BONG LJUNGDAHL AB

YEAR-END RELEASE JANUARY – DECEMBER 2002

- **CONTINUED RECESSION AND WEAKER MARKETS HAVE PULLED RESULTS DOWN**
- **OPERATING LOSS*) AMOUNTED TO SKr 20 MILLION (40)**
- **CASH FLOW IMPROVED BY SKr 202 MILLION AND AMOUNTED TO SKr 170 MILLION**
- **SKr 30 MILLION OF STRUCTURING AND COST-REDUCTION PROGRAMME WITH ANNUAL EFFECT OF SKr 35 MILLION COMPLETED**
- **WRITE-DOWN OF GOODWILL BY SKr 110 MILLION**
- **BOARD PROPOSES THAT NO DIVIDEND BE PAID FOR 2002**

SKr million	Q4 2002	Q4 2001	Q1-4 2002	Q1-4 2001
Net turnover	502	596	2 112	2 395
Operating profit/loss*)	-24	2	-20	40
Profit/loss after net financial items*)	-36	-22	-78	-34
Cash flow after investment activities	32	42	170	-32

*) Excluding net costs of SKr 140 million of items affecting comparability during Q4/2002 (0) and of SKr 134 million during Q1-4/2002 (-5)

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MARKETS AND SALES

The European envelope market remained weak during the fourth quarter and 2002, like 2001, was another poor year for the industry. Seen overall, volumes in Europe are estimated to have declined by around 4 per cent in relation to 2001. In Germany, envelope consumption fell by 5-6 per cent in 2002 owing to the weakness of the economy. In the Nordic region, the market is estimated to have fallen by 3-5 per cent, while in the UK it has grown by 1-2 per cent due mainly to the fact that direct advertising mailings increased by 6 per cent in relation to the previous year. Although market volumes in Europe have dropped as a whole, significant new capacity has come on stream as a result of investment decisions taken when market conditions were more favourable. The increasing excess capacity in the industry and its fragmented structure means the prices came under steadily growing pressure during the course of the year.

Although Bong maintained its market share on the Group's main markets in Germany, Great Britain and the Nordic countries during 2002, volumes still decreased in line with the weakening demand. In addition to this, Bong's prices have fallen by around 5 per cent on average, compared with 2001.

Bong is retaining its focus on large, international customers. By virtue of its size, structure and market position, Bong is well placed to take advantage of the trend towards larger, international envelope purchasing contracts. The company is also actively seeking opportunities to establish itself on new and promising envelope markets, such as France and Eastern Europe. At the end of August Bong finalised a record transaction with Lyreco, the international office supplies chain. All in all, the deal will involve delivery of more than 800 million envelopes in 2003, of which 400 million represent new business for Bong. This corresponds to an increase of some 3-4 per cent in the Group's sales revenue in relation to 2002.

TURNOVER AND RESULT, JANUARY – DECEMBER 2002

The Group's turnover for the whole of 2002 declined by almost 12 per cent on the previous year to SKr 2,112 million (2,395). Some 2 percentage points of this decline are attributable to the divested Binder Division, 5 percentage points to lower prices and changes in product mix, and 4 points to lower volumes. Currency fluctuations had a marginal negative effect on turnover.

The consolidated operating profit before depreciation of goodwill (excluding net costs of SKr 134 million affecting comparability) amounted to SKr 7 million (65 excluding net costs of SKr 5 million affecting comparability). The operating loss (excluding items affecting comparability) amounted to SKr 20 million (40). The downturn in the result is largely attributable to the Group's German operation and the effect of persistently weak and declining demand, which caused significantly lower capacity utilisation at several of the Group's production units. The prevailing market conditions have also resulted in prices coming under growing pressure on the major markets. Price competition has been particularly evident on the German market.

The cost-reduction programme that was launched at the end of 2001 has been carried out according to plan and although it resulted in lower costs, it proved insufficient to offset the effects of the deteriorating market conditions.

