



Year-end report 2009



Year-end report 2009

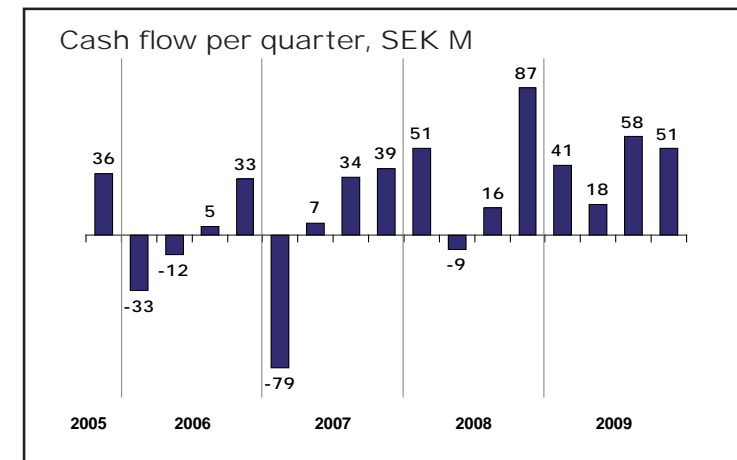
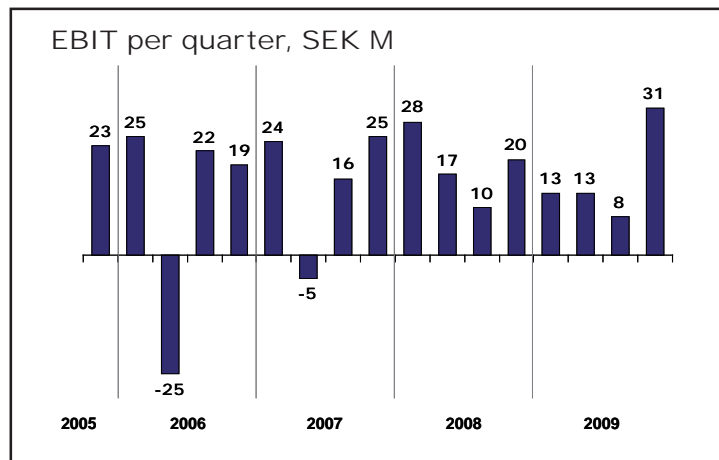
“Sales picked up in the fourth quarter and the cost-cutting measures we initiated last spring have had a visible impact on costs. All in all, this resulted in a strong end to 2009,” says Bong’s President and CEO Anders Davidsson. “We also continued our efforts to free up working capital, which contributed to a very healthy cash flow for the full year.”

October-December 2009

- Net sales of SEK 513 million (508)
- ProPac sales of SEK 83 million (81)
- Operating profit of SEK 31 million (20)
- Profit after tax of SEK 17 million (-2)
- Cash flow after investments of SEK 51 million (87)
- The Board proposes a dividend of SEK 1 per share (1)

January-December 2009

- Net sales of SEK 1,915 million (1,937)
- ProPac sales of SEK 247 million (238)
- Operating profit of SEK 65 million (74)
- Profit after tax of SEK 24 million (10)
- Basic earnings per share of SEK 1.65 (0.80)
- Cash flow after investments of SEK 169 million (144)



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 ProPac packaging concept and Russia. The Group has annual sales of approximately SEK 2 billion and some 1,200 employees in 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 Nordic Stock Exchange Stockholm (Small Cap).

MARKET AND INDUSTRY

After several weak quarters, demand strengthened in the last quarter of 2009 when the drop in volume was limited to approximately 4%. For the full year 2009, the European Envelope Manufacturers Association (FEPE) reports a volume decrease of 13%. The market for DM envelopes was harder hit than traditional envelopes.

In Russia and Eastern Europe, several years of strong growth were replaced by falling demand. The Russian market has contracted by an estimated 15-20% during the year and the Baltic market by around 20%. In these countries as well, the fourth quarter saw a trend break with positive demand signals and more stable volumes.

