BONG LJUNGDAHL AB

INTERIM REPORT FOR JANUARY-SEPTEMBER 2004

- **CONTINUED POSITIVE EARNINGS GROWTH. THIRD QUARTER PROFIT BEFORE TAX OF MSEK 3 (-20)**
- **NET SALES FOR JANUARY– SEPTEMBER DECREASED TO MSEK 1,353 (1,448) PARTLY DUE TO THE GROUP'S FOCUS ON PROFITABLE VOLUMES. NET SALES FOR THE THIRD QUARTER REACHED MSEK 418 (445)**
- **PROFIT BEFORE TAX FOR THE PERIOD JANUARY-SEPTEMBER AMOUNTED TO MSEK 45 (-66). PROFIT AFTER TAX WAS MSEK 34 (-78)**
- **EARNINGS PER SHARE OF SEK 2.60 (-5.96)**
- **CASH FLOW AFTER INVESTING ACTIVITIES WAS MSEK 64 (-18)**

MSEK	Q3 2004	Q3 2003	Q1-3 2004	Q1-3 2003
Net sales	418	445	1,353	1,448
Operating profit/loss	13	-10	75	-31
Profit/loss before tax	3	-20	45	-66
Adjusted profit/loss before tax	1) 3	-20	2) -10	3) -71
Cash flow after investing activities	35	-31	64	-18

1) Excluding capital gains of MSEK 12 on the sale of machinery and restructuring charges of MSEK -12.
2) Excluding MSEK 61 arising through final settlement in dispute with former owner of Bauwens Group, capital gains of MSEK 12 on the sale of machinery and restructuring charges of MSEK -19.
3) Excluding capital gain of MSEK 5 on the sale of a property.

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MARKETS

The third quarter of 2004 was characterised by a continued downward trend in European envelope volumes. Demand was low in many European markets, particularly during July and August, and excess capacity remained substantial. Compared with the same period of 2003, the market showed particularly weak development in France and the Benelux countries and is estimated to have decreased by around 5% so far this year. The German and Scandinavian envelope markets were similarly characterised by declining demand and volumes, and have shrunk by an estimated 4% over the same period. The British market, on the other hand, is relatively stable and grew by an estimated 1-2 per cent in the first three quarters of 2004.

Our assessment is that the envelope market for administrative mail, i.e. payments, account statements and similar, will shrink in volume over time while the market for more specialised direct mail envelopes expands. In the current economic situation, growth in direct mail advertising has not compensated for the decrease in administrative mail.

Compared with the third quarter of 2003, Bong Ljungdahl's volumes have declined. This is partly attributable to slacker demand and partly to a more selective sales process aimed at improving profitability.

The ongoing consolidation of the industry continued in October as the French envelope manufacturer GPV entered into a strategic alliance with the Danish market-leader Konvolutfabrikken Danmark (around 600 million envelopes per year) and acquired the British envelope producer Heritage (around 2 billion envelopes per year). Following these transactions, the five largest envelope manufacturers in Europe command around 60 per cent of the total market.

SALES AND PROFIT, JANUARY-SEPTEMBER 2004

Consolidated net sales for the first nine months of 2004 fell by around 7% year-on-year to MSEK 1,353 (1,448). Around 8 percentage points of the decrease are attributable to a drop in volume owing partly to the Group's focus on more profitable volumes, while changes in prices and the product mix boosted net sales by around 1 percentage point. Currency fluctuations had only a marginal effect on sales.

Operating profit for the first nine months of 2004 reached MSEK 75 (-31). Earnings were positively affected by an amount of MSEK 61.4 arising through final settlement of a dispute with the former owner of the Bauwens Group as well as capital gains of MSEK 12.4 on the sale of several of the Group's envelope machines. The motive for the sale of this machinery was to adjust the Group's aggregate production capacity to market demand. At the same time, profit for the period was burdened by restructuring charges of MSEK -19.1 relating to severance pay in Finland and the cost-cutting and action programmes in Scandinavia and Germany. Excluding these items, operating profit was MSEK 20 (MSEK -36 excluding capital gains on the sale of a property). The year-on-year improvement in earnings is attributable to all units in the Group, but was particularly strong in the UK and Germany. Efforts to strengthen the gross margin and reduce fixed costs are continuing. The operating margin for the period was 1.5 % (-2.5%).

