BONG LJUNGDAHL AB

Year-end report
January – December 2008

"We ended the year with a very strong cash flow in the fourth quarter" says Bong's President and CEO Anders Davidsson. "It is satisfying to see how the entire organisation has started adjusting to new routines to reduce our working capital."

- Net sales are reported at SEK 1,937 million (1,991) for the full year 2008 and SEK 508 million (518) for the fourth quarter.
- Bong's ProPac packaging line showed continued rapid growth and accounted for SEK 238 million (200) of the Group's total sales in 2008.
- Operating profit for 2008 improved to SEK 74 million (60) and profit after tax was SEK 10 million (16). Diluted earnings per share amounted to SEK 0.78 (1.17). Operating profit for the fourth quarter was SEK 20 million (25).
- Cash flow after investing activities for 2008 was very strong and amounted to SEK 144 million (1), mainly due to a reduction in the Group's working capital by SEK 108 million. For the fourth quarter, cash flow after investing activities was SEK 87 million (39).
- On 31 December Bong raised its holding in the German envelope printer Lober from 50% to 70%.
- The Board of Directors proposes a dividend of SEK 1 per share (1) for the financial year 2008.

SEK M	**Q4 2008**	**Q4 2007**	**Full year 2008**	**Full year 2007**
Net sales	508	518	1,937	1,991
Operating profit	20	25	74	60
Profit after tax	-2	20	10	16
Cash flow after investing activities	87	39	144	1

BONG LJUNGDAHL AB
Uddevägen 3 • Box 516 • SE-291 25 Kristianstad, Sweden
Tel. +46 44 20 70 00 • Fax. +46 44 20 70 91
Public limited company (publ.) CIN 556034-1579
www.bongljungdahl.se

MARKET

Demand in the Western European envelope market was especially affected by economic weakening and financial unrest in second half of the year. The pattern was similar in all Western European countries, with a relatively robust start to the year followed by a gradual volume decline. The fourth quarter was the year's weakest, with a volume decrease of around 12%.

According to the European Envelope Manufacturers Association (FEPE), the Western European envelope market shrank by around 8% in volume during 2008. In Eastern Europe, however, envelope volumes continued to rise in markets like Poland and Russia.

Prices were up in all markets during the year, mainly as an effect of higher costs facing the industry in the form of more expensive raw materials, transports, electrical energy and salaries/wages.

The year saw further growth in demand for custom printing, consisting of printing on finished white envelopes in short runs, while the market for direct mail (DM) was affected by cut-backs in marketing investments, not least in the financial sector. Distance shopping, i.e. shopping via the Internet and mail order, continued to expand in a trend that is stimulating demand for packages for distribution of ordered goods to customers.

The industry's consolidation continued in 2008. In April 2008 Mayer Kuvert acquired German BlessOF, which was on the verge of bankruptcy. Prior to acquisition, BlessOF had annual sales of close to EUR 50 million and was one of Europe's 10 largest envelope companies.

In September Bong announced that it had joined five other worldwide leaders in the envelope and packaging industry in forming a strategic alliance called the International Envelope Coalition. The alliance covers five continents and was formed in order to enhance the products and services available to the global marketplace. The members of the alliance, aside from Bong, are Tension of the USA, Hamelin of France, Vigamil of Chile, King of Japan and Wigg & Son of Australia.

In the fourth quarter Mayer acquired Herlitz' envelope production in German and 50% of Danish Bordings' envelope division A-mail. At the end of 2008 the five largest envelope manufacturers in Europe, which include Bong, had a combined market share of approximately 72%.

SALES AND PROFIT, JANUARY-DECEMBER 2008

Consolidated sales for the full year 2008 reached SEK 1,937 million (1,991). The Polish unit (Bong Polska) that was discontinued in 2007 had a negative affect of SEK 24 million on the consolidated sales.

Bong's ProPac venture grew by around 20% and accounted for SEK 238 million (200) of total consolidated sales. The Group's new ProPac organisation is working to cultivate new customers in several European markets at the same time that ProPac sales to existing customers are increasing.

The second half of the year saw a drop in demand in all Western European envelope markets, which also affected Bong through lower volumes. In order to meet this lower demand, Bong is continuously adapting its organisation to the current demand situation. At the end of the year, however, the volume decrease was largely offset by strong ProPac sales during the Christmas season.

The Group's gross margin strengthened compared to 2007. The key factors behind the improvement were higher prices, a larger share of ProPac sales and lower costs after completion of the restructuring programme.