The industry's capacity adaptations and cutbacks have continued. For example, the German envelope manufacturer Mayer has closed a factory in England and decided to discontinue envelope production at the co-owned Lyche factory in Norway. Intermail has relocated its envelope manufacturing from Denmark to the company's factories in Sweden and Finland. All major manufacturers in Europe are taking steps to decrease their staffing and the number of machines, and several are now applying reduced working hours.

Consolidation of the market has continued with the bankruptcy of German-based Curtis 1000 at the beginning of 2010. Mayer acquired Curtis's Polish subsidiary and the German sales company. According to information from Mayer, production in Germany will be wound up and the machinery sold. In addition, at the beginning of 2010 Bong acquired Curtis's subsidiary Tycon in Luxembourg, a production unit that is specialised in conversion of Tyvek® material into envelopes and packages.

The packaging market, in which Bong is active with its ProPac range, is significantly larger and more multifaceted than the envelope market. Market statistics for the niches where Bong is active are unavailable or difficult to obtain. Packages that are used in e-commerce, mail order and the retail trade

have been impacted by the market downturn to a certain degree, but are expected to have major growth potential in a longer perspective.

SALES AND PROFIT OCTOBER-DECEMBER 2009

Consolidated sales for the fourth quarter amounted to SEK 513 million (508). Operating profit was SEK 31 million (20). Net financial items totalled SEK -10 million (-15). Profit before tax amounted to SEK 20 million (5) and the reported profit after tax was SEK 17 million (-2).

In the fourth quarter, volumes sales stabilised compared to the previous year. Combined with the Group's measures to adapt costs, this led to an improvement in operating profit over the year-earlier level. Furthermore, lower net financial items contributed to a sharp rise in pre-tax profit over the corresponding period of 2008. Reduction of finished goods inventories as part of the Group's efforts to free up working capital had an effect of SEK -8 million (-8) on profit for the quarter.

SALES AND PROFIT JANUARY-DECEMBER 2009

Consolidated sales for the full year amounted to SEK 1,915 million (1,937). Foreign exchange effects and the consolidation of Lober had a positive impact and helped Bong to maintain sales at a stable level relative to the prior year.

Operating profit was SEK 65 million (74). Net financial items totalled SEK -35 million (-54). Profit before tax amounted to SEK 31 million (20) and reported profit after tax was SEK 24 million (10).

The drop in volumes and sales was offset by cost savings and lower net financial items, resulting in an improved profit before tax compared to 2008. In the fourth quarter, the year-on-year falling volume trend slowed at the same time that the Group's cost

adaptations began to have a tangible impact. Reduction of finished goods inventories as part of the Group's efforts to free up working capital had an effect of SEK -11 million (-9) on profit for the year.

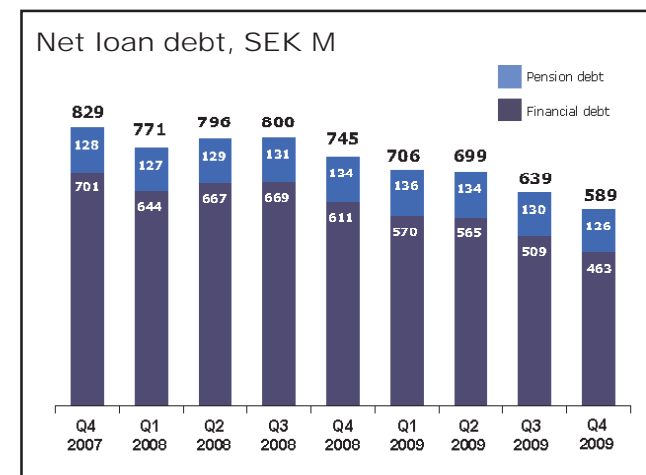
CASH FLOW

After a strong end to the year, cash flow after investing activities for 2009 was highly satisfactory at SEK 169 million (144). Working capital fell by SEK 98 million as a result of determined efforts to reduce inventories and better payment terms for customers and from suppliers. In addition, the sale of an unused manufacturing property in Germany contributed a positive cash flow of SEK 14 million.

FINANCIAL POSITION

Cash and cash equivalents at 31 December 2009 totalled SEK 74 million (SEK 99 million at 31 December 2008). Unutilised credits at 31 December 2009 amounted to SEK 308 million. Total available cash and cash equivalents thus amounted to SEK 382 million.

