



BONG LJUNGAHL AB

YEAR-END RELEASE JANUARY-DECEMBER 2000

BONG STRENGTHENS ITS LEADING POSITION AS EUROPE'S LARGEST ENVELOPE MANUFACTURER

- **TURNOVER INCREASED BY 92 % TO MSEK 2,347 (1,223)**
- **OPERATING PROFIT ROSE TO MSEK 224 ^{*)} (92)**
- **OPERATING PROFIT FOR THE FOURTH QUARTER INCREASED BY 76 % TO MSEK 44 (25)**
- **PROFIT AFTER NET FINANCIAL ITEMS IMPROVED TO MSEK 160 ^{*)} (75)**
- **A LETTER OF INTENT WAS SIGNED IN JANUARY 2001 FOR THE ACQUISITION OF STRONGHOLD GROUP, HOLLAND'S LEADING ENVELOPE COMPANY**
- **THE BOARD PROPOSES A DIVIDEND OF SEK 3:00 FOR 2000 (2.60)**

^{*)} Items affecting comparability positively of MSEK 44 are included.

TURNOVER AND RESULT

Turnover for the January-December 2000 period increased by MSEK 1,124, or 92 %, to MSEK 2,347 (1,223). Of the increase, MSEK 1,106 is attributable to acquired units and MSEK 45, or 4 %, to organic growth within the previous Group structure. The effect of currency fluctuations was to reduce turnover by MSEK 27.

The operating profit (excluding items affecting comparability) increased by 96 % to MSEK 181 (92). The improvement is largely due to the extremely good progress made by recently acquired units within the Bauwens Group and some impact from synergies resulting from this acquisition. Generally firm demand on the Group's main markets, particularly at the beginning of the year, also contributed to the successful result. Despite sharp increase during the year in the price of fine paper, by far the Group's most important input material, the operating profit improved slightly to 7.7 % (7.5).

During the fourth quarter the operating profit rose by MSEK 19 to MSEK 44 (25).

The Group's premises in Kristianstad and Nybro were sold to Nordisk Renting AB for MSEK 130, as one element in the financing of the current expansion process. The transaction generated a capital gain of MSEK 33 before tax (MSEK 25 after full tax) and is stated, together with the refund of MSEK 11 in surplus pension funds from the SPP insurance company, among items of MSEK 44 affecting comparability (0). A long-term leasing agreement has been reached with Nordisk Renting AB for the continued use of the premises.

The profit after net financial items (excluding items affecting comparability) increased by MSEK 41 to MSEK 116 (75), and including items affecting comparability the profit amounted to MSEK 160 (75). The fourth-quarter profit after net financial items (excluding items affecting comparability) amounted to MSEK 29 (20), the twelfth consecutive quarter in which the pre-tax profit increased in relation to the previous quarter. Earnings per share after tax and full conversion amounted to SEK 12.44 (7.83) including items affecting comparability, and to SEK 8.65 (7.83) excluding items affecting comparability. The placement of more than 1.6 million shares in connection with the acquisition of Bauwens made a full impact during the entire January-December 2000 period.

MARKETS, SALES, PURCHASING

The envelope market in Europe has continued to grow and was strong at the beginning of the year. Bong further increased its market shares in Great Britain and Poland, while in the Nordic countries and Germany it maintained its already strong positions. Markets remained extremely competitive and prices are still under intense pressure.

For much of the year the market for fine paper, the Group's most important input material, was more or less overheated. On the basis of firm underlying demand, paper producers were able to raise their prices sharply on several occasions. From time to time material was in short supply. During the first half of the year the Bong Group was more or less able to offset this by increasing prices to its customers, although after some delay. During the autumn it became steadily more difficult to raise prices on certain markets, which led to narrower margins in the fourth quarter. Paper prices have now stabilised.

COMPANY ACQUISITIONS

The Bauwens group was acquired early in 2000, as a result of which the Group's turnover almost doubled. Measures to integrate Bauwens with the other units within the Group are continuing according to plan. The changes being made to production with the object of streamlining the structure continued at an intense pace during the autumn. Completed and planned measures involve the closure of four of the Group's production facilities, which will reduce the work force by around 100. The earlier estimate of overall cost reductions in the region of MSEK 40-60 remains unchanged; they are expected to show through to the full towards the end of 2001. The effects in 2000 are estimated to have amounted to MSEK 10-12.

An important step in the development of the Group was taken with the acquisition of Rexam Envelopes in September 2000. Rexam Envelopes is one of Great Britain's leading envelope companies, with a turnover of some £16 million in 1999 and approximately 140 employees. Following the acquisition, Bong's aggregate turnover in Great Britain will amount to some £50 million

(approximately MSEK 700), which makes the Group market leader on Europe's largest envelope market.

Rexam Envelopes is now being successively integrated with Bong's existing business in Britain. Rexam is expected to make a positive contribution to the consolidated result in 2001.