Operating profit improved to SEK 74 million (60) and profit after tax to SEK 20 million (12). Net financial items totalled SEK -54 million (-48). The increase compared to the previous year is mainly due to higher interest rates and foreign exchange effects. Profit after tax was SEK 10 million (16). The year's tax expense includes a sum of SEK 4 million arising from a tax audit in Germany that was attributable to acquired companies and the period prior to 2008. The previous year's profit after tax was positively affected by capitalisation of loss carryforwards in an amount of SEK 18 million.

In 2008 Bong launched a group-wide project to free up working capital, among other things through reduced inventory levels. As part of these efforts Bong has changed over to production on an on-demand basis. This had a negative affect on the operating profit in the amount of SEK 8 million during the year.

In preparation for the sale of an unused production facility in German, the value of the property has been written down, which is recognised in operating profit as a cost of SEK 3 million. (See also separate section on page 5.)

In the first quarter the envelope factory in Tampere was closed according to plan and its production was transferred to Kaavi and partly the Group's factory in Estonia. The Finnish restructuring project was completed in late summer 2008.

SALES AND PROFIT, OCTOBER-DECEMBER 2008

Consolidated sales for the fourth quarter amounted to SEK 508 million (518).

The falling demand trend in all Western European envelope markets continued in the fourth quarter as a direct result of the economic downturn and crisis in the financial markets. Aided among other things by robust ProPac sales at the end of the year, net sales for the fourth quarter were largely on par with the same period of 2007. In order to meet this lower demand, Bong is continuously adapting its organisation.

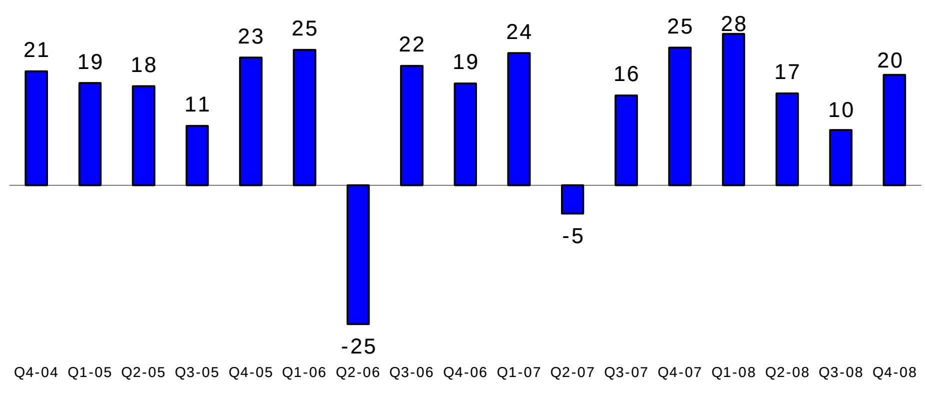
In the fourth quarter Bong intensified its efforts to reduce inventories of finished products in order to free up working capital. In connection with this, production has been deliberately cut back and shifted to an on-demand basis. Costs of SEK 9 million for these measures are included in operating profit for the quarter.

In preparation for the sale of an unused production facility in Germany, the value of the property was written down. This resulted in a cost of approximately SEK 3 million that is recognised in operating profit (see also separate section on page 5).

Operating profit was SEK 20 million (25). Net financial items totalled SEK -15 million (-10). Compared to the same period of 2007, net financial items were negatively affected by higher interest rates and foreign exchange losses. Profit before tax was SEK 5 million (15) and reported profit after tax was SEK -2 million (19). The period's tax expense includes a sum of SEK 4 million arising from a tax audit in Germany that was attributable to acquired companies and the period prior to 2008. The previous year's profit after tax was positively affected by capitalisation of loss carryforwards in an amount of SEK 18 million.

