

Bure turns a new page – focus on long-term investment

Bure's successful performance has created the opportunity for an extraordinary capital distribution to the shareholders. Within the coming year, Bure intends to distribute a sum of around SEK 900 million. In addition, the anticipated proceeds from the exercise of the outstanding subscription warrants, around SEK 500 million, will be retransferred to the shareholders.

Since its financial reconstruction in 2003 Bure has worked continuously to reduce the level of debt in the Parent Company, optimise the portfolio structure, take on a more active ownership role and build a platform for long-term profitability in the portfolio companies. After the sale of Carl Bro the Parent Company has a net cash of around SEK 1,250 million and Bure's subsidiary companies have in principal no net indebtedness.

Bure's portfolio currently consists of six major holdings and a few minor holdings. In view of the running cost for the administrative organisation, SEK 25-30 million on an annual basis, the assessment is that Bure is able to manage an additional one or two portfolio companies. This means that with the current organisation and cost level, Bure will consist of around ten portfolio companies.

Bure is planning to make a number of new investments. The objective is thereby to balance the business risk in the existing portfolio. As a consequence, focus for new investments is primarily unlisted companies/assets with strong and stable cash flows and with high barriers to entry. One prioritised category consists of capital-intensive companies/assets with an infrastructural nature.

An average net debt equal to two to three times operating profit before acquisition-related amortisation is deemed reasonable for Bure's existing portfolio companies, with individual variations. Based on decided business plans in the portfolio companies the assessment is that considerable additional investments can be financed within the frame of the portfolio companies' balance sheets.

In light of the above it is the Board's view that the company is overcapitalised and that around SEK 900 million shall be transferred to the shareholders. In addition, the anticipated proceeds from the exercise of the outstanding subscription warrants, around SEK 500 million, will be distributed to the shareholders, the total amount thereby amounting to SEK 1,400 million. The Board wishes to particularly emphasise that their view is that this capital distribution shall be seen as extraordinary and that the amount is well-balanced compared to the investment plans over the nearest 24-month period for both existing and new portfolio companies.

The company is currently evaluating the available methods for carrying out this capital distribution, which can take place through a dividend and/or as share redemption after the expiry of the exercise period for the warrants on 15 June 2007. The existing authorisation for the repurchase of warrants (SEK 300 million) and shares (currently around SEK 195 million) can also be utilised when deemed most profitable for Bure's shareholders.

Moreover, the Board intends to propose that a reverse split be carried out after the expiry of the exercise period for the warrants on 15 June 2007, or earlier if the warrants are exercised before this date for some other reason. In connection with this, an offer will be directed to the shareholders with limited holdings allowing them to sell their shares brokerage-free.

"It is time to turn a new page in Bure's history after the highly successful reconstruction. The shareholders who stood by us then will receive some of their capital in return. Now we are looking ahead. The company's management has formulated a new strategic focus for the company. It is the Board's opinion that there is good potential to create continued strong value growth for Bure's shareholders by exploiting the business opportunities in our portfolio companies and by new investments," says Patrik Tigerschiöld, Chairman of Bure.

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