Norsk Konvolutt AS (Norkon), which has a turnover of some MNOK 15 and 10 employees, was acquired in November 2000. The acquisition will strengthen the Group's market position in Norway and is expected to generate potential for synergies, mainly within production and purchasing.

In January 2001, a letter of intent was signed for the acquisition of Stronghold Group, a Dutch company that consists of Van Stolk & Reese, Bramson, Kovert, Autoprint and Mekvale. Stronghold Group is Holland's leading envelope company with an annual turnover of some MSEK 500 and 350 employees. Stronghold also has extensive sales in Great Britain. Mekvale is one of England's largest envelope printers, located in London.

The acquisition of Stronghold will strengthen Bong's already good market position in northern Europe by filling the gap in Holland and consolidating the position of market leadership in England. The transaction, which is expected to be finalised in March 2001, is subject to satisfactory due diligence procedures, a definite acquisition contract, and the necessary official consents. The acquisition will be paid for in cash, the initial intention being to finance this by bank borrowing.

In January 2001, Bong finalised an agreement to acquire the envelope business of Bording Polska through its Polish subsidiary. Bording Polska distributes and manufactures envelopes for the Polish market and has sales of some MSEK 5. The acquired business will be co-ordinated with the Group's existing unit in Poland and further strengthen its position on the fast growing Polish envelope market.

RIGHTS ISSUE IN 2001

With the object of strengthening the Group's capital base and as one stage in the financing of the current expansion process, the Board has decided to recommend the Annual General Meeting to make a rights issue to existing shareholders. The size of the issue and the detailed conditions are expected to be agreed and announced around February 28, 2001.

LIQUID FUNDS AND FINANCING

Liquid funds amounted to MSEK 70 (30) at the end of the reporting period. Net debt amounted to MSEK 1,016 (315), of which some MSEK 700 was incurred on the acquisition of Bauwens.

At the end of the period, the company's equity amounted to MSEK 675, of which the issue in connection with the acquisition of Bauwens accounts for just over MSEK 137 after deduction of issue costs. The closing equity ratio is 29 % (40) and the debt equity ratio is 1.51 (0.73).

CAPITAL EXPENDITURE

The year's capital expenditure on machinery, equipment and buildings, excluding the effect of acquisitions, amounted to MSEK 103 (82) and represents the planned adjustment to a distinctly

lower relative level than has been the case in recent years. MSEK16 of the period's investments were financed by leasing.

EMPLOYEES

The average number of employees during the year was 1,892 (1,132), of whom some 750 joined the Group with acquired units.

PARENT COMPANY

The parent company's business consists of the administration of operative subsidiary companies and the provision of Group management functions.

DIVIDEND

The Board has decided to recommend to the Annual General Meeting that a dividend of SEK 3:00 per share (2.60) be paid for the 2000 financial year.

PROSPECTS

Given Bong's strong position on Europe's fast growing envelope markets, together with the expected synergies from the co-ordination of the acquired units, the outlook for further growth in sales and income is considered to be quite bright.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the company's office on Uddevägen 3, Kristianstad at 5.00 p.m. on May 9, 2001.

Information concerning the date and venue for the Extraordinary General Meeting to consider the planned rights issue is expected to be released around February 28, 2001 together with the issue conditions.

Wuppertal, February 21, 2001

BONG LJUNGDAHL AB

Board

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Bong is a fast expanding international envelope company. The Group has an annual turnover of some MSEK 2,500 and around 1,900 employees. It has an annual production of some 16 billion envelopes at factories in Sweden, Denmark, Norway, Finland, Germany, Great Britain, Ireland, Belgium, Poland and Estonia. In recent years, Bong has played an active part in the current process of restructuring in the European envelope industry and sees significant potential for further expansion and development. Bong is a public company and its shares are listed on the OM Stockholm Stock Exchange's Attract 40 list.

YEAR END REPORT 2000 BONG LJUNGDAHL GROUP ¹⁾

SUMMARY PROFIT AND LOSS ACCOUNT (MSEK)	Jan-Dec 2000	Jan-Dec 1999
Net turnover	2 346,8	1 222,9
Operating costs	-2 143,8	-1 123,2
Items affecting comparability	43,9	-
Operating profit before depreciation of goodwill	246,9	99,7
Depreciation of goodwill	-22,5	-7,5
Operating profit	224,4	92,2
Net financial items	-64,6	-17,2
Profit after net financial items	159,8	75,0
Tax	-50,3	-18,9
Net profit after tax	109,5	56,1
SUMMARY BALANCE SHEET (MSEK)	2000-12-31	1999-12-31
Fixed assets	1 510,3	681,5
Receivables	365,4	202,3
Stock	395,4	168,9
Liquid funds	70,3	29,8
Total assets	2 341,4	1 082,5
Equity	674,5	433,7
Interest-bearing provisions	74,9	74,8
Interest-free provisions	176,7	92,1
Interest-bearing liabilities	1 031,5	278,8
Interest-free liabilities	383,8	203,1
Total equity and liabilities	2 341,4	1 082,5