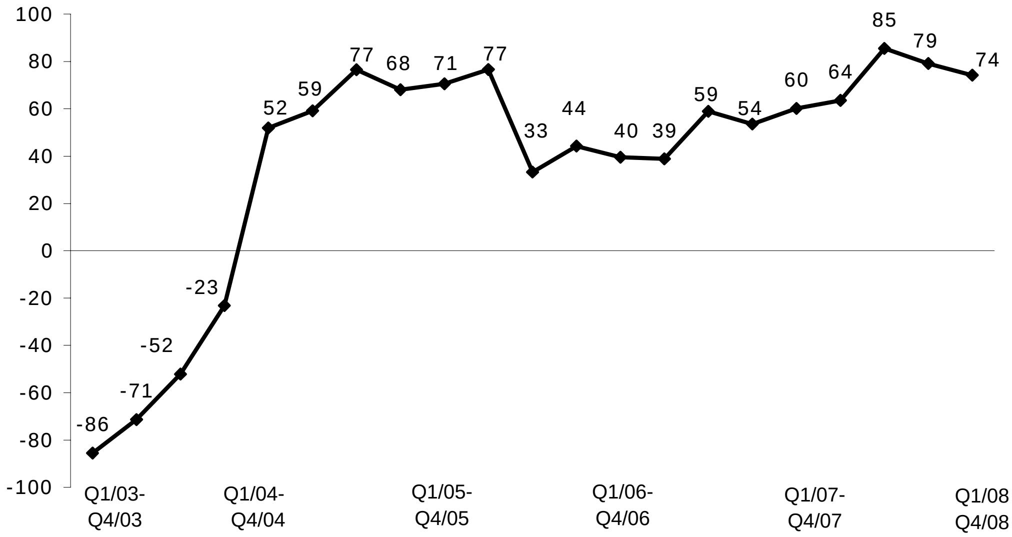
The quarterly profit trend since the fourth quarter of 2004 is shown in Diagram 1 below.

Diagram 1: Adjusted operating profit by quarter



Rolling 4-quarter operating profit after the fourth quarter amounted to SEK 74 million.

Diagram 2: Operating profit, rolling 4 quarters



Excluding the settlement of a legal dispute in Q2-04.

According to the earlier accounting rules, profit for periods prior to 2004 was charged with goodwill amortisation of around SEK 5 million per quarter. Following the transition to IFRS on 1 January 2004, goodwill is no longer amortised.

CASH FLOW

After a strong fourth quarter, cash flow after investing activities for 2008 reached a highly satisfactory SEK 144 million (1). Cash flow from operating activities was SEK 200 million (68). The foremost explanation for the strong cash flow is a reduction in working capital by SEK 108 million, compared to the previous year's increase of SEK 13 million. The decrease in working capital has been achieved through active inventory management and longer credit times from suppliers. In addition, cash flow was positively affected by a higher profit, decreased restructuring charges and lower investments.

The purchase of a new industrial property in Kaluga, Russia, and the acquisition of an additional 28% of the shares in Voet had a combined effect on cash flow of SEK -21 million.

Fourth quarter cash flow after investing activities was SEK 87 million (39). Working capital of SEK 88 million was freed up during the period, compared to SEK 17 million in the same period of last year.

FINANCIAL POSITION

Cash and cash equivalents at 31 December 2008 totalled SEK 99 million (31 Dec. 2007: SEK 24 million) and granted but unutilised credits amounted to SEK 378 million (31 Dec. 2007: SEK 318 million).

At year-end 2008, consolidated equity amounted to SEK 629 million (31 Dec. 2007: SEK 572 million). Consolidated equity increased by SEK 10 million through the positive profit after tax and by SEK 3 million through the acquisition of an additional 20% of the shares in Lober, but was reduced by SEK 13 million through payment of shareholder dividends. Translation of the net assets of foreign subsidiaries to Swedish kronor increased consolidated equity by SEK 57 million.

In 2008 the interest-bearing net loan debt decreased by SEK 84 million to SEK 745 million (31 Dec. 2007: SEK 829 million). The positive cash flow reduced the net loan debt by SEK 144 million, while shareholder dividends, higher pension provisions and exchange rate movements increased it by SEK 60 million. The net debt/equity ratio at 31 December 2008 was 1.2 (31 Dec. 2007: 1.5) and the equity/assets ratio was 34% (31 Dec. 2007: 33%).

CAPITAL EXPENDITURE

The year's net expenditure on property, plant and equipment and acquisitions amounted to SEK 56 million (67). In the second quarter of 2008 Bong acquired an factory building in Kaluga, Russia, for SEK 22 million. During the same period, an additional 28% of the shares were acquired in Voet International. In addition, at the end of December Bong increased its holding in the German envelope printer Lober by a further 20%. Net expenditure for 2007 included the acquisition of 50% of the German envelope printer Lober.

EMPLOYEES

The average number of employees during the year was 1,241 (1,346). At the end of December 2008, the number of employees was 1,233 (1,287).

PARENT COMPANY

The activities of the Parent Company include administration of operating subsidiaries and Group management functions. Net sales are reported at SEK 0 million (0) and the period's profit before tax was SEK 19 million (21). No capital expenditure was incurred during the period (0). Granted but unutilised credits amounted to SEK 378 million (31 Dec. 2007: SEK 318 million).

