

General Shareholders' Meeting Elects New Director for Segezhabumprom

The General Shareholders' Meeting of AO "Segezhabumprom", which convened on January 14, 1997, appointed Mr Sören Öberg from AssiDomän as new General Director of the company. He succeeds Vladimir Ivanovich Yermakov, whose resignation request was accepted. Mr Öberg's competence and abilities backed by operational experience of AssiDomän will help the company to adjust to market conditions as well as to effectively follow through the planned investment program.

The New General Director received the authorisation from the General Shareholders' Meeting to conduct negotiations with the EBRD and IMF about financing of the 100 million USD investment program.

The General Shareholders' Meeting also elected new members of the Board of Directors of Segezhabumprom. The new Board includes nine people, among them Ragnar Quarnström, Sören Öberg, Rolf Norman and Anders Snell from AssiDomän, and Leonid Rozetskin, Renaissance Capital. The former General Director, Mr. Yermakov was elected Chairman of the Board.

Sören Öberg commented the current situation in Segezhabumprom. He noted that the major concerns of the employees of the mill and the people of Segezha has been the recent heating problems and future employment.

The crisis developed for the heating of Segezha during the end of December was quickly solved by AssiDomän. 14 500 tons of oil were purchased and is now being supplied.

Sören Öberg also stressed that no immediate redundancies will be made.

"The investments we intend to make will secure the existence of Segezhabumprom, but it is too early to say exactly how the company will be organised in the future", said Sören Öberg.

Segezhabumprom is on its way to become integrated into AssiDomän Group and is aiming at becoming a highly competitive and flexible Russian paper and paper sack producer. Several major improvements are being prepared in close cooperation with specialists from AssiDomän, among them the most important issues are sales and marketing, product quality, ecology, human resources and communications.

AssiDomän intends to provide improved production techniques, marketing expertise and access to foreign markets. This will require restructuring and reequipping of the facilities. To bring production output in line with current market standards and improve product quality substantial investments are needed. The plan from AssiDomän also includes modernization measures and installation of environmental protection systems in the mill. Through the increased market efforts improved capacity utilisation will be achieved.

The major steps towards this goal today is increasing sales and establishing a viable marketing structure and an investment program to increase product quality. The investment plan, now being discussed with IFC, EBRD and others, totals USD 100 million. Production after investments will be about 450,000 tpy of paper and linerboard.

AssiDomän AB is one of Europe's leading forest products companies. Production is concentrated on packaging paper, packaging and sawn timber products. AssiDomän is also one of the world's largest forest owners. 1995 sales totalled nearly 22 billion SEK. The Group has approximately 13,500 employees and 360,000 shareholders.

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