



Dynea's balance sheet remains strong despite difficult market and raw material conditions in 2008

Dynea, the world-leading supplier of adhesion and surfacing solutions, was performing according to plan during the first three quarters of 2008. However, the last months of the year were strongly impacted by lower demand from the market and a rapid decline in raw material prices.

Global economic growth ceased during the latter part of the year. Generally, the construction and automotive industries are extremely sensitive to changes in macro-economic trends, and as Dynea is an important supplier to customers in both of these industries demand for adhesives was negatively affected.

Sales volumes fell by 14% compared to the previous year and this decrease was most noticeable in Europe. Less exports from Asia to North America and Europe led to lower production for most of Dynea's Asian subsidiaries too.

In 2008, Dynea's turnover was down slightly at 879 million euro (2007: 888) mainly because of lower volumes. In the fourth quarter of the year, prices of all main raw materials dropped significantly leading to negative inventory valuation adjustments. Operating profit, excluding reorganisation charges of 17.9 million euro, reduced to 23.5 million euro (47.5) due to lower sales volumes, write-down in raw material inventories.

Net debt increased slightly in 2008 to 159.2 million euro (152.5). The equity ratio however improved to 35% (33%) and net gearing was 80% (67%).

"The first half of the year was very positive for Dynea; however the impact of the financial slowdown on our markets became evident from the fourth quarter. At year-end many customers temporarily shut down their production to reduce stock levels. A combination of the decline in demand with the sharp drop in raw material prices led to losses in the fourth quarter, not representative of the profit level we foresee in 2009. Additionally we maintain a strong balance sheet with available funds to pursue an active growth strategy," states Dynea's CEO **Roger Carlstedt**.

A new generation of adhesives to be launched

Dynea continues to focus on research and development, and has reached the multi-application launch phase for the new generation of AsWood™ adhesives. "These adhesives combine state-of-the-art technical performance with emissions at an ultra low background level equal to that of untreated wood itself," says Roger Carlstedt. "The feedback from customers shows that we have found the answer to a real market need, and we are enthusiastically looking forward to more customers using this exciting technology".

Dynea has also during 2008 launched a range of other new products, such as AnyPress surface films and the CureSafe optimisation tool for press speed, both allowing customers to enhance their production processes.

For further information

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Dynea is a world-leading supplier of adhesive and surfacing solutions. In 2008 Dynea's turnover was 879 million euro. The international company has 39 production plants and 2 200 employees in 22 countries in Europe, South America and Asia Pacific. Dynea is headquartered in Helsinki. <http://www.dynea.com>