deepen our existing customer relations further and acquire new business. In addition, we will continue to invest in product development and work on our efficiency processes, including the manufacturing efficiency programme and improved sourcing.

Looking ahead, 2015 will be a year of opportunities for AR Packaging. With the acquisition from MeadWestvaco Corporation (MWV), we will increase our strength and market presence for the benefit of our customers. With our devoted and skilled employees, I have every reason to believe that 2015 will be another successful year for AR Packaging.

Harald Schulz, CEO



Key figures, Group

TEUR	1 Oct - 31 Dec		1 Jan - 31 Dec	
	2014	2013	2014	2013
Net sales	100 276	104 819	404 330	424 183
EBITDA	11 034	8 726	42 495	40 753
EBITDA margin %	11,0%	8,3%	10,5%	9,6%
Operating profit (EBIT I)	7 263	4 638	27 388	24 141
Operating margin %	7,2%	4,4%	6,8%	5,7%
Net profit	6 443	37	15 596	8 643
Earnings per share, EUR	0,64	0,00	1,56	0,86
Equity ratio %	28,4%	25,0%	28,4%	25,0%
Return on Equity in %			19,6%	12,7%
Return on capital employed in %			13,4%	12,0%
Net debt	87 131	104 982	87 131	104 982
Net debt/EBITDA	2,1	2,6	2,1	2,6
Gearing ratio %	110%	153%	110%	153%

For financial definitions see page 11.

Sales

Net sales amounted to 404.3 MEUR (424.2) for the whole year 2014, which is a decline of 4.7 % 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 the operating profit.

In addition to this we have had a negative currency impact in the size of 6 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-December was 25.7 MEUR (21.5). Adjusted for non-recurring items (mainly costs related to the divestment process) the operating profit was 27.4 MEUR (24.1) with an operating margin of 6.8 % (5.7). EBITDA YTD December was 42.5 MEUR (40.8) and the EBITDA margin was 10.5% (9.6).

Cashflow

The group's operating cash flow for 2014 was positive with 32.9 MEUR (17.4). Cash used for capital expenditures for the period was net 10.4 MEUR (10.7).

Financial net

The financial net for the period January-December was -9.8 MEUR (-9.9). Translation effects have been negative in the period with -2.4 MEUR compared to -1.4 MEUR the same period last year.



Taxes

The total reported tax expense for the period January-December was 0.3 MEUR (3.0). Income tax expenses for 2014 has had a positive impact of 2.7 MEUR due to a change of deferred tax assets related to tax losses carry forward in Sweden.

Earnings per share

Earnings per share for the whole year 2014 increased to 1.56 EUR from 0.86 EUR for the same period last year.

Shareholders

As per December 31, 2014 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 1 594 as per December 31, 2014 (1 618 as per 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 2014.

Major events during the quarter

No major events have occurred during the quarter.

Significant events after the reporting period

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 generates approximately 18 MEUR in EBITDA for 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.

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 – December 2014 was -1.3 MEUR (- 1.6).

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 2013 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

Annual report	April 2015
Annual general meeting	28 April 2015 in Stockholm
Quarter 1, 2015	29 April 2015 (08.00)
Quarter 2, 2015	11 August (18.00)

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 12 February 2015 at 18.00 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, 12 February 2015

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 Oct - 31 Dec		1 Jan - 31 Dec	
		2014	2013	2014	2013
Net sales	1	100 276	104 819	404 330	424 183
Cost of goods sold		-82 439	-89 885	-340 447	-364 581
Gross margin		17 837	14 934	63 883	59 602
Selling expenses		-3 234	-3 127	-11 915	-11 427
Administrative expenses		-7 108	-7 485	-23 427	-24 326
Research and development expenses		-331	-539	-1 407	-1 778
Other operating income/expenses		161	388	-1 390	-574
Operating profit (EBIT)¹	1	7 325	4 171	25 744	21 497
Financial net		-2 575	-3 443	-9 806	-9 884
Profit before tax		4 750	728	15 938	11 613
Income tax expense		1 693	-691	-342	-2 970
Net profit for the period		6 443	37	15 596	8 643
Attributable to:					
Shareholders of the parent company		6 482	61	15 523	8 660
Non-controlling interests		-39	-24	73	-17
		6 443	37	15 596	8 643
1 Of which non-recurring items		62	-467	-1 644	-2 644
Earnings per share					
Net profit for the period attributable to shareholders of the parent company:					
Before and after dilution. EUR		0,64	0,00	1,56	0,86