Consolidated equity at 31 December 2009 amounted to SEK 598 million (SEK 629 million at 31 December 2008). Translation of the net assets of foreign



subsidiaries to Swedish kronor and changes in the fair value of derivative instruments reduced consolidated equity by SEK 39 million.

The interest-bearing net loan debt decreased during the period by SEK 156 million to SEK 589 million (SEK 745 million at 31 December 2008). Translation of net loans in foreign currency to Swedish kronor reduced the Group's net loan debt by SEK 8 million.

CAPITAL EXPENDITURE

The period's net expenditure on property, plant and equipment amounted to SEK 42 million (56), at the same time that the sale of a property in Germany and various machinery generated a positive cash flow of SEK 27 million. Result was a net investment of SEK 15 million during the period. This amount includes the acquisition of the UK-based Packaging First Ltd and DM Qvert AB in Sweden.

EMPLOYEES

The average number of employees during the year was 1,220 (1,241). The number of employees at 31 December 2009 was 1,220 (1,233). As of 2009, the 35 employees in Lober are also included in the total.

MANAGEMENT SHARE ACQUISITION

In January 2009 the members of Bong's executive management team acquired 540,000 shares, equal to 4.1% of the company. Following the transaction Bong's executive management team holds 617,700 shares, equal to 4.6% of the total share capital. After the transaction, Bong's President and CEO Anders Davidsson holds a total of 182,600 shares in the company.

PARENT COMPANY

The activities of the Parent Company include administration of operating subsidiaries and Group

management functions. Net sales are reported at SEK 0 million (0) and the period's profit before tax was SEK 21 million (19).

NEW EXCLUSIVE TYVEK® AGREEMENT

As announced in a separate press release dated 1 September 2009, Bong has entered into an exclusive agreement with DuPont for purchasing, conversion and sales of Tyvek®, a unique polyethylene material developed and produced by DuPont. The material is lightweight, thin and flexible but also extremely tough and durable. For example, Tyvek® is both tear and water resistant and therefore highly suitable for use in protective envelopes and postal packaging solutions. It is also easy to recycle. Sales of Tyvek® products under the agreement will grow rapidly and Bong's annual sales are expected to increase by approximately SEK 100 million starting from the second half of 2010.

ACQUISITIONS

As announced in separate press releases, Bong carried out two acquisitions in 2009:

As part of its strategy for growth in various packaging solutions, Bong acquired 45% of the UK-based packaging wholesaler Packaging First Limited in the second quarter. Packaging First Limited is reported as an associated company in the Bong Group.

In August, Bong acquired 50% of the envelope company DM Qvert in Lerum outside Gothenburg. The company is an ideal complement to Bong's own sales organisation and printing operations in Gothenburg and Stockholm. DM Qvert is reported as an associated company in the Group.

SUBSEQUENT EVENTS

Acquisition of Tycon in Luxembourg

As announced on 1 February 2010, Bong has acquired 100% of Tycon's production unit in Luxembourg with

20 employees. The company is specialised in conversion of Tyvek® material into envelopes and packages. The acquisition is expected to make a positive contribution to Bong's earnings starting in the first quarter of 2010.

Acquisition of Image Envelopes

As announced in separate press release on 18 December 2009, Bong acquired 50% of the UK-based specialist envelope manufacturer Image Envelopes at the beginning of January. Bong has an option to increase its holding in the company over the next three years. Image Envelopes is focused on delivering products to the British DM market. The acquisition is in line with Bong's strategy to broaden its share of the DM market. The company's has annual sales of more than GBP 2.5 million. The acquisition is expected to make a positive contribution to the Group's earnings starting in the first quarter of 2010. Image Envelopes is reported as an associated company in the Group.

OPPORTUNITIES AND RISKS

The risks arising in Bong's operations are related primarily to market development and different types of financial risk. For further information about the Group's opportunities and risks, see Bong's annual report and website www.bongljungdahl.com.

ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. For a description of the new amendments, revisions, interpretations and standards effective for periods beginning on or after 1 January 2009, see Bong's annual report for 2008. One of these changes, the revised IAS 1 Presentation of Financial Statements, has mainly involved changes in presentation of the income statement and statement of changes in equity. The applied accounting policies correspond to those used in the most recently published annual report.