INCREASED HOLDING IN ENVELOPE PRINTER LOBER

On 31 December 2008, Bong raised its holding in the German envelope printer Lober by an additional 20% as part of its strategy to grow in the customer printing segment. Lober is a specialised envelope printer in Bavaria with annual sales of around SEK 85 million. Following the acquisition Bong now owns 70% of Lober and has an option to acquire the remaining shares in the company by 2012 at the latest. As a result of the increased holding, Lober is now classified as a subsidiary as of 2009 and will therefore be consolidated in the Group's accounts. The increased holding in Lober is expected to have a positive impact on the Group's profitability starting in the first quarter of 2009.

SUBSEQUENT EVENTS

<u>Sale of property in Germany</u>

In January 2009 Bong sold an unused production facility in Germany. In preparation for the sale the value of the property was written down in the fourth quarter of 2008, which is recognised in operating profit as a cost of SEK 3 million. The sale will generate a cash flow of approximately SEK 14 million in the first quarter of 2009.

<u>Management share acquisition</u>

In January 2009 the members of Bong's executive management team acquired 540,000 shares, equal to 4.1% of the company. Following the transaction Bong's executive management team holds 617,700 shares, equal to 4.6% of the total share capital. After the transaction, Bong's President and CEO Anders Davidsson has a total holding of 182,600 shares in the company.

New financial targets
At its meeting on 17 February 2009, Bong's Board of Directors decided to set new financial targets for the period 2009-2011 to replace the targets applied by the company since 1997. The new targets are:

- The ratio between interest-bearing net debt and profit before depreciation/amortization (EBITDA) shall be 3.0 or lower by the end of 2011.
- The EBIT margin shall be at least 6% by the end of 2011.
- ProPac shall grow by an average of 25% annually.

At the end of 2008 the net debt/EBITDA ratio was 4.4, the EBIT margin was 3.9% and ProPac grew by 19% in 2008.

OPPORTUNITIES AND RISKS

The risks arising in Bong's operations are related primarily to market development and different types of financial risk.

The envelope market is still in the midst of a transitional phase characterised by growth in Eastern Europe but stagnation in Western Europe due to a shrinking volume of administrative mail. At the same time, there are opportunities for growth in the ProPac segment and DM/custom printing.

Uncoated fine paper is the single most important input material for Bong and accounts for around half of the total cost mass. The paper market is cyclical and paper prices can vary rapidly depending on changes in the market situation. Although Bong is normally able to compensate for higher paper costs by raising its customer prices, competitive conditions in the market can lead to delays in passing on price increases to the customers.

Through its operations the Group is exposed to a number of financial risks such as foreign exchange risk, interest rate risk and credit risk. The overall risk management policy focuses on unpredictability in the financial markets and strives to minimise potentially undesirable effects on the Group's results. The Group uses derivatives to hedge certain risk exposure. Risk management is handled by a central finance function that identifies, assesses and hedges financial risks in close cooperation with the Group's operating units.

For further information about the Group's opportunities and risks, see Bong's annual report at www.bongljungdahl.se.

ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. The applied accounting policies correspond to those used in the most recently published annual report.

THE BOARD'S PROPOSED DIVIDEND

The Board of Directors proposes that a dividend of SEK 1 per share (1) be paid for the financial year 2008.

FUTURE OUTLOOK

In view of the unpredictable situation in the global economy, Bond chooses not to make any forecast for the full year 2009.

ANNUAL GENERAL MEETING
The Annual General Meeting will be held on Thursday, 14 May 2009, at 4:00 p.m. in the auditorium of Bong Ljungdahl AB, Uddevägen 3, Kristianstad, Sweden. The interim report for January-March 2009 will be published in connection with the Annual General Meeting.

The annual report is expected to be published no later than two weeks prior to the Annual General Meeting and will be sent by mail to all registered shareholders.

Kristianstad**,** 18 February 2009
BONG LJUNGDAHL AB

Anders Davidsson
President and CEO

REVIEW REPORT
We have reviewed the year-end report for Bong Ljungdahl AB (publ) for the period from 1 January 2008 to 31 December 2008. The Board of Directors and CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material aspects, prepared in accordance with IAS 34 and the Swedish Annual Accounts Act.