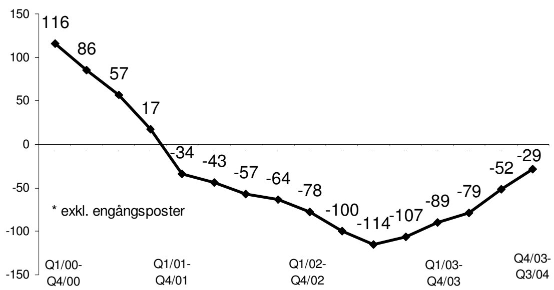
Net financial items for the first nine months of 2004 totalled MSEK -30 (-35) and were bolstered by the Group's positive cash flow and lower market interest rates. Profit before tax was MSEK 45 (-66).

The Group's moving 12-month profit excluding non recurring items showed further improvement and was up by MSEK 78 over the same period of last year. (Fig. 1)

SALES AND PROFIT, JULY-SEPTEMBER 2004

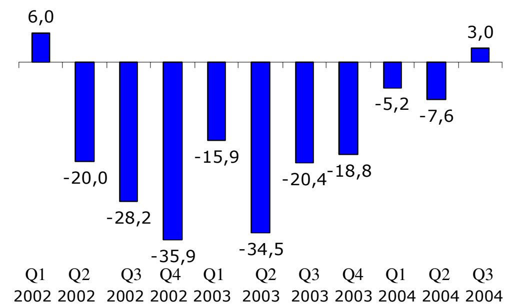
Third quarter sales fell by around 6 % to MSEK 418 (445). Out of the decrease, roughly 9 percentage points are explained by lower volumes, whereas price/product mix changes and currency effects had a positive effect on sales of 2 and 1 percentage points, respectively. Operating profit for the third quarter was MSEK 3 (-10). Third quarter earnings were burdened by a sum of MSEK -12.3 in relation to previously reported restructuring charges mainly in Scandinavia, but also marginal restructuring charges relating to Finland and Germany. At the same time, earnings were strengthened by capital gains of MSEK 12.4 on the sale of machinery. Profit before tax excluding items affecting comparability was positive, at MSEK 3 (-20), for the first time since the first quarter of 2002. This represents an important milestone on our journey back to sustained strong profitability. (Fig. 2)

Fig. 1: Moving 4 quarters* Adjusted profit/loss before tax (MSEK)



* excl. items affecting comparability

Fig. 2: Adjusted profit/loss before tax * by quarter 2002- (MSEK)



HIGHER PAPER PRICES

A gradual rise in fine paper prices has been noted and with effect from 1 October 2004 Bong Ljungdahl is subject to higher purchase prices for paper. We must compensate for these increased raw material costs and are therefore increasing prices in all of our markets.

CASH FLOW

The Group's cash flow showed favourable development in the first nine months of the year thanks to a positive cash flow from operating activities, restrictive investment and active measures to reduce working capital. The period's largest investment was the acquisition of the Finnish envelope producer Kirjekuori Oy. The final settlement with Bauwens has reduced interest-bearing liabilities by around MSEK 38 and current liabilities by around MSEK 23. Cash flow after investing activities for the first nine months amounted to MSEK 64 (-18).

In the third quarter, cash flow after investing activities was MSEK 35 (-31).

FINANCIAL POSITION

Net loan debt decreased during the period by MSEK 34 to MSEK 717 (31 Dec. 2003: MSEK 751). After currency effects and other adjustments of around MSEK 6, the real decrease was MSEK 40. Net loan debt taken over in connection with the acquisition of Kirjekuori amounted to MSEK 21. The net debt/equity ratio decreased to 1.45 (31 Dec. 2003: 1.61).

Liquid assets at 30 September 2004 totalled MSEK 40 (31 Dec. 2003: MSEK 86) excluding granted but unutilised credit facilities of MSEK 149 (31 Dec. 2003: MSEK 213).

Consolidated equity at 30 September 2004 amounted to MSEK 495 (31 Dec. 2003: MSEK 468). Translation of the net assets of foreign subsidiaries to SEK has increased consolidated equity by MSEK 1, while non-recurring adjustment of the pension liability for recalculation according to the Swedish Financial Accounting Standards Council's recommendation RR 29 has reduced consolidated equity by MSEK 8. The equity ratio was 28.6 % (31 Dec. 2003: 26.6%). The Group's target is an equity ratio of at least 30% over time.

CAPITAL EXPENDITURE
The period's net investments in fixed assets amounted to MSEK 74, of which a large share is attributable to the acquisition of Kirjekuori Oy (MSEK -4 including a capital gain of MSEK 31 on the sale of a property).