THE BOARD'S PROPOSED DIVIDEND

The Board of Directors proposes that a dividend of SEK 1 per share (1) be paid for the 2009 financial year.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, 18 May 2010, at 4:00 p.m. in the company's auditorium, Uddevägen 3, Kristianstad, Sweden. The interim report for January-March 2010 will be published in connection with the Annual General Meeting.

The annual report is expected to be published no later than two weeks prior to the Annual General Meeting and will be published only on Bong's website www.bongljungdahl.com

Kristianstad, 18 February 2010
BONG LJUNGDAHL AB

Anders Davidsson
President and CEO

REVIEW REPORT

We have reviewed the year-end report for Bong Ljungdahl AB (publ) for the period from 1 January 2008 to 31 December 2009. The Board of Directors and CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material aspects, prepared in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group and the Swedish Annual Accounts Act for the Parent Company.

Malmö, 18 February 2010

Eric Salander Mathias Carlsson
Authorised Public Accountants
PricewaterhouseCoopers

Presentation of the report

The year-end report will be presented in a teleconference starting at 10:00 a.m. on 19 February 2010. The telephone number to the teleconference is +46 (0)8 5052 0110. Pictures for the teleconference will be available on our website www.bongljungdahl.com by 9:00 a.m., at the latest.

For additional information 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.

Financial calendar:

- Interim report January – March 2010, 18 May 2010
- Interim report January – June, 25 August 2010
- Interim report January – September, November 2010
- Year-end report 2010, February 2011



YEAR-END REPORT 31 DECEMBER 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNTS IN SUMMARY (SEK M)	Oct-Dec 2009 3 mån	Oct-Dec 2008 3mån	Jan - Dec 2009 12 mån	Jan - Dec 2008 12 mån
Net sales	512.9	507.8	1,914.7	1,937.1
Cost of goods sold	-394.1	-407.9	-1,510.6	-1,549.8
Gross profit	118.8	99.9	404.1	387.3
Selling expenses	-47.4	-45.3	-188.4	-183.8
Administrative expenses	-42.0	-40.0	-156.2	-144.5
Other operating income and expenses	1.3	5.5	5.7	15.3
Operating profit	30.6	20.1	65.3	74.3
Net financial items	-10.2	-15.4	-34.8	-54.2
Profit before tax	20.4	4.7	30.5	20.1
Income tax	-3.2	-6.4	-6.2	-9.6
Profit after tax	17.2	-1.7	24.3	10.5
Profit for the period attributable to minority interest	0.3	-0.1	2.6	0.0
Basic earnings per share, SEK	1.29	-0.13	1.65	0.80
Diluted earnings per share, SEK	1.28	-0.13	1.63	0.78
Average number of shares, basic	13,128,227	13,128,227	13,128,227	13,128,227
Average number of shares, diluted	13,230,227	13,332,227	13,230,227	13,332,227

STATEMENTS OF COMPREHENSIVE INCOME (SEK M)	Oct-Dec 2009	Oct-Dec 2008	Jan - Dec 2009	Jan - Dec 2008
Profit after tax	17.2	-1.7	24.3	10.5
Other comprehensive income				
Income and expense recognised directly in equity				
Cash flow hedges	-1.2	-13.7	-2.3	-13.7
Hedging of net investments	-9.5	-4.3	13.1	-15.6
Translation differences	17.0	45.8	-47.2	67.8
Revaluationreserve on acquisitions of shares in subsidiaries	5.6	3.3	5.6	3.3
Income tax relating to components of other comprehensive income	-9.0	16.7	-7.7	18.2
Other comprehensive income after tax	3.0	47.8	-38.5	60.0
Total comprehensive income	20.1	46.1	-14.2	70.5

Total profit attributable to:				
Owners in parent company	17.9	45.2	-18.7	69.6
Minority interest	2.3	0.9	4.5	0.9

