



Press release

Cost-cutting measures within Orrefors Kosta Boda

The negative development within Orrefors Kosta Boda, an entity within the New Wave group of companies, has continued and the profit development is considerably worse than expected, mainly due to exchange rate effects, the negative business cycle in general and especially within the US, rising costs for energy, salaries, interest