Net investments in the third quarter totalled MSEK-16. Fixed assets were sold for a total of around MSEK 24 and investments were made for approximately MSEK 8, of which around half refers to the ongoing relocation of production activities in England.

PERSONAL
The average number of employees during the period was 1,411 (1,521). At the end of September 2004, the number of employees in the Group was 1,378 (1,484). The number of employees in the acquired company Kirjekuori Oy was 45.

COST-CUTTING AND ACTION PROGRAMME
As previously announced, a cost-cutting and action programme was carried out in Scandinavia during the third quarter. A total of 50 employees were given notices of termination at the locations in Kristianstad (Sweden), Nybro (Sweden), Hedehusene (Denmark) and Tønsberg (Norway), the majority of whom have already left the company. The resulting savings will amount to around MSEK 14 on a full-year basis and will be realised starting in the fourth quarter of 2004.

Staff reductions on a smaller scale have also been carried out in Finland and Germany.

Efforts to further improve operating efficiency and continuously reduce fixed costs in production, sales and administration will continue throughout the remainder of 2004 and 2005.

ACCOUNTING PRINCIPLES
This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20, Interim reporting. During the period under review, the Swedish Financial Accounting Standards Council's recommendation RR 29, Employee benefits, was applied for the first time. In all other respects, the same accounting and valuation principles were used as in the most recent annual report. Bong Ljungdahl has prepared for full transition to the new IFRS accounting standards as of year-end 2004.

The Group's primary segment consists of the envelopes business segment.

SUBSEQUENT EVENTS TO THE THIRD QUARTER
Mr. Morgan Bosson has been appointed as Head of the Scandinavian Business Unit. Mr. Bosson comes most recently from a position as Managing Director of the Swedish building materials producer Icopal. He will assume his post at year-end and will be a member of the Group's management team.

FUTURE OUTLOOK
We see no indication of any decisive improvement in the envelope market before the end of 2004. By strengthening our gross margin and reducing fixed costs, we have succeeded in bringing about a dramatic improvement in earnings compared with the previous year. We believe that profit for the fourth quarter, like that for the first three quarters of the year, will be significantly higher than for the same period of 2003, at which time the Group reported a fourth quarter loss of MSEK -18.8 excluding non recurring items.

Earlier forecast:

We stand by our earlier forecast. As yet we see no indication of an upswing in the European envelope market, and although certain positive tendencies have been noted in the USA we anticipate continued weak demand in 2004. Our single overarching goal in the short term is to return to profitability as quickly as possible.

Kristianstad, 8 November 2004

BONG LJUNGDAHL AB

Anders Davidsson
President & CEO

This interim report has not been subject to special review by the company's auditors.

The interim report will be presented in a teleconference starting at 3:00 p.m. today. The number to the teleconference is +46 8 505 20 114. By 2:00 p.m. there will be pictures available on our website www.bongljungdahl.se

For additional information about the interim report, please contact Anders Davidsson, Managing Director and CEO of Bong Ljungdahl AB. Telephone (switchboard) +46 44 20 70 00, (direct) +46 44 20 70 80, (mobile) +46 (0)70 545 70 80.

Coming reports:

Year-end report 2004	*16 February 2005*
Interim report January– March 2005	*3 May 2005*
Interim report January– June 2005	*17 August 2005*
Interim report January– September 2005	*9 November 2005*

Bong is one of Europe's leading envelope companies. The Group has an annual turnover of approximately SEK 1.8 billion, some 1,400 employees and an annual manufacturing capacity of around 15 billion envelopes at its factories in Sweden, Denmark, Norway, Finland, Poland, Germany, Belgium, the UK and Ireland. Bong has a very strong market position, particularly in Northern Europe, and conducts sales and marketing in eleven European countries through its own sales organisations. The Group sees attractive opportunities for further expansion and development. Bong is a publicly listed company and its shares are quoted on the O list of the Stockholm Stock Exchange.

