

Pressrelease

21 Oct 2004

Streamlined Karlshamns cuts annual costs by SEK 100 million

Karlshamns AB is now initiating a new programme aiming at productivity improvements. The goal is to cut costs by an aggregate SEK 100 million from 2006 onwards.

- Our business conditions have changed radically in the past few years, and competition is growing more and more fierce, says Jerker Hartwall, President and C.E.O. of Karlshamns AB. We have maintained an acceptable profit level throughout 2004, but the external pressure on our contribution margins remains strong. It is thus vital to take action in good time.

Karlshamns' management has now entered into discussions with the company's trade union representatives. In all, some 40-50 of the Group's employees will be affected, although the number of direct lay-offs will be very limited.

- We are solving this almost entirely through natural wastage and a reduction of the number of temporarily employed, says Jerker Hartwall.

Since 2001, the Karlshamns Group has undergone an extensive development process. The company has launched a successful and focused development of high value-added speciality fats, based on the Group's technological excellence in the area of vegetable oils and fats. As a result, the effects of the volume loss caused by the relocation of Carlshamn Mejeri to Finland were more or less offset.

The continued development projects aiming at productivity improvements have been clearly specified, and mainly concern the areas of energy, processing, logistics, continuous rationalisations and measures to eliminate bottlenecks in the production of high value-added speciality products.

To reduce costs by SEK 100 million before the end of 2006, Karlshamns estimates non-recurrent expenses of approximately SEK 25 million in 2004.

For further details, contact Karlshamns' President and C.E.O. Jerker Hartwall, telephone +46 (0)454-826 03