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Hemtex establishes purchasing office in Bangladesh

Hemtex has decided to open a purchasing office in Dhaka in Bangladesh. A cornerstone in Hemtex's strategy for profitable growth is backward integration in the value chain to enhance control and increase the quality of purchases.

"Local presence is of great importance if we are to increase direct purchases from the manufacturers, and accordingly, reduce our purchasing prices and enhance quality control. Furthermore, it facilitates monitoring of how our suppliers adhere to the guidelines in Hemtex's Code of Conduct. We plan to open purchasing offices in a number of markets, however, we are currently entirely focused on ensuring a favorable start for our office in Dhaka," says Hemtex's Purchasing Manager Stefan Ahlén.

Bangladesh is an important purchasing market for Hemtex, principally for bed linen and curtains. An office manager has been appointed and recruiting of other employees for the office is under way. The new office will be opened in March and will be staffed by an office manager, merchandiser, quality controller, logistics manager and assistant.

Hemtex conducts the vast majority of its purchases in Europe and Asia. The suppliers in Asia are mainly located in China, Pakistan and Bangladesh. The purchasing organization is now being expanded to enhance Hemtex's capacity to purchase directly from the manufacturers. The objective is that 60 percent of the supply value shall be purchased without intermediaries before the end of the fiscal year 2006/2007, which is a considerable increase compared with the current level of 35-40 percent. In the long term, the objective is 80 percent.

For further information, contact:

Stefan Ahlén, Purchasing Manager Hemtex: +46 (0) 33-20 69 15,
+46 (0) 706-30 07 64, stefan.ahlen@hemtex.se

Anders Jansson, President and CEO Hemtex: +46 (0) 33-20 69 00,
+46 (0)705-50 82 47, anders.jansson@hemtex.se

Visit the Hemtex website at www.hemtex.se

Hemtex is the leading home textile retail chain in the Nordic region, with a total of 147 stores, of which 119 in Sweden, 20 in Finland and eight in Denmark. Currently, 94 of the stores are owned by the Hemtex Group and 53 by franchise companies. All stores in Finland and Denmark are owned by the Hemtex Group. Under a common brand, the stores sell home decorating products, with an emphasis on home textiles. Sales in the consumer operations (including franchise stores) amount to slightly more than SEK 1 billion annually, excluding VAT. During the period November 2004 – October 2005, the Hemtex Group's sales amounted to SEK 947 M.