Condensed Consolidated statement of other comprehensive income

TEUR	1 Oct - 31 Dec		1 Jan - 31 Dec	
	2014	2013	2014	2013
Net profit for the period	6 443	37	15 596	8 643
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	-1 076	-271	-1 145	-610
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	-1 567	0	-3 564	275
Other comprehensive income for the period, net of tax	-2 643	-271	-4 709	-335
Total comprehensive income for the year, net of tax	3 800	-234	10 887	8 308
Attributable to:				
Shareholders of the parent company	3 870	-211	10 849	8 337
Non-controlling interests	-70	-23	38	-29
	3 800	-234	10 887	8 308



Condensed Consolidated statement of financial position

TEUR	31 December 2014	31 December 2013
ASSETS		
Goodwill	37 390	38 348
Other intangible assets	3 033	3 572
Property, plant and equipment	76 346	82 561
Other non-current assets	15 556	11 438
Total non-current assets	132 325	135 919
Inventories	46 009	47 092
Trade receivables	51 178	53 833
Other current assets	12 203	9 916
Cash and cash equivalents	37 899	26 854
Total current assets	147 289	137 695
TOTAL ASSETS	279 614	273 614
EQUITY	79 412	68 525
LIABILITIES		
Interest-bearing loans and borrowings	86 875	87 217
Deferred tax liabilities	3 009	2 582
Provisions for defined benefit pensions	30 630	26 188
Other provisions	0	0
Total non-current liabilities	120 514	115 987
Interest-bearing loans and borrowings	7 525	18 431
Trade payables	38 311	41 218
Other liabilities	33 852	29 453
Total current liabilities	79 688	89 102
TOTAL LIABILITIES	200 202	205 089
TOTAL EQUITY AND LIABILITIES	279 614	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				8 660	8 660	-17	8 643
Other comprehensive income			-598	275	-323	-12	-335
Acquisition of non-controlling interest				-277	-277	-1 108	-1 385
31 December 2013	4 999	51 672	-1 720	13 273	68 224	301	68 525
Profit for the period				15 523	15 523	73	15 596
Other comprehensive income			-1 110	-3 564	-4 674	-35	-4 709
31 December 2014	4 999	51 672	-2 830	25 232	79 073	339	79 412

Condensed consolidated statement of cash flows

TEUR	1 Oct - 31 Dec		1 Jan - 31 Dec	
	2014	2013	2014	2013
Continuing operations:				
Profit before tax from continuing operations	4 750	728	15 938	11 613
Profit before tax	4 750	728	15 938	11 613
Non-cash items	2 199	2 899	16 802	17 006
Working capital changes	6 742	913	2 384	-9 238
Income tax paid	387	-248	-2 177	-2 013
Net cash flows from operating activities	14 078	4 292	32 947	17 368
Net cash flows from investing activities	-3 455	-1 382	-10 372	-10 671
Net cash flows from financing activities	-2 430	594	-11 036	13 869
Net cash flow for the period	8 193	3 504	11 539	20 566
Cash and cash equivalents at beginning of period	29 989	23 468	26 854	6 566
Net foreign exchange differences	-283	-118	-494	-278
Cash and cash equivalents at end of period	37 899	26 854	37 899	26 854



Condensed Parent Company statement of profit or loss

TEUR	1 Oct - 31 Dec		1 Jan - 31 Dec	
	2014	2013	2014	2013
Administrative expenses	-104	105	-1 078	-526
Operating profit (EBIT)	-104	105	-1 078	-526
Financial income	992	973	3 749	2 204
Financial expenses	-1 286	-1 499	-5 248	-3 235
Profit before tax	-398	-421	-2 577	-1 557
Income tax revenue	0	0	1 300	0
Net profit for the period	-398	-421	-1 277	-1 557
Attributable to:				
Shareholders of the parent company	-398	-421	-1 277	-1 557

