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Press release

Bong closes Irish factory

Bong Ljungdahl has decided to close its envelope production in Kilkenny, Ireland. As a result, all 35 employees in the factory will be given notice of termination. The production, which has been exclusively for customers in the UK, will be moved latest during the first quarter of 2007 to Bong's manufacturing sites in UK and Germany.

The building in Kilkenny, where the factory is located, has been sold to a real estate development company for Euro 3 million. This deal will generate a positive cash flow in the fourth quarter 2006 of Euro 3 million and a profit of Euro 1.6 million.

One-time costs for closing the factory are estimated at around Euro 2 million and will be reserved for in the result of the fourth quarter 2006 with a cash flow effect mainly in the first half of 2007. At the same time this structural change of the production is estimated to generate savings of Euro 1.5 million on an annual basis from 2007.

"This is a continuation of our group-wide program to increase our productivity and improve earnings. The Kilkenny factory has served us well in the past, but with increasing costs to produce in Ireland and the improved efficiencies we have in UK and Germany following the RCT acquisition earlier this year it is now hard to justify a satellite production on Ireland to service our UK customer base" says Bong's President and CEO Anders Davidsson.

"The advantage is that we now can achieve a higher productivity in Germany and UK by combining production runs and sharing overhead costs. And for part of the production we also see an advantage to produce closer to our customers in the UK and improve flexibility further", Anders Davidsson concludes.

For additional information, please contact Anders Davidsson, President and CEO of Bong Ljungdahl AB.

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Bong is one of Europe's leading envelope companies. The Group has annual sales of approximately SEK 2 billion, some 1,400 employees and an annual manufacturing capacity of around 18 billion envelopes at its factories in Sweden, Denmark, Norway, Finland, Poland, Germany, Belgium, the UK, Ireland, Russia, Estonia and Lithuania. Bong has a very strong market position, particularly in Northern Europe, and conducts sales and marketing in thirteen European countries through its own sales organisations. The Group sees attractive opportunities for further expansion and development. Bong is a publicly listed company and its shares are quoted on the Stockholm Stock Exchange.