

AssiDomän follows through on acquisition of Esswell group

After conducting a due diligence, the board of directors of AssiDomän has decided today to follow through on the purchase of the Esswell group, which will be taken over immediately, and consolidated as per July 1. The acquisition includes 15 plants, 12 of which are corrugated packaging plants (and two of these are sheet plants): seven in Spain, three in France and one each in Germany and the Netherlands. The deal also includes a paper mill for special paper, a conversion plant for special paper and plastic, and an offset plant, all in France.

The sellers are private investors via the Dutch investment company Leeuw Finance Amsterdam BV.

The price for a debt-free company is MSEK 1,440, which is equivalent to 72% of the turnover and an average EBDIT multiple for 1997/98 of 6.1. All profits in 1998 accrue to AssiDomän.

In January 1998, AssiDomän acquired in an initial stage the Italian part of Esswell, Tambox, comprising three small recycled-fibre-based paper mills for manufacturing paper for corrugated board, plus a corrugated packaging plant. AssiDomän has divested two of the recycled-fibre-based mills and will shortly sell the third one as well, plus part of the land and buildings housing the corrugated packaging plant. The corrugated packaging operation in Lucca will be integrated with AssiDomän's existing corrugated plant AssiDomän Nottoli, which, with a production volume of 190 million m², will be one of Europe's biggest and most productive units.

The now acquired Esswell group has a total annual turnover of about MSEK 2,000 and 1,225 employees. AssiDomän's deliveries of corrugated board will increase by more than 20%.

The acquisition of the Esswell group entails synergies via increased integration (paper deliveries from own mills), greater opportunities for co-ordinated purchasing of materials and supplies, and increased corrugated packaging volumes via pan-European sales. The synergy gains are estimated to amount to about MSEK 70 per annum.

"We have now acquired a firm position in Spain, and are continuing our expansion in France. We have reached a considerable corrugated packaging capacity in southern Europe, which is a fast-growing market. Following the Esswell acquisition, our market

shares are 7% in Italy, 7% in Spain and 5% in France. Our total share in Europe for corrugated is 8%”, says Ulf Kilander, President of AssiDomän Packaging.

AssiDomän Packaging is Europe’s third-largest supplier of corrugated packaging and containerboard. After the acquisition of the Esswell group, AssiDomän Packaging’s annual corrugated deliveries amount to about 2.2 billion m² annually. Deliveries of containerboard amount to 1.2 million tonnes.

AssiDomän is one of Europe’s leading forest products companies. Production is concentrated on sawn timber, packaging paper and packaging. The Group, which is one of the world’s largest forest owners, had a turnover of SEK 20.7 billion in 1997 and has 18,000 employees.

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