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

Condensed Parent Company statement of financial position

TEUR	31 December 2014	31 December 2013
ASSETS		
Non-current financial assets	130 534	129 096
Total non-current assets	130 534	129 096
Trade receivables	1 280	443
Other receivables	31	15
Cash and cash equivalents	1 874	5 349
Total current assets	3 185	5 807
TOTAL ASSETS	133 719	134 903
EQUITY	53 353	54 630
LIABILITIES		
Interest-bearing loans and borrowings	79 092	78 705
Total non-current liabilities	79 092	78 705
Other liabilities	1 274	1 568
Total current liabilities	1 274	1 568
TOTAL LIABILITIES	80 366	80 273
TOTAL EQUITY AND LIABILITIES	133 719	134 903



NOTES

Note 1 Operating segment reporting

Operating segments

October - December 2014	BA Sweden	BA Germany	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	35 537	23 527	21 712	12 457	7 122	-79	100 276
Inter-segment	2 664	465	0	0	2 356	-5 485	0
Total net sales	38 201	23 992	21 712	12 457	9 478	-5 564	100 276
Net operating expenses	-35 445	-22 240	-20 556	-11 979	-8 652	5 859	-93 013
whereof depreciation and amortisation	-1 033	-1 034	-929	-504	-224	-47	-3 771
Operating profit (EBIT I)*	2 756	1 752	1 156	478	826	295	7 263
Non-recurring items	-102	76	-1	-16	2	103	62
Operating profit (EBIT)	2 654	1 828	1 155	462	828	398	7 325

Operating segments

October - December 2013	BA Sweden	BA Germany	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	35 503	26 054	23 197	12 390	7 381	294	104 819
Inter-segment	1 856	600	0	136	1 964	-4 556	0
Total net sales	37 359	26 654	23 197	12 526	9 345	-4 262	104 819
Net operating expenses	-36 108	-24 598	-21 838	-12 037	-8 287	2 687	-100 181
whereof depreciation and amortisation	-1 098	-1 081	-889	-541	-261	-218	-4 088
Operating profit (EBIT I)*	1 251	2 056	1 359	489	1 058	-1 575	4 638
Non-recurring items	-622	-32	-26	-63	64	212	-467
Operating profit (EBIT)	629	2 024	1 333	426	1 122	-1 363	4 171

Operating segments

January - December 2014	BA Sweden	BA Germany	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	142 357	102 760	78 915	50 103	29 287	908	404 330
Inter-segment	10 241	2 602	0	28	10 516	-23 387	0
Total net sales	152 598	105 362	78 915	50 131	39 803	-22 479	404 330
Net operating expenses	-142 139	-96 907	-75 687	-48 373	-36 427	22 591	-376 942
whereof depreciation and amortisation	-4 241	-3 898	-3 692	-2 034	-923	-319	-15 107
Operating profit (EBIT I)*	10 459	8 455	3 228	1 758	3 376	112	27 388
Non-recurring items	-869	517	-1	-114	-6	-1 171	-1 644
Operating profit (EBIT)	9 590	8 972	3 227	1 644	3 370	-1 059	25 744

Operating segments

January - December 2013	BA Sweden	BA Germany	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	150 834	107 791	82 384	50 635	31 859	680	424 183
Inter-segment	9 479	1 020	47	426	9 712	-20 684	0
Total net sales	160 313	108 811	82 431	51 061	41 571	-20 004	424 183
Net operating expenses	-152 426	-99 065	-78 681	-49 615	-38 328	18 073	-400 042
whereof depreciation and amortisation	-4 817	-4 218	-3 704	-2 179	-1 017	-677	-16 612
Operating profit (EBIT I)*	7 887	9 746	3 750	1 446	3 243	-1 931	24 141
Non-recurring items	-1 941	-47	-144	-207	-8	-297	-2 644
Operating profit (EBIT)	5 946	9 699	3 606	1 239	3 235	-2 228	21 497

* 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 79.0 MEUR and a fair value of 84.2 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.