A decision was therefore taken during the fourth quarter of 2002 on additional changes and cost reductions. The programme includes transferring the activities in Erkelenz to the Group's main German unit in Wuppertal, and discontinuing subcontracted production of envelopes in consumer packs in Estonia, which will be transferred to the Group's factory in Torgau in Germany instead. In addition the administrative functions at several units will be rationalised. The implementation of the current programme has gone according to plan, and it was largely completed by the end of 2002. The annual effect of the rationalisation programme is estimated at SKr 35 million with an impact from 2003. Restructuring costs amount to around SKr 30 million and are reported in the Group's profit and loss account for 2002 under items affecting comparability.

The measures, which mean that the Group is better adapted to prevailing market conditions, are part of an ongoing process of rationalisation, which including current changes has so far involved reducing the number of production units from 16 to 10.

The operating margin (excluding items affecting comparability) amounted to 0.2 per cent (2.1) for the January-December 2002 period.

The price of fine paper, the Group's most important input item, is running at a slightly lower level than the average for 2001.

Net costs of SKr 134 million affecting comparability during 2002 include the write-down in the value of goodwill (SKr 110 million) (see below), a transfer to restructuring reserve (SKr 30 million) and capital gains of SKr 6 million on property sales.

The year's net financial costs amounted to SKr 58 million (costs 74) and were positively affected by the Group's strong cash flow and by the net proceeds (after issue costs) of SKr 147 million from the share issue carried out at the end of June 2002. The result after net financial items (excluding items affecting comparability) was a loss of SKr 78 million (loss 34).

TURNOVER AND RESULT, FOURTH QUARTER 2002

During the fourth quarter turnover declined by almost 16 per cent to SKr 502 million (596). After adjustment for divestments and currency fluctuations, the decline was 12 per cent, of which about 13 percentage points were due to price/mix changes while about 1 percentage point was due to higher volumes. The operating result for the fourth quarter was a loss of SKr 24 million (loss 2). Net costs of SKr 140 million affecting comparability during the fourth quarter include a write-down in the value of goodwill (SKr 110 million) and a transfer of SKr 30 million to restructuring reserve.

CASH FLOW

The Group is still focusing closely on controlling its cash flow, which improved by SKr 202 million in relation to the previous year and amounted after investment activities (including the SKr 51 million proceeds of property sales) to SKr 170 million (deficit 32). The year's strong cash flow can be explained by limited investment activities after the previous year's heavy investment programme and a relatively large reduction in capital tied up in stocks.

WRITE-DOWN IN VALUE OF GOODWILL

During the fourth quarter the value of goodwill was written down by SKr 110 million, which corresponds to residual book value of goodwill attributable to the Group's German envelope business. The cost, which is taken into the profit and loss account for the fourth quarter of 2002 and the 2002 financial year as an item affecting comparability, has no effect on cash flow. The size of the write-down has been calculated in accordance with the Swedish Financial Accounting Standards Council's recommendation.

The underlying long-term grounds for Bong's presence on the German envelope market, which is one of Europe's largest, still apply. The extensive changes that are now being implemented mean that the organisation is better adapted to the prevailing market situation, and with a strengthened organisation in place, the unit is well placed to raise its profitability once the market situation improves.

FINANCIAL POSITION

Bong Ljungdahl's share issue, which was fully subscribed by the end of the subscription period in June 2002, generated proceeds of SKr 147 million (after issue costs). 99.2 per cent of the issue was subscribed to by existing shareholders on the basis of their priority rights. The number of shares in issue rose by 4,334,995 to 13,004,986 as a result of the issue.

Subscriptions to Bong Ljungdahl's new convertible programme for Group employees were completed in July 2002. The subscription rate was 77 per cent, with the majority of subscribers being senior executives, of whom just over half are employed at foreign units. The proceeds of this loan stock issue amounted to SKr 21 million, which corresponds to 346,194 new shares at a conversion price of SKr 61. The loan may be converted between May 20, 2004 and May 20, 2007. One of the Group's wholly owned Swedish subsidiaries also subscribed to convertibles for some SKr 6 million, which corresponds to 103,761 shares on conversion, with a view to transferring them to new recruits to the Group.