Kristianstad, 18 February 2009

Eric Salander	Mathias Carlsson
Authorised Public Accountant	Authorised Public Accountant

The year-end report will be presented in a teleconference starting at 9:00 a.m. on 18 February 2009. The number to the teleconference is +46 (0)8 5052 0110. Pictures for the teleconference will be available on our website www.bongljungdahl.se by 8:00 a.m., at the latest.

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

Financial calendar:

Interim report January – March 2009	*14 May 2009*
Interim report January – June 2009	*21 August 2009*
Interim report January – September 2009	*November 2009*
Year-end report 2009	*February 2010*

Bong is a leading European provider of specialised packaging and envelope products and offers solutions for distribution and packaging of information, advertising materials and lightweight goods. Two strong growth areas in the Group are the new ProPac packaging concept and Russia, where Bong has recently established its own manufacturing facility and sales organisation. The Group has annual sales of approximately SEK 2 billion and some 1,200 employees in Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania, the UK, the Netherlands, Belgium, Germany, Poland and Russia. Bong has a strong market position, particularly in Northern Europe, and the Group sees attractive opportunities for further expansion and development. Bong is a publicly listed company and its shares are quoted on the OMX Nordic Stock Exchange Stockholm (the Stockholm Stock Exchange).

YEAR END REPORT 31 DECEMBER 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNTS IN SUMMARY (SEK M)	Okt - Dec 2008 3 months	2007 3 months	Jan - Dec 2008 12 months	2007 12 months
Net sales	507,8	517,6	1 937,1	1 991,4
Cost of goods sold	-407,9	-405,3	-1 549,8	-1 603,5
Gross profit	99,9	112,3	387,3	387,9
Selling expenses	-45,3	-51,8	-183,8	-209,6
Administrative expenses	-40,0	-38,4	-144,5	-147,7
Other operating income and expenses	5,5	3,0	15,3	29,3
Operating profit	20,1	25,0	74,3	60,1
Net financial items	-15,4	-10,2	-54,2	-47,8
Profit before tax	4,7	14,8	20,1	12,3
Income tax	-6,4	4,7	-9,6	3,6
Profit after tax	-1,7	19,5	10,5	15,9
Profit for the period attributable to minority interest	-0,1	-0,1	0,0	0,4
Basic earnings per share	-0,13	1,46	0,80	1,19
Diluted earnings per share	-0,13	1,43	0,78	1,17

CONSOLIDATED BALANCE SHEETS IN SUMMARY (SEK M)		31 Dec 2008	31 Dec 2007
Assets			
Intangible assets	1)	428,9	356,4
Tangible assets		642,8	621,2
Financial assets		99,0	111,7
Inventories		258,7	279,8
Current receivables		341,7	362,5
Cash and cash equivalent		99,1	24,2
Total assets		**1 870,1**	**1 755,9**
Equity and liabilities			
Equity	2)	629,0	571,6
Long-term liabilities	3)	749,3	692,2
Current liabilities	4)	491,8	492,1
Total equity and liabilities		**1 870,1**	**1 755,9**
1) Of which, goodwill		426,2	353,1
2) Of which, minority interest		1,7	0,7
3) Of which, interest bearing		725,5	661,7
4) Of which, interest bearing		118,3	191,7

Key ratios

		Jan - Dec 2008	Jan - Dec 2007
Diluted earnings per share, SEK	1)	0,78	1,17
Basic earnings per share, SEK		0,80	1,19
Diluted equity per share, SEK		48,22	43,98
Ditto before dilution		47,91	43,54
Operating margin, %		3,8	3,0
Profit margin, %		1,0	0,6
Return on equity, %		1,8	2,8
Return on capital employed, %		5,6	4,9
Equity/assets ratio, %		33,6	32,8
Net debt/equity ratio, times		1,18	1,45
Capital employed, SEK M		1 472,7	1 424,9
Interest.bearing net loan debt, SEK M		744,7	829,1
Basic number of shares outstanding at end of period		13 128 227	13 128 227
Diluted number of shares outstanding at end of period		13 332 227	13 428 227
Average number of shares, basic		13 128 227	13 079 425
Average number of shares, diluted		13 332 227	13 379 425

1) The dilution effect is not taken into account when it leads to a better result

CHANGES IN CONSOLIDATED EQUITY (SEK M)	Jan-Dec 2008	Jan-Dec 2007
Opening balance for the period	571,6	537,8
Dividends paid	-13,3	-13,0
Payment for warrents		0,1
Conversion of convertible debentures		6,8
Revaluationreserve on acquisitions of shares in subsidiaries	3,3	-
Translation differences	56,9	24,0
Profit for the period	10,5	15,9
Closing balance for the period	**629,0**	**571,6**