CONSOLIDATED BALANCE SHEETS IN SUMMARY (SEK M)	31 Dec 2009	31 Dec 2008	
Assets			
Intangible assets	1)	416.2	428.7
Tangible assets		550.4	642.8
Financial assets		97.9	99.0
Inventories		207.8	258.9
Current receivables		311.7	345.0
Cash and cash equivalent		74.3	99.1
Total assets	1,658.2	1,873.4	
Equity and liabilities			
Equity	2)	598.1	629.0
Non-current liabilities	3)	605.1	747.9
Current liabilities	4)	454.9	496.5
Total equity and liabilities	1,658.2	1,873.4	
1) Of which, goodwill		407.9	426.0
2) Of which, minority interest		2.6	1.6
3) Of which, interest-bearing		584.5	725.5
4) Of which, interest-bearing		78.4	118.3

CHANGES IN CONSOLIDATED EQUITY (SEK M)	Jan-Dec 2009	Jan-Dec 2008
Opening balance for the period	629.0	571.6
Dividends paid*)	-16.6	-13.1
Total profit	-14.2	70.5
Closing balance for the period	598.1	629.0

*) of which attributable to owners in the Parent Company 13.1

CONSOLIDATED CASH FLOW STATEMENTS

	Oct-Dec 2009	Oct-Dec 2008	Jan - Dec 2009	Jan - Dec 2008
(SEK M)				
Operating activities				
Operating profit	30.6	20.1	65.3	74.3
Depreciation, amortisation and impairment	21.2	26.4	90.1	94.7
Financial items	-10.2	-15.4	-34.8	-54.2
Paid tax	7.2	-12.1	-2.1	-14.3
Other non-cash items	-9.5	-13.7	-33.1	-8.3
Cash flow from operating activities before changes in working capital	39.2	5.3	85.4	92.3
Changes in working capital	23.5	87.9	98.1	108.2
Cash flow from operating activities	62.8	93.2	183.4	200.5
Cash flow from investing activities	-11.4	-6.3	-14.6	-56.2
Cash flow after investing activities	51.4	86.9	168.9	144.3
Cash flow from financing activities	-63.2	-89.3	-192.3	-72.3
Cash flow for the period	-11.8	-2.4	-23.4	71.9
Cash and cash equivalents at beginning of period	84.8	104.4	99.1	24.3
Exchange rate difference in cash and cash equivalent	1.3	-2.9	-1.4	2.9
Cash and cash equivalent at end of period	74.3	99.1	74.3	99.1

KEY RATIOS

	Jan - Dec 2009	Jan - Dec 2008
Operating profit, %	3.4	3.8
Profit margin, %	1.4	1.0
Return on equity, %	3.57	1.8
Return on capital employed, %	5.5	5.6
Equity/assets ratio, %	36.1	33.6
Net debt/equity ratio, times	0.98	1.18
Net loan debt/EBITDA	3.79	4.40
Capital employed, SEK M	1,261.6	1,472.7
Interest-bearing net loan debt, SEK M	589.2	744.7
DATA PER SHARE		
	Jan - Dec 2009	Jan - Dec 2008
Basic earnings per share, SEK	1.65	0.80
Diluted earnings per share, SEK	1.63	0.78
Equity per share before dilution, SEK	45.56	47.91
Diluted equity per share, SEK	45.77	48.22
Basic number of shares outstanding at end of period	13,128,227	13,128,227
Diluted number of shares outstanding at end of period	13,230,227	13,332,227
Average number of shares, basic	13,128,227	13,128,227
Average number of shares, diluted	13,230,227	13,332,227

1) The dilution effect is not taken into account when it leads to a better result.

