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MoDo finalises sale of Domsjö sulphite mill

MoDo has reached an agreement to sell its pulp business in Domsjö. The sale is in line with MoDo's strategic direction, which is to focus on growth and development within Holmen Paper (newsprint and magazine paper) and Iggesund Paperboard (solid bleached board and folding boxboard). Following the divestment of Domsjö, MoDo will no longer be a net seller of pulp.

The purchaser is Domsjö Fabriker AB, a company owned by six private individuals (Malcolm Norlin, Dick Carrick, Peter Ekman, Tore Erkén, Lars Nordin and Hans von Schreeb). This company has entered into an agreement with Ekman & Co, Göteborg, a trading house, covering certain sales and administrative services as well as financial services. *

The transfer of ownership comes into effect as of December 31st 1999. As the purchase price is slightly higher than the capital employed in the business (approx. SKr 250 million), the effect on MoDo's result for 1999 will be limited. In connection with the sale, a long-term wood supply agreement has been reached by MoDo Skog and Domsjö Fabriker AB.

With its capacity of some 200,000 tonnes per year, Domsjö is one of Europe's leading producers of bleached sulphite pulp. Most of its production – around 130,000 tonnes per year – consists of dissolving pulp, which is mainly used to manufacture viscose for the textile industry. Domsjö's turnover for 1999 is estimated at some SKr 750 million. There are approximately 400 employees.

For further information please contact Lennart Svensson, MoDo's financial director. Telephone +46-70 510 87 60.

* Pursuant to p. 23 in MoDo's listing agreement with the Stockholm Stock Exchange it should be noted that Christer Zetterberg is a member of the Boards of both MoDo and Ekman & Co. Christer Zetterberg did not participate in the deliberations of MoDo's Board on the sale of Domsjö.