



**Press release from Bong Ljungdahl AB (pub.)
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BONG IMPLEMENTS COST-REDUCTION PROGRAMME

The Bong Group is making a number of structural changes and cuts in its administrative personnel as part of its previously announced cost-reduction programme.

In Germany, production at two of the manufacturing units is being concentrated at one. The operations at Erkelenz are being relocated to the larger, more highly automated plant in Wuppertal, where the head office and central warehouse for Germany are also located. The two towns are some 70 km apart. Employees are being offered continued employment at Wuppertal and commuter travel is being arranged. All the envelope machinery will be relocated and the production capacity in Germany will be maintained at more than six billion envelopes per year. The reorganisation programme is expected to be completed by the beginning of 2003.

Toll production of consumer-packed envelopes at Kohila, Estonia, will be discontinued at the end of the year, and will be brought in-house to the company's facility in Torgau, Germany. In this connection, Bong is also taking over its own marketing and distribution in the Baltic countries.

Some 15 administrative positions are being discontinued in Sweden, Norway, Denmark and England.

In all, the programme will involve a reduction of around 70 in the number of personnel. The measures are expected to generate cost reductions of some MSEK 35, which will show through from the first quarter of 2003. Non-recurring costs in connection with these changes - estimated at some MSEK 30 - will be charged against the fourth quarter of 2002.

"The measures are one element of our policy of strengthening Bong's long-term competitiveness by improving cost efficiency and productivity. The rationalisation process is a continuous one that has resulted to date in the number of production units in the Group being reduced from 16 to 12. The measures now approved will further reduce the number to ten," comments Lennart Pihl, Bong Ljungdahl AB's President and CEO. "Given the current weakness of general economic conditions, we have some unused capacity. This means that our delivery capability will not suffer from the changes. It is more difficult to rationalise production in a boom period."

Bong is one of Europe's leading envelope companies. The Group has an annual turnover of around 2.4 billion kronor, has about 1,700 employees and a manufacturing capacity of some 15 billion envelopes a year at its production units in Sweden, Denmark, Norway, Finland, Estonia, Poland, Germany, Belgium, England and Ireland. Over the past few years, Bong has carried out a number of acquisitions of companies in the envelope industry and has thus taken an active part in the current process of structural transformation in the industry in Europe. The Group sees attractive opportunities for further expansion and development. Bong is a publicly listed company and its shares are listed on the Stockholm stock exchange "O" list.

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