Net debt was reduced during the period by SKr 345 million to SKr 796 million (1,141 at December 31, 2001). Of the reduction, SKr 170 million is attributable to the period's cash flow after investment activities, SKr 147 million to the proceeds of the stock issue, and a net amount of SKr 28 million to currency fluctuations and other factors. The net debt-equity ratio declined to 1.26 (1.73 at December 31, 2001). At September 30, 2002 liquid funds amounted to SKr 141 million (43 at December 31, 2001), excluding approved but undrawn credit facilities of SKr 230 million (116 at December 31, 2001).

At the end of 2002, the Group's equity amounted to SKr 630 million (658 at December 31, 2001). Translation into Swedish kronor of the value of foreign subsidiaries' net assets reduced the Group's equity by SKr 12 million. The closing equity ratio was 30.4 per cent (28.1 at December 31, 2001).

CAPITAL EXPENDITURE
Net capital expenditure for the period, excluding the proceeds of SKr 51 million from property sales, amounted to SKr 6 million (61).

EMPLOYEES
The average number of employees in 2002 was 1,642 (1,854). At the end of December 2002, the number of employees was 1,603, compared with 1,693 at the same time in 2001.

DISPUTES AND LITIGATION
As previously announced, a dispute arose in connection with the acquisition of the Bauwens Group with the former owner of the Group; the dispute concerned certain items in the acquisition accounts and, in Bong's opinion, the failure by the former owner to fulfil certain contractual obligations, which has had a distinctly adverse effect on the performance of the Group's German envelope business. After Bong announced its intention to withhold payment of some 10 MEUR of the purchase price, disputes arose that have been referred to arbitration, during the course of which Bong has put forward a claim for substantial additional compensation over and above the amount stated above. As the amount withheld is included as a liability in Bong's acquisition balance sheet, there will be no effect on Bong's result or financial position in the event of it losing the case other than the effect on the cash balance of the withheld payment. In the event of a favourable outcome, the purchase price stated in the accounts will be reduced by a corresponding amount depending on the final outcome of the dispute. Day-to-day legal costs are expected to be recoverable in the event of a positive outcome for Bong.

PARENT COMPANY
The parent company's business consists of the administration of operating subsidiaries and Group Management functions. The result after net financial items (and excluding items affecting comparability) was a profit of SKr 23 million (loss 20). A write-down of SKr 110 million in the value of shares in subsidiaries is stated as an item affecting comparability, which corresponds to the Group's write-down in the value of the goodwill attributable to the German business.

ACCOUNTING PRINCIPLES
This year-end release is made up in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20. Bong has complied with the new recommendations issued by the Swedish Financial Accounting Standards Council, which came into effect on January 1, 2002. The introduction of these recommendations has not resulted in any changes in the information provided.

DIVIDEND
In line with the Group's dividend policy and in light of the year's weak result, the Board and the President propose that no dividend be paid for 2002.

PROSPECTS
As there are still no clear signs of an upturn in the international economy, there is reason to suppose that markets will remain weak. The completed and planned restructuring and cost-reduction programmes strengthen the Group's competitive position and is reducing the effects of the recession.

Kristianstad, February 27, 2003

BONG LJUNGDAHL AB

The Board

EXAMINATION REPORT
We have made a general examination of this year-end release in accordance with FAR's recommendations.

A general examination is significantly less far-reaching than an audit. Nothing has emerged to suggest that this year-end release does not satisfy the requirements of the Stock Exchange Act and the Annual Accounts Act.

Kristianstad, February 27, 2003

Dan Andersson	*Anders Lundin*
Authorised public accountant	*Authorised public accountant*

Further information may be obtained from Bong Ljungdahl AB's MD and CEO, Lennart Pihl on +46 44 20 70 50, +46 44 20 70 00 (switchboard) or +46 70 594 68 66, (mobile).

