

Press Information



AssiDomän

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AssiDomän's future direction

After a thorough analysis of the Group's business portfolio, a number of selling processes have been initiated for the purpose of focusing the Group's operations. The intention is now to develop AssiDomän's remaining operations. Work has been commenced that will result in a clear strategy for the various units in the spring.

During 1999, an appraisal was carried out of the Group's various operations from a strategic and shareholder-value perspective. The objective was to find competitive solutions that provide opportunities for further development.

The appraisal has resulted in a comprehensive internal programme for profitability-improving measures, and the process of selling off parts of the business has been commenced.

Profitability-improving activities made a positive contribution of approximately MSEK 400 to the Group's profit last year. At present, planned and initiated measures within the framework of the action programme are expected to yield positive effects of over MSEK 1,000.

After the planned disposal of most of the sack and kraft paper production, sacks, barrier-coated products and cartonboard, the core of AssiDomän's future industrial operation will be Corrugated & Containerboard.

Corrugated & Containerboard is number three in size in Europe today and is well-positioned on most European markets. The strategy for the immediate future is to focus on profitability, market coverage and customer and product mix. An analysis for continued development and strengthening of the operation is under way.

The Karlsborg and Skärblacka pulp and paper mills have a strong position within their product areas. They are well-invested and efficient plants and will show good profitability in the current economic situation. There are good opportunities for product and market development, and different alternative development paths in terms of both grades and market segments.

The Swedish sawmill industry is fragmented and has an imbalance between supply and demand. Profitability is unsatisfactory and there is a great need for consolidation. As the largest player, AssiDomän will take part in the necessary restructuring, and initiatives have also been taken aimed at a consolidation in the industry.

AssiDomän's forest assets represent a resource and an operation with considerable cash flows and large values, which must be brought out in the appraisal of the company. A strategic review is now being conducted of the forest holdings. This involves an evaluation of how the forest ownership fits together structurally with the industrial operations. The review also includes an analysis of opportunities for AssiDomän to participate in new structures.

AssiDomän AB
Corporate Communications
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Enclosure:

Completed and ongoing structural measures

The corrugated operation in France was concentrated in 1999 by the sale of CGP to Esswell Investment.

Selling of the business unit Cartonboard was initiated at the end of 1999. This unit is judged to have better development potential in another structure than in AssiDomän. The selling process is expected to be concluded before the summer of 2000.

In accordance with AssiDomän's redwood (pine) strategy on the timber and wood side, Niab Hestra AB and Hestra sawmill have been sold to Vida AB. Hestra is a pure whitewood (spruce) sawmill, and processing in Niab Hestra is also specialized in whitewood.

In early February 2000, AssiDomän AB and Frantschach AG signed a Letter of Intent concerning the cash sale by AssiDomän of the Dynäs and Sepap paper mills, all sack plants and the business unit Barrier Coating. Negotiations on a final agreement are expected to be concluded during the spring of 2000.

The sale to Icopal of JCP Izolacie in Slovakia, which manufactures asphalt board, is in the process of being concluded.

The appraisal of the Group's operations has also resulted in a decision to initiate a sale of PorPac AB, which manufacturers expanded polystyrene, a product which has little in common with the rest of AssiDomän's operations.