FINANCIAL RATIOS		Jan-Dec 2000	Jan-Dec 1999
SEK PER SHARE			
Profit after tax		12,44	7,83
Ditto after items affecting comparability		8,65	7,83
Equity		78,19	62,77
RATIOS			
Operating margin before depreciation of goodwill	2)	8,7%	8,2%
Operating margin	2)	7,7%	7,5%
Profit margin	2)	4,9%	6,1%
Return on equity		17%	13%
Ditto excluding items affecting comparability		12%	13%
Debt-equity ratio	2)	11%	12%
Debt-equity ratio		1,51	0,73
Equity ratio		29%	40%
Interest cover		3,4	4,9
Capital employed, MSEK		1 780,9	787,3
Net interest-bearing debt, MSEK		1 016,5	315,8
Average number of shares in issue		8 652 991	6 990 140
Number of shares after full conversion		8 799 491	7 164 840
Average number of shares (after full conversion)		8 799 491	7 164 840

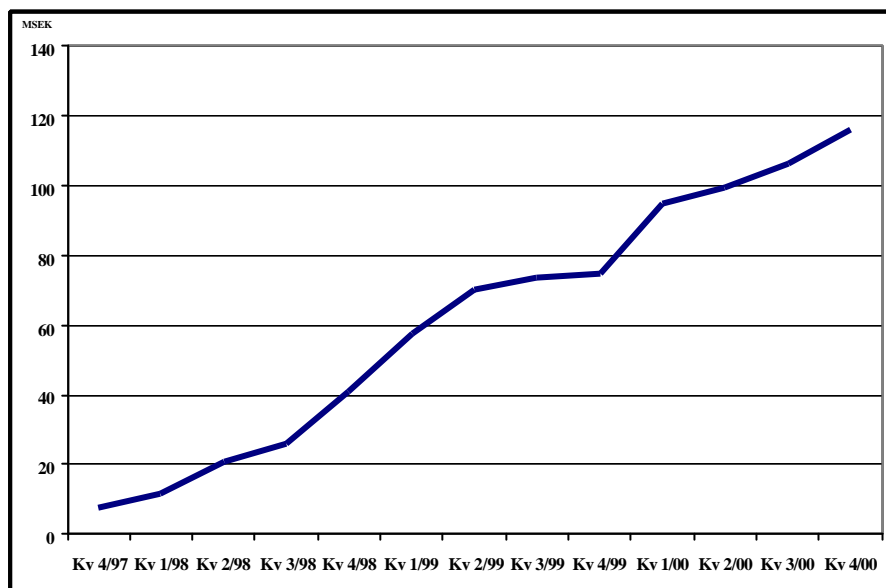
1) The auditing principles are unchanged compared with the previous year, except for the accounting treatment of income taxes for which the Swedish Financial Accounting Standards Council's recommendation No. 9 is applied with effect from 2000.

2) Excluding items affecting comparability

QUARTERLY COMPARISONS GROUP (MSEK)

	4/2000	3/2000	2/2000	1/2000	4/1999	3/1999	2/1999	1/1999	4/1998	3/1998	2/1998	1/1998
Net turnover	644,0	526,4	547,6	628,8	316,6	265,5	302,6	338,2	336,4	228,4	255,3	275,3
Operating costs	-599,6	-491,2	-509,6	-565,9	-292,0	-251,0	-280,0	-307,7	-312,2	-217,6	-247,0	-262,4
Operating costs before items affecting comparability	44,4	35,2	38,0	62,9	24,6	14,5	22,6	30,5	24,2	10,8	8,3	12,9
Items affecting comparability	-	32,8	11,1	-	-	-	-	-	-	-	-	7,0
Operating profit	44,4	68,0	49,1	62,9	24,6	14,5	22,6	30,5	24,2	10,8	8,3	19,9
Net financial items	-15,1	-17,2	-15,1	-17,2	-4,6	-3,7	-4,2	-4,7	-5,3	-3,6	-2,6	-3,9
Profit after net financial items	29,3	50,8	34,0	45,7	20,0	10,8	18,4	25,8	18,9	7,2	5,7	16,0
Profit after net financial items excl. items affecting profitability	29,3	18,0	22,9	45,7	20,0	10,8	18,4	25,8	18,9	7,2	5,7	9,0

Profit after net financial items (excl. Items affecting comparability) moving 12-month figures



CASH FLOW ANALYSIS GROUP (MSEK)

	Jan-Dec 2000	Jan-Dec 1999
Regular operations		
Operating profit	224,4	92,2
Net financial items	-61,1	-17,2
Tax paid	-12,6	-15,2
Depreciation provided	127,7	65,1
Other items not affecting liquidity	-82,3	-12,7
Cash flow from regular operations before change in working capital	196,1	112,2
Cash flow from regular operations	-42,2	21,0
Cash flow from regular operations	153,9	133,2
Investment activities		
Investments in and sales of fixed assets	28,4	-98,2
Company acquisitions	-419,4	-21,8
Cash flow from investment activities	-391,0	-120,0
Cash flow after investment activities	-237,1	13,2

