

Press release

January 13, 2020

Elanders expands restructuring program and adjusts historical errors in customer projects

Elanders expands the restructuring program that was announced in November 2019 and adjusts historical errors in customer projects. This means that another MSEK 120 will be charged to the operating result for the fourth quarter 2019, i.e. in total some MSEK 180. The errors relate to the transportation operations within the Germany subsidiary LGI, which is part of the business area Supply Chain Solutions.

In a press release, dated November 15, 2019, we presented the cost-cutting and streamlining program initiated in our German subsidiary LGI. This work has now gone a step further. The reorganization, which was decided on together with LGI's new management, was aimed at simplifying LGI's structure and improving control of operations. In addition to this, we had already initiated the implementation of a new business management system in order to better analyze the profitability of transportation operations. The reorganization was also aimed at simplifying the company structure and creating better basis for making strategic decisions, and at the same time making profitability per customer segment, broken down to the level of individual customers, more transparent. As part of the reorganization, the transportation operations were dismantled as a separate area in the company and instead the various transportation businesses were inserted into the other divisions and customer segments they belonged to.

In connection with the above restructuring program we discovered shortcomings in the previous transportation management system. This has resulted in accounting errors in one major customer project, due to a system error and deficient internal control. The business has been subject to full audit during the entire time Elanders has owned it.

When the errors are corrected the operating result for 2019 will be charged with about MSEK 87, of which MSEK 57 stems from items that affected the result positively from 2014 to 2018. The adjustment will not have a negative effect on cash flow for the Group. In addition to this, we have decided to expand the previously announced action plan for cost-cutting and streamlining program in our German operations from around MSEK 60 to MSEK 92. With this annual savings are expected to increase from around MSEK 60 to MSEK 75, beginning in 2020. As a result of the above, total one-off costs of approximately MSEK 180 will charge the operating result for the fourth quarter 2019, including the MSEK 60 previously communicated in the press release dated November 15, 2019.

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This information is information that Elanders AB is obliged to make public pursuant to the Securities Markets Act. This information was submitted for publication, through the agency of the contact persons set out above, at January 13, 2020, 8:00 a.m. CET.

Elanders is a global supplier of a broad range of integrated solutions in supply chain management. The business is run in two business areas: Supply Chain Solutions and Print & Packaging Solutions. The Group operates in some 20 countries on four continents. Our most important markets are China, Germany, Singapore, Sweden, the United Kingdom and the USA. Our major customers are active in the areas Automotive, Electronics, Fashion & Lifestyle, Industrial and Health Care & Life Science.

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