INTERIM REPORT 30 SEPTEMBER 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNTS IN SUMMARY (MSEK)	July-Sept 2004 3 mths	July-Sept 2003 3 mths	Jan-Sept 2004 9 mths	Jan-Sept 2003 9 mths	Oct 2003-Sept 2004 12 mths	Jan-Dec 2003 12 mths
Net sales	418.2	444.9	1,352.6	1,448.2	1,812.8	1,908.4
Cost of goods sold	-347.9	-376.1	-1,115.6	-1,223.8	-1,504.1	-1,612.3
Gross profit	70.3	68.8	237.0	224.4	308.7	296.1
Selling expenses	-33.0	-38.5	-106.4	-123.0	-145.9	-162.5
Administrative expenses	-33.1	-33.6	-116.8	-118.9	-152.3	-154.4
Other operating income and expenses	13.9	-1.5	75.8	-3.2	77.2	-1.8
Goodwill amortisation	-5.0	-4.9	-15.0	-14.9	-19.9	-19.8
Items affecting comparability	-	-	-	4.6	-47.7	-43.1
Operating profit/loss	13.1	-9.7	74.6	-31.0	20.1	-85.5
Net financial items	-10.0	-10.7	-29.7	-35.2	-41.6	-47.1
Profit/loss before tax	3.1	-20.4	44.9	-66.2	-21.5	-132.6
Tax	-5.6	-4.9	-10.5	-11.3	-5.9	-6.7
Profit/loss after tax	-2.5	-25.3	34.4	-77.5	-27.4	-139.3

CONSOLIDATED BALANCE SHEETS IN SUMMARY (MSEK)		30 Sept 2004	30 Sept 2003	31 Dec 2003
Assets				
Intangible assets	1)	305.3	285.5	283.8
Tangible assets		727.1	759.5	742.7
Financial assets		63.8	86.4	83.2
Inventories		254.9	298.3	249.8
Current receivables		338.9	343.6	309.7
Cash and bank		39.9	71.0	85.7
Total assets		**1,729.9**	**1,844.3**	**1,754.9**
Equity and liabilities				
Equity		495.1	522.9	467.6
Provisions	2)	195.8	214.5	207.5
Long-term liabilities	2)	421.0	426.0	389.6
Current liabilities	2)	618.0	680.9	690.2
Total equity and liabilities		**1,729.9**	**1,844.3**	**1,754.9**
1) Of which, goodwill		300.9	280.2	278.5
2) Of which, interest-bearing		760.3	872.9	846.2

KEY RATIOS		Jan-Sept 2004	Jan-Sept 2003	Oct 2003-Sept 2004	Jan-Dec 2003
Earnings per share after tax and full conversion, SEK	1)	2.60	-5.96	-2.10	-10.71
Ditto calculated on adjusted profit/loss, SEK	1)	-1.16	-6.21	-3.12	-8.16
Earnings per share after tax but before full conversion, incl. items affecting comparability, SEK		2.65	-5.96	-2.10	-10.71
Ditto calculated on adjusted profit/loss, SEK		-1.16	-6.21	-3.12	-8.16
Equity after full conversion, SEK		38.66	40.75	38.66	36.60
Ditto before full conversion		38.07	40.21	38.07	35.95
Operating margin before goodwill amortisation, %	2)	2.6	-1.4	1.8	-1.2
Operating margin, %	2)	1.5	-2.5	0.7	-2.2
Profit margin, %	2)	-0.7	-4.9	-1.6	-4.7
Return on equity, %	2)	-	-	-8.3	-19.8
Return on capital employed, %	2)	-	-	1.1	-2.7
Equity ratio, %		28.6	28.4	28.6	26.6
Net debt/equity ratio, times		1.45	1.52	1.45	1.61
Interest coverage ratio, times	2)	0.7	-1.0	0.4	-0.8
Capital employed, MSEK		1,255.4	1,395.8	1,255.4	1,313.7
Interest-bearing net loan debt, MSEK		716.9	797.0	716.9	751.3
No. of shares outstanding at end of period before conversion		13,004,986	13,004,986	13,004,986	13,004,986
No. of shares outstanding at end of period after full conversion		13,351,180	13,351,180	13,351,180	13,351,180
Average number of shares before conversion		13,004,986	13,004,986	12,059,362	13,004,986
Average number of shares after full conversion		13,351,180	13,351,180	12,318,368	13,351,180

1) The dilution effect is not taken into account if it leads to an improved result
2) Calculated on adjusted profit/loss

Adjusted profit/loss:	Jan-Sept 2004	Jan-Sept 2003	Oct 2003-Sept 2004	Jan-Dec 2003
Operating profit/loss according to the consolidated balance sheet	**74 .6**	**-31.0**	**20.1**	**-85.5**
Final settlement in dispute with former owner of Bauwens Group	-61.4		-61.4	
Write-downs			26.9	26.9
Capital gain on the sale of fixed assets	-12.4	-4.6	-12.4	-4.6
Restructuring charges	19.1		39.8	20.8
Adjusted operating profit/loss	**19.9**	**-35.6**	**13.0**	**-42.4**