Coming financial reports:

Interim report January – March 2003	*May 9, 2003*
Interim report January – June 2003	*August 21, 2003*
Interim report January – September 2003	*November 13, 2003*

Bong is one of Europe's leading envelope companies. The Group has an annual turnover of around 2.1 billion kronor, has about 1,600 employees and a manufacturing capacity of some 15 billion envelopes a year at its production units in Sweden, Denmark, Norway, Finland, Poland, Germany, Belgium, Britain 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.

BONG LJUNGDAHL

YEAR END RELEASE, DECEMBER 31, 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT (SUMMARY) (MSEK)	Oct - Dec		Jan - Dec	
	2002	2001	2002	2001
	3 months	3 months	12 months	12 months
Net turnover	501,9	595,7	2 111,8	2 394,5
Cost of sold products	-434,4	-489,0	-1 752,0	-1 956,2
Gross operating profit	67,5	106,7	359,8	438,3
Selling costs	-45,0	-53,4	-181,0	-197,0
Administrative costs	-40,3	-47,6	-171,9	-179,2
Other operating income and operating costs	0,5	2,4	-0,6	2,8
Items affecting comparability	-139,9	-	-133,7	-4,5
Operating profit/loss before depreciation of goodwill	-157,2	8,1	-127,4	60,4
Depreciation of goodwill	-6,4	-6,6	-26,3	-24,7
Operating profit/loss before depreciation of goodwill	-163,6	1,5	-153,7	35,7
Net financial items	-12,2	-23,1	-58,1	-74,1
Loss before tax	-175,8	-21,6	-211,8	-38,4
Tax	31,6	9,4	48,3	10,0
Loss after tax	-144,2	-12,2	-163,5	-28,4

CONSOLIDATED BALANCE SHEET (SUMMARY) (MSEK)	31 Dec 2002	31 Dec 2001
Assets		
Goodwill	305,6	454,2
Other fixed assets	987,3	1 107,9
Inventories	330,5	381,2
Receivables	310,3	352,2
Liquid funds	141,1	42,9
Total assets	**2 074,8**	**2 338,4**
Equity and liabilities		
Equity	630,2	658,1
Interest-bearing provisions	80,5	76,9
Interest-free provisions	169,2	162,4
Interest-bearing liabilities	871,5	1 125,6
Interest-free liabilities	323,4	315,4
Total equity and liabilities	**2 074,8**	**2 338,4**

KEY RATIOS

		Jan - Dec 2002	2001
Earnings per share after tax and full conversion,			
Excl. items affecting comparability SEK	1)	-3,41	-2,41
D:o incl.items affecting comparability, SEK	1)	-14,62	-2,72
Earnings per share after tax but before full con-			
version, incl. items affecting comparability SEK	1)	-3,5	-2,45
D:o incl. items affecting comparability, SEK	1)	-14,88	-2,77
Equity after full conversion, SEK	1)	48,78	64,32
Equity before full conversion, SEK	1)	48,46	64,23
Operating margin before depr. of goodwill, %	2)	0,3	2,7
Operating margin, %	2)	-0,9	1,7
Profit margin, %	2)	-3,7	-1,4
Return on equity, %	2)	-5,7	-3,8
Return on capital employed, %	2)	-0,8	2,3
Equity ratio, %		30,4	28,1
Net debt-equity ratio		1,26	1,73
Interest cover, x	2)	-0,3	0,6
Capital employed, MSEK		1 575,9	1 860,6
Net interest-bearing debt, MSEK		795,6	1 140,6
Number of shares in issue at year-end	3)	13 004 986	8 669 991
Average number of shares after full conversion	3)	11 164 102	8 726 691
Average number of shares before full conversion	3)	10 990 528	8 661 598

1) Comparative figures have been adjusted for the new share issue by a factor of 0,846
2) Excluding items affecting comparability
3) For the January-December 2002 period, the year's issue of 4.334.995 new shares (registered in July 2002) is included in the average number of shares as a weighted average. In the event of full conversion of outstanding convertible loan stock, an addition 346,194 shares will be issued.