FINANCIAL OVERVIEW

KEY RATIOS

	2009	2008	2007	2006	2005
Net sales, SEK M	1,915	1,937	1,991	1,985	1,782
Operating profit, SEK M	65	74	60	40	71
Profit before tax, SEK M	24	10	16	-1	23
Cash flow after investing activities	165	144	1	-7	105
Operating margin, %	3.4	3.8	3.0	2.0	4.0
Profit margin, %	1.4	1.0	0.6	0.1	1.9
Capital rate turnover, times	1.1	1.1	1.1	1.2	1.1
Return on equity, %	3.6	1.8	2.8	neg	4.3
Return on capital employed, %	5.5	5.6	4.9	3.1	5.3
Equity/assets ratio, %	36	34	33	31	34
Net loan debt, SEK M	589	745	829	807	706
Net debt/equity ratio, times	0.98	1.18	1.45	1.50	1.26
Net loan debt/EBITDA, times	3.8	4.4	5.4	5.7	4.1
EBITDA/net financial itmens, times	4.5	3.1	3.2	3.8	4.6
Average number of employees	1,220	1,270	1,346	1,379	1,280
Data per share					
Number of shares					
Basic number of shares outstanding at end of period	13,128,227	13,128,227	13,128,227	13,017,298	13,004,986
Diluted number of shares outstanding at end of period	13,230,227	13,332,227	13,428,227	13,651,180	13,651,180
Average number of shares before dilution	13,128,227	13,128,227	13,079,425	13,006,000	13,004,986
Average number of shares after dilution	13,230,227	13,332,227	13,379,425	13,651,180	13,511,180
Earnings per share					
Before dilution, SEK	1.65	0.80	1.19	-0.04	1.79
After dilution, SEK	1.63	0.78	1.17	-0.04	1.74
Equity per share					
Before dilution, SEK	45.56	47.91	43.54	41.31	43.17
After dilution, SEK	45.77	48.22	43.98	42.30	44.09
Other data per share					
Dividend, SEK (for 2009 proposed by the Board)	1.00	1.00	1.00	1.00	0.00
Quated market price on the balance sheet date, SEK	21	12	42	68	64
P/E-ratio, times	13	15	36	neg	37
Price/book value before dilution, %	46	25	96	165	148
Price/book value after dilution	46	25	96	160	145

¹⁾ Excluding effect of settlement in a legal dispute

QUARTERLY DATA

GROUP (SEK M)	4/2009	3/2009	2/2009	1/2009	4/2008	3/2008	2/2008	1/2008	4/2007	3/2007	2/2007	1/2007
Net sales	512.9	424.5	457.3	520.1	507.8	440.7	463.0	525.5	517.6	461.0	472.4	540.4
Operating expenses	-482.2	-416.4	-443.9	-507.0	-487.8	-430.7	-446.3	-498.0	-492.6	-444.7	-477.6	-516.4
Operating profit	30.7	8.1	13.4	13.1	20.1	10.0	16.7	27.5	25.0	16.3	-5.2	24.0
Net financial items	-10.2	-8.1	-7.6	-8.9	-15.4	-12.3	-14.7	-11.8	-10.2	-14.6	-11.5	-11.5
Profit before tax	20.4	0.0	5.8	4.2	4.7	-2.3	2.0	15.7	14.8	1.7	-16.7	12.5
Capital gain, sale of PPE											12.7	
Restructuring charges											-21.0	
											-8.3	
Adjusted operating profit	30.7	8.1	13.4	13.1	20.1	10.0	16.7	27.5	25.0	16.3	3.1	24.0
Adjusted profit before tax	20.4	0.0	5.8	4.2	4.7	-2.3	2.0	15.7	14.8	1.7	-8.4	12.5

PARENT COMPANY PROFIT AND LOSS ACCOUNTS IN SUMMARY (SEK M)	Jan - Dec 2009	Jan - Dec 2008
Net sales	0.0	0.0
Cost of goods sold	0.0	0.0
Gross profit	0.0	0.0
Administrative expenses	-41.2	-35.8
Other operating income and expenses	7.2	2.3
Operating profit	-34.0	-33.5
Net financial items	55.0	52.1
Profit before appropriations and tax	21.0	18.6
Income tax	0.9	14.8
Profit after tax	21.9	33.4

PARENT COMPANY BALANCE SHEETS IN SUMMARY (SEK M)	31 Dec 2009	31 Dec 2008
Assets		
Tangible assets	5.1	3.5
Financial assets	1,220.1	1,245.2
Current receivables	109.1	110.5
Cash and cash equivalents	6.1	0.0
Total assets	1,340.4	1,359.2
Equity and liabilities		
Equity	580.2	570.9
Untaxed reserves	0.0	0.9
Provisions	11.7	12.3
Non-current liabilities	459.2	596.5
Current liabilities	289.3	178.6
Total equity and liabilities	1,340.4	1,359.2