Press Information

AssiDomän

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Proposed terms for the redemption of shares in AssiDomän AB

- **The Board of Directors is proposing the redemption of every fifth share for SEK 190 per share**
- **Through the redemption, it is proposed that SEK 4.5 billion be transferred to the shareholders**

The Board of Directors of AssiDomän AB today set the terms for its share redemption proposal for approval by the extraordinary general meeting on October 9, 2000. Every fifth share will be redeemable for SEK 190 in cash. If the offering is fully accepted, approximately 23.7 million shares will be redeemed and approximately SEK 4,498 million transferred to the shareholders of AssiDomän.

For every share in AssiDomän, shareholders will receive one redemption right. Five rights are required to redeem one share. Shares submitted for redemption, so-called redemption shares, will be redeemed for SEK 190 in cash.

The actual redemption of the shares for cash is expected in March/April 2001. The reason is that the payment requires the approval of the redemption by the district court and registration by the Swedish Patent and Registration Office.

During the period prior to registration, it will be possible to buy and sell redemption shares through special trading on the OM Stockholm Exchange. Trading in redemption shares will begin following the conclusion of the application period in early December.

Timetable (pending the approval of the general meeting)

Redemption rights	
First day of trading in AssiDomän shares excluding redemption rights	10 October 2000
Record date for distribution of redemption rights	12 October 2000
Distribution of information material and application form	18 October 2000
Application period	20 October–16 November 2000
Trading in redemption rights on OM Stockholm Exchange	20 October–13 November 2000
Redemption shares	
First day of trading in redemption shares	6 December
Payment of redemption amount	March/April 2001

The background is the now finalized sale to Frantschach of AssiDomän's sack operations, the Sepap and Dynäs paper mills, and the Barrier Coating business area. At the time of the agreement in May, AssiDomän announced its intention to transfer the major part of the sales proceeds to its shareholders.

The sale reduces net indebtedness by approximately SEK 4,500 million, at the same time that the debt/equity ratio decreases from 0.6 to 0.3. Although the proposed redemption procedure will increase the debt/equity ratio from 0.3 to 0.9 (pro forma as of 30 June 2000), at the time of the payment in March-April 2001 the ratio is expected to return to approximately 0.6, i.e. in line with the Group's current objective.

In addition to efforts to create an efficient and appropriate capital structure, a review of the Group's various activities and suitable ownership structures for these is under way. An important element in this task is to facilitate the creation of competitive structures for the different parts within the industrial activities.

A number of discussions are in progress, either initiated by AssiDomän or by other parties who have approached AssiDomän. The Board of Directors of AssiDomän has decided to prepare for a division of the company into one forestry and one industrial operation. A formal proposal is expected not later than at the Annual General Meeting in 2001.

The present discussions with different parties may have an effect upon how such division may be carried out. Sustainable shareholder value will be the decisive factor for any decision regarding refocusing the Group and the choice of technique for its implementation.

In the context of these structural changes the Kingdom of Sweden, which presently holds 35.5 per cent of the shares in AssiDomän, has declared itself in favor of the Board's proposal regarding redemption of shares.

AssiDomän AB
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Key figures and data per share	Full year 1999	Pro forma 1 30 June 2000	Adjustment Redemption	Pro forma 2 30 June 2000
Number of shares	118,373,034	118,373,034	-23,674,606	94,698,428
Earnings per share, SEK	-7.29	8.87		11.09
Equity per share, SEK	111	117	-19	98
Net indebtedness, SEK million	8,420	4,198	+4,498	8,696
Debt/equity ratio	0.64	0.30		0.93*
Return on equity, %	neg	7.6		11.3

*The Group generates a positive cash flow. At the time of the payment of the redemption amount, the Group expects to have a debt/equity ratio in line with its current objective of 0.6.

The effect of the redemption on the consolidated profit and loss account and balance sheet is indicated in separate pro forma accounts (appendix).

Appendix – PRO FORMA

Profit and loss account **SEK million**	**Jan-Dec 1999**	**Pro forma 1 July 1999-June 2000**	**Pro forma 2 July 1999-June 2000**
Revenues	24,706	20,649	20,649
Operating expenses	-21,404	-17,514	-17,514
Depreciation according to plan	-1,963	-1,410	-1,410
Operating profit before write-downs	**1,339**	**1,725**	**1,725**
Write-downs	-1,540	-	-
Operating profit	**-201**	**1,725**	**1,725**
Financial items	-500	-428	-428
Profit/loss after financial items	**-701**	**1,297**	**1,297**
Taxes	-161	-246	-246
Minority interests	-1	-1	-1
Net profit/loss for the period	**-863**	**1,050**	**1,050**

Balance sheet **SEK million**	**31 Dec 1999**	**Pro forma 1 30 June 2000**	**Adjustment Redemption**	**Pro forma 2 30 June 2000**
Fixed assets, non-interest-bearing	20,620	16,614		16,614
Stocks	2,826	2,108		2,108
Current receivables, etc. non-interest-bearing	5,586	5,353		5,353
Liquid assets and interest-bearing receivables	1,272	5,265	-4,498	767
Total assets	**30,304**	**29,340**	**-4,498**	**24,842**
Shareholders' equity	13,194	13,821	-4,498	9,323
Minority interests	33	21		21
Non-interest-bearing liabilities and provisions	7,385	6,035		6,035
Interest-bearing liabilities and provisions	9,692	9,463		9,463
Total shareholders' equity and liabilities	**30,304**	**29,340**	**-4,498**	**24,842**

Pro forma 1 The profit and loss account and balance sheet before the redemption are based on the following assumptions:

- AssiDomän's sack operations, the Dynäs and Sepap paper mills, and the Barrier Coating business area have been eliminated.
- The estimated net gain on the sale (SEK 665 million) of these units to Frantschach AG is not included in the profit and loss account.
- Aside from eliminating the net financial items of the above-mentioned units, net financial items have not been adjusted. Consequently, the return on the sales proceeds is not included, either.
- The tax charge has been calculated using an average tax rate of 35%.

In comparison with the pro forma accounts in AssiDomän's interim report for January-June 2000, the following adjustments have been made in the above profit and loss account and balance sheet.

- In the profit and loss account, Write-downs of SEK 1,007 million have been eliminated. As a result, the tax charge was increased by SEK 144 million.
- The net value of the units sold represented in the consolidated balance sheet has been moved from Fixed assets, non-interest-bearing to Liquid Assets and interest-bearing receivables.
- In the balance sheet, the estimated capital gain (SEK 180 million) and the positive tax effect (SEK 485 million) from the divestment are included in Shareholders' equity. The capital gain has increased Liquid Assets and interest-bearing receivables. The tax effect has reduced Non-interest-bearing liabilities and provisions.

Pro forma 2 The profit and loss account and balance sheet after the redemption are based on the following assumptions:

- The calculations assume that the redemption was finalized as of 30 June 2000.
- The total redemption amount is SEK 4,498 million, which assumes that the offering is fully accepted.
- The return on equity is calculated using as a basis the outgoing balance of shareholders' equity as of 30 June 2000.