CHANGE IN CONSOLIDATED EQUITY (MSEK)	Jan-Dec 2002	Jan-Dec 2001
Opening balance	658,1	674,5
Right issue	147,2	-
Conversions	-	1,6
Dividend	-	-26,0
Translation difference	-11,6	36,4
Net loss for the year	-163,5	-28,4
Closing balance	**630,2**	**658,1**

CONSOLIDATED CASH FLOW ANALYSES

(MSEK)	Okt - Dec 2002 3 months	Okt - Dec 2001 3 months	Jan - Dec 2002 12 months	Jan - Dec 2001 12 months
Current operations				
Operating profit/loss, including items aff. comp.	-163,6	1,5	-153,7	35,7
Depreciation and write-downs	152,0	40,5	258,4	144,6
Net financial items	-12,9	-21,5	-58,7	-72,7
Tax, paid	1,3	0,9	-15,4	-27,4
Other items not affecting liquidity	10,9	-10,0	9,9	-45,6
Cash flow from current operations before change in working capital	-12,3	11,4	40,5	34,6
Change in working capital	48,8	31,0	86,7	-2,9
Cash flow from current operations	**36,5**	**42,4**	**127,2**	**31,7**
Investment activities				
Acquisitions and divestments of fixed assets	-4,5	-1,0	42,5	-61,3
Acquisition and divestments of subsidiaries	-	0,4	-	-1,9
Cash flow from investment activities	**-4,5**	**-0,6**	**42,5**	**-63,2**
Cash flow after investment activities	**32,0**	**41,8**	**169,7**	**-31,5**
Financing activities				
Rights issue	-	-	147,2	-
Change in interest-bearing loans	-50,5	-46,9	-219,1	26,1
Dividend	-	-	-	-26,0
Cash flow from financing activities	**-50,5**	**-46,9**	**-71,9**	**0,1**
Cash flow for the period	**-18,5**	**-5,1**	**97,8**	**-31,4**

QUARTERLY DATA GROUP (MSEK)

	4/2002	3/2002	2/2002	1/2002	4/2001	3/2001	2/2001	1/2001	4/2000	3/2000	2/2000	1/2000
Net turnover	501,9	487,3	530,8	591,8	595,7	547,8	577,8	673,2	644,0	526,4	547,6	628,8
Operating costs	-519,2	-495,1	-528,5	-562,6	-587,6	-546,3	-560,8	-635,0	-594,2	-485,1	-504,7	-559,8
Operating profit/loss before depreciation of goodwill	-17,3	-7,8	2,3	29,2	8,1	1,5	17,0	38,2	49,8	41,3	42,9	69,0
Depreciation of goodwill	-6,4	-6,6	-6,7	-6,7	-6,6	-6,5	-5,6	-6,1	-5,4	-6,1	-4,9	-6,1
Operating profit/loss before items aff.comparability	-23,7	-14,4	-4,4	22,5	1,5	-5,0	11,4	32,1	44,4	35,2	38,0	62,9
Items aff. comparability	-139,9	-	-	6,2	-	-	-	-4,5	-	32,8	11,1	-
Operating profit/loss	-163,6	-14,4	-4,4	28,7	1,5	-5,0	11,4	27,6	44,4	68,0	49,1	62,9
Loss on sales of subsidiaries	-	-	-	-0,1	-1,6	-	-	-	-	-	-	-
Net financial items	-12,2	-13,8	-15,6	-16,4	-21,5	-16,8	-17,3	-16,7	-15,1	-17,2	-15,1	-17,2
Profit/loss after net fin.items	-175,8	-28,2	-20,0	12,2	-21,6	-21,8	-5,9	10,9	29,3	50,8	34,0	45,7
Profit/loss after net fin. items, excl. items affecting comparability	-35,9	-28,2	-20,0	6,0	-21,6	-21,8	-5,9	15,4	29,3	18,0	22,9	45,7