

Press Release



Klippan, 13 November 2002

KLIPPAN AB - Caldwells

As previously notified, KLIPPAN AB acquired the operation of the paper mill Caldwells in Inverkeithing, Scotland, owned by Inveresk PLC, through a specially formed company, KLIPPAN International PLC.

KLIPPAN purchased the operation with its existing inventory of raw materials, work in progress and finished goods, as well as current orders and other assets belonging to the operation, such as customer registers and trademarks.

The inventory was paid for according to the book value after deductions for obsolescence, damaged goods and low turnover goods. KLIPPAN paid MGBP 1 in conjunction with the signing of the agreement, and MGBP 1 one week after the take-over. Further payment for the inventory will be made after final valuation. Currently, the total amount is expected to be some MGBP 2.5.

For other assets including current orders, customer registers, trademarks and goodwill, KLIPPAN will pay GBP 2 (approximately SEK 30).

KLIPPAN assumes responsibility for 158 of the 209 employees of Caldwells. Responsibility for terminations and costs for redundancy payment etc to those not employed by KLIPPAN falls on Inveresk.

According to the agreement, KLIPPAN International PLC has received a license to use the premises of Caldwells and has agreed to enter into a lease agreement for five years, with a right to extend the period. The rent for the first year is GBP 100,000, and thereafter the rent will increase by GBP 100,000 per year, so that for the fifth year the rent will be GBP 500,000. KLIPPAN has a unilateral right to purchase the plant at any time at the book value at the time the option is exercised. There is no obligation on KLIPPAN to purchase the plant.

There are no other undertakings vis-à-vis Inveresk.

The deal is expected to make a positive contribution to KLIPPAN's result already during the first year.

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The financing of the operation of KLIPPAN International PLC is expected to be done through normal operating credit in a bank. So far, the financing has been effected through the group's own liquid assets.

The operation of Caldwells was taken over by KLIPPAN on 30 October 2002, whereafter manufacturing and sales have started according to plan.

KLIPPAN has worked out a business plan for the mill at Caldwells. This includes, among other things, a simplification of the product range, focusing of fewer articles and thus more rationalized production. This will be achieved by moving products from Caldwells to the mills at Klippan, Lessebo and Mölndal. Furthermore, some production will be moved from the Swedish units to Caldwells.

Product and production rationalization together with other synergies are expected to improve the group result by at least MSEK 30 per year.

KLIPPAN and Inveresk have for several years co-operated closely and have investigated the possibilities of a merger. Considerable synergies have been identified, in particular in the area graphic papers. Through the acquisition of Caldwells, a large step has been taken towards achieving a structuring of the European market, where KLIPPAN will be a flexible and secure co-operating partner.

KLIPPAN is today Europe's leading supplier of, among other things, coloured fine paper and will by this acquisition grow further within this important segment.

KLIPPAN AB



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