CHANGES IN CONSOLIDATED EQUITY (MSEK)	Jan-Sept 2004	Jan-Sept 2003	Jan-Dec 2003
Opening balance for the period	467.6	630.2	630.2
Adjustment referring to convertible loan	-	-	1.6
Recalculation of pension liability according to RR29	-8,3	-	-
Translation differences	1.4	-29.8	-24.9
Profit/loss for the period	34.4	-77.5	-139.3
Closing balance for the period	**495.1**	**522.9**	**467.6**

CONSOLIDATED CASH FLOW STATEMENTS (MSEK)	July-Sept 2004 3 mths	July-Sept 2003 3 mths	Jan-Sept 2004 9 mths	Jan-Sept 2003 9 mths	Oct 2003- Sept 2004 12 mths	Jan-Dec 2003 12 mths
Operating activities						
Operating profit/loss incl. items affecting comparability	13.2	-9.7	74.7	-31.0	20.1	-85.6
Depreciation and write-downs	29.6	30.5	90.7	93.8	132.0	135.1
Financial items	-10.0	-10.6	-29.7	-35.2	-41.6	-47.1
Paid tax	-1.4	-0.6	-10.4	-9.4	-12.0	-11.0
Other non-cash items	9.0	-1.7	-1.6	-14.4	-3.0	-15.8
Cash flow from operating activities before changes in working capital	40.4	7.9	123.7	3.8	95.5	-24.4
Changes in working capital	-21.3	-32.5	14.9	-26.4	102.0	60.7
Cash flow from operating activities	**19.1**	**-24.6**	**138.6**	**-22.6**	**197.5**	**36.3**
Cash flow from investing activities	**16.2**	**-6.5**	**-74.1**	**4.2**	**-83.4**	**-5.1**
Cash flow after investing activities	**35.3**	**-31.1**	**64.5**	**-18.4**	**114.1**	**31.2**
Cash flow from financing activities	**-46.6**	**21.7**	**-110.8**	**-44.5**	**-145.5**	**-79.2**
Cash flow for the period	**-11.3**	**-9.4**	**-46.3**	**-62.9**	**-31.4**	**-48.0**
Liquid assets at beginning of period	51.8	82.4	85.7	141.1	71.0	141.1
Exchange rate difference in liquid assets	-0.6	-2.0	0.5	-7.2	0.3	-7.4
Liquid assets at end of period	**39.9**	**71.0**	**39.9**	**71.0**	**39.9**	**85.7**

QUARTERLY DATA
GROUP (MSEK)

	3/2004	2/2004	1/2004	4/2003	3/2003	2/2003	1/2003	4/2002	3/2002	2/2002	1/2002
Net sales	418.2	444.3	490.1	460.2	444.9	459.7	543.6	501.9	487.3	530.8	591.8
Operating expenses	-400.1	-383.2	-480	-509.9	-449.7	-473.3	-541	-659.1	-495.1	-528.5	-556
Operating profit/loss before goodwill amortisation	18.1	61.1	10.4	-49.7	-4.8	-13.6	2.4	-157.2	-7.8	2.3	35.4
Goodwill amortisation	-5.0	-5.0	-5.0	-4.9	-4.9	-5.0	-5.0	-6.4	-6.6	-6.7	-6.7
Operating profit/loss	**13.1**	**56.1**	**5.4**	**-54.6**	**-9.7**	**-18.6**	**-2.6**	**-163.6**	**-14.4**	**-4.4**	**28.7**
Net financial items	-10.0	-9.1	-10.6	-11.8	-10.7	-11.3	-13.3	-12.2	-13.8	-15.6	-16.5
Profit/loss after net financial items	**3.1**	**47.0**	**-5.2**	**-66.4**	**-20.4**	**-29.9**	**-15.9**	**-175.8**	**-28.2**	**-20.0**	**12.2**
Capital gain on sale of fixed asset	12.4					4.6					6.2
Write-downs				-26.9				-110.4			
Restructuring charges	-12.3	-6.8		-20.7				-29.5			
Final settlement in Bauwens dispute		61.4									
	0.1	54.6		-47.6		4.6		-140			6,2
Adjusted operating profit/loss	**13.0**	**1.5**	**5.4**	**-7.0**	**-9.7**	**-23.2**	**-2.6**	**-23.7**	**-14.4**	**-4.4**	**22.5**
Adjusted profit/loss after net financial items	**3.0**	**-7.6**	**-5.2**	**-18.8**	**-20.4**	**-34.5**	**-15.9**	**-35.9**	**-28.2**	**-20.0**	**6.0**