

## **AssiDomän to acquire Sepap**

AssiDomän has reached an agreement in principle to take over an additional 51% of the shares in the Czech company Sepap. This block of shares is today controlled by Daventree Ltd and will give AssiDomän a 90% stake in Sepap.

The Sepap share is listed on the Czech Stock Exchange. The remaining 10% of the shares have diversified ownership, and trading is limited. AssiDomän will also make a bid for the remaining outstanding shares under the rules governing the Prague Stock Exchange.

“Our long-term goal has always been to increase our holding in Sepap. Even though we have already been able to exploit synergies via our minority stake and owner cooperation, by following through with the acquisition of the remaining shares in Sepap we will improve and secure these advantages. With a majority stake we can integrate Sepap completely in AssiDomän’s operations,” says Lennart Ahlgren, AssiDomän’s CEO.

“The timing of this deal is also suitable. We can take advantage of the improvement in the business cycle, which we see for most of the product areas”, explains AssiDomän’s CEO.

Under AssiDomän’s operating leadership Sepap has developed into one of Central Europe’s leading pulp and paper mills, with very good market prospects in this heavily expansive region. Further potential for profitability improvement exists through rationalization.

- Sepap has the largest sack paper machine in Central Europe today. It is the raw material base for AssiDomän’s sack business in the region and forms part of the product specialization of the Group’s totally five sack paper machines.
- Sack production, with a capacity of 130 million sacks per year, has a market-leading position in the Czech Republic and Slovakia.
- New investments have been made in the pulp mill, allowing TCF production. The high quality and the mill’s location make the right conditions for long term supply of TCF pulp also to the German market
- A new company for waste paper handling has been formed to support liner manufacture and the Group’s corrugated packaging plants in the region.

- Sepap also produces unbleached MG paper as a complement to AssiDomän's production of bleached MG paper in Sweden.

In recent years divestments of operations have been made that lie outside of AssiDomän's core business. Sepap today is a company with low costs and high efficiency, and fits in well with AssiDomän's Central and Eastern European strategy.

AssiDomän purchased 36% of the shares in Sepap in 1995. By the end of 1996 its stake had increased to 39%. The price of the shares now being purchased from Daventree is only marginally higher than the price of the Sepap shares previously acquired by AssiDomän. The currency hedging measures which have been implemented will mean that the AssiDomän Group is not negatively affected by the floating Czech koruna.

*AssiDomän is one of Europe's leading forest products companies. Production is concentrated on packaging paper and sawn timber. The Group is Europe's largest publicly held forest owner with 3.3 million hectares of productive forestland. Turnover in 1996 amounted to over SEK 19 billion. The Group has more than 16,000 employees, of which 9,000 work outside Sweden. The number of shareholders is nearly 340,000.*

AssiDomän AB  
Corporate Communications  
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Enclosure: SEPAP Group, Financial summary

## SEPAP Group

### Financial summary

100 CZK=23,31 SEK

	MSEK	MCZK	
	1996	1996	1995
Sales	1 314	5 638	6 646
EBITD	203	872	1 646
EBIT	105	451	1 317
EBIT margin		8,0%	19,8%

Net operating assets	1 301	5 581	5 522
Return on NOA		8,1%	28,1%
Capital expenditure	275	1 178	1 149
Total assets	1 899	8 147	7 692
Net debt	486	2 086	1 309

Number of employees	2 077	3 207
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### Production Capacities

Market pulp	90 000
Sack paper	100 000
Solid board	33 000
Liners	60 000
Wrapping paper	22 000
<b>TOTAL PULP/PAPER</b>	<b>305 000</b>

Paper sacks, millions	130
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