



Kristianstad, September 9, 2010  
Press release

### **Bong Ljungdahl merges with Hamelin's envelope division**

- The leading specialty packaging and envelopes company in Western Europe
- Platform for accelerated product development and growth
- Increased customer focus and improved offering
- Unique geographical coverage and broader product range
- Significant synergies leading to increased efficiency and competitiveness

Bong Ljungdahl and Hamelin have signed an agreement to merge Bong Ljungdahl and Hamelin's envelope division. After the merger, the new company will have a turnover of around SEK 3.500 million (EUR 370 million) and some 2,400 employees. The company changes name and will be called Bong, and will continue to be listed on the NASDAQ OMX Stockholm.

Bong and Hamelin have successfully co-operated in a strategic alliance since 2004 and are now taking the next step to create a strong European company with good growth prospects. Through its unique geographical coverage, the new company will be able to meet the needs of large pan-European customers. At the same time, the new broad product portfolio will bring a more complete product offering to all customers.

"We will increase our customer focus in order to become an even better supplier and our aim is to develop and grow together with our customers. The merger gives us enough scale and a good platform to do this" says Bong's President and CEO Anders Davidsson, who will continue to lead the company after the merger. "After several years of close co-operation, we know the Hamelin organisation well and we complement each other in a good way. With the merger we are able to extend our product offering significantly and, furthermore, we widen our geographic coverage, especially with the units in France, Spain and Poland."

"This merger will ensure a brighter future for our envelope division. I'm confident that our strategic investment into the new Bong company will bring us long-term success in the envelope business" says Hamelin's president Stéphane Hamelin, who will join Bong's board of directors following the transaction.

Bong estimates to reach yearly cost synergies of SEK 80-90 million (EUR 8-9 million) with full effect after two years, as a result of increased efficiency in many parts of the business, better purchasing, less internal freights etc. In addition, Bong is forecasting to be able to generate SEK 50-70 million (EUR 5-7 million) of improved cash flow the next coming years, mainly due to decreased working capital needs. Except synergies on the cost and working capital side, the company expects accelerated sales of, e.g., ProPac, after the merger. The positive result impact of this is so far difficult to quantify.

The one-time restructuring costs needed to realise the synergies are estimated at around SEK 100 million (EUR 10-11 million), which is planned to be booked fully in the fourth quarter

2010. Costs directly associated with the execution of the transaction are estimated at SEK 10-15 million (EUR 1-1.5 million) and will be taken as a one-time cost in the third quarter 2010. The deal is expected to have a positive effect on earnings per share from 2011.

The agreed deal structure is that Bong Ljungdahl will acquire Hamelin's entire envelope business. Payment for the acquisition will be made partly through a issue of 4 352 768 new shares corresponding to 24.9 percent of the shares in Bong after completion of the transaction. In addition, Bong will issue convertible bonds with a total nominal value of 4 million euro to Hamelin. The convertible bonds can according to their terms be converted into 1 246 860 new shares in Bong, and together with the issued shares this will correspond to a total ownership of 29.9 per cent of the shares in Bong. As part of the transaction, Bong will in addition take over or refinance the net debt of Hamelin's envelope business totalling an amount (approximately EUR 45 million including cash consideration). This will be financed by new, already approved credit facilities from Bong's existing banks. Hamelin will also give a vendor loan of Euro 7.5 million, which shall be amortised over a three-year period.

The acquisition is planned to be completed on October 22, 2010 and Hamelin's envelope business shall be consolidated as from October 1, 2010. The deal is conditional upon a resolution to approve the transaction and issue new shares and convertibles at an extraordinary general meeting in Bong on October 22. Shareholders representing 68.5 percent of the shares in Bong Ljungdahl AB today have expressed their support for the transaction which is supported by a unanimous board.

#### **Extra shareholders' meeting**

Due to the merger with Hamelin's envelope division, the shareholders of Bong Ljungdahl AB will be called to an extra shareholders' meeting on October 22, 2010 at 10.00 in the offices of IMP, Ångbåtsbron 1, Malmö. The complete notice to the general meeting will be announced in Dagens Industri and Post och Inrikes tidningar in due time before the meeting. The complete notice of the extra Shareholders' meeting will also be available on Bong's website.

A telephone conference will be held today at 13.00. The presentation material for the telephone conference is available on the website, [www. bong.com](http://www.bong.com). Please call +46 (0)8 5052 0110 in order to participate.

For additional information, please contact Anders Davidsson, President and CEO of Bong Ljungdahl AB. Telephone (switchboard) +46 (0)44 20 70 00, (direct) +46 (0)44 20 70 80, (mobile) +46 (0)70 545 70 80.

*Bong is a leading European provider of specialised packaging and envelope products and offers solutions for distribution and packaging of information, advertising materials and lightweight goods. Two important growth areas in the Group are the new ProPac packaging concept and Russia. The Group has annual sales of approximately SEK 2 billion and some 1,200 employees in around 12 countries. Bong has a strong market position, particularly in Northern Europe, and the Group sees attractive opportunities for further expansion and development. Bong is a public limited company and its shares are quoted on the NASDAQ OMX Stockholm (Small Cap).*

*Hamelin is the leading European stationery manufacturer with a total turnover of Euro 700 million and 4,000 employees. Hamelin's key brands are ELBA (Filing), CANSON (Fine arts) and OXFORD (Books and Pads). The Envelope business has a turnover of about Euro 170 million and 1,200 employees.*

*Bong Ljungdahl AB discloses the information provided herein pursuant to the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.30 am (CET) on 9 September 2010.*