CONSOLIDATED CASH FLOW STATEMENTS (SEK M)	Okt - Dec 2008 3 months	2007 3 months	Jan - Dec 2008 12 months	2007 12 months
Operating activities				
Operating profit	20,1	24,9	74,3	60,1
Depreciation, amortisation and impairment	26,4	21,0	94,7	92,4
Financial items	-15,4	-10,5	-54,2	-47,8
Paid tax	-12,1	-1,4	-14,3	-10,7
Other non-cash items	-13,7	-6,8	-8,3	-13,3
Cash flow from operating activities before changes in working capital	5,3	27,1	92,3	80,6
Changes in working capital	87,9	16,9	108,2	-12,9
Cash flow from operating activities	**93,2**	**44,1**	**200,5**	**67,7**
Cash flow from investing activities	**-6,3**	**-4,9**	**-56,2**	**-66,7**
Cash flow after investing activities	**86,9**	**39,2**	**144,3**	**1,1**
Cash flow from financing activities	**-89,3**	**-38,7**	**-72,3**	**-16,4**
Cash flow for the period	**-2,4**	**0,4**	**71,9**	**-15,3**
Cash and cash equivalents at beginning of period	104,4	23,2	24,3	38,4
Exchange rate difference in cash and cash equivalents	-2,9	0,6	2,9	1,2
Cash and cash equivalents at end of period	**99,1**	**24,2**	**99,1**	**24,3**

QUARTELY DATA GROUP (SEK M)	4/2008	3/2008	2/2008	1/2008	4/2007	3/2007	2/2007	1/2007	4/2006	3/2006	2/2006	1/2006
Net sales	507,8	440,7	463,0	525,5	517,6	461,0	472,4	540,4	522,5	431,1	474,5	556,4
Operating expenses	-487,8	-430,7	-446,3	-498,0	-492,6	-444,7	-477,6	-516,4	-504,0	-409,4	-499,8	-531,8
Operating profit	**20,1**	**10,0**	**16,7**	**27,5**	**25,0**	**16,3**	**-5,2**	**24,0**	**18,5**	**21,7**	**-25,3**	**24,6**
Net financial items	-15,4	-12,3	-14,7	-11,8	-10,2	-14,6	-11,5	-11,5	-9,4	-9,5	-9,1	-9,6
Profit before tax	**4,7**	**-2,3**	**2,0**	**15,7**	**14,8**	**1,7**	**-16,7**	**12,5**	**9,1**	**12,2**	**-34,4**	**15,0**
Capital gain, sale of PPE							12,7		15,9			
Restructuring charges							-21,0		-20,5		-45,0	
							-8,3		-4,6		-45,0	
Adjusted operating profit	**20,1**	**10,0**	**16,7**	**27,5**	**25,0**	**16,3**	**3,1**	**24,0**	**23,1**	**21,7**	**19,7**	**24,6**
Adjusted profit before tax	**4,7**	**-2,3**	**2,0**	**15,7**	**14,8**	**1,7**	**-8,4**	**12,5**	**13,7**	**12,2**	**10,6**	**15,0**

PARENT COMPANY PROFIT AND LOSS ACCOUNTS IN SUMMARY (SEK M)	Jan -Dec 2008 12 months	Jan -Dec 2007 12 months
Net sales	0,0	0,0
Cost of goods sold	0,0	0,0
Gross profit	0,0	0,0
Selling expenses	0,0	0,0
Administrative expenses	-35,8	-26,0
Other operating income and expenses	2,3	4,5
Operating profit	-33,5	-21,5
Net financial items	52,1	42,9
Profit before appropriations and tax	18,6	21,4
Appropriations	0,0	0,6
Income tax	14,8	-7,0
Profit after tax	33,4	15,0

PARENT COMPANY BALANCE SHEETS IN SUMMARY (SEK M)	31 Dec 2008	31 Dec 2007
Assets		
Tangible assets	3,5	3,1
Financial assets	1 245,2	1 249,5
Current receivables	113,4	62,7
Cash and cash equivalents	0,0	4,1
Total assets	**1 362,1**	**1 319,4**
Equity and liabilities		
Equity	570,9	564,3
Untaxed reserves	0,9	0,9
Provisions	12,9	12,7
Non-current liabilities	604,2	519,1
Current liabilities	173,2	222,4
Total equity and liabilities	**1 362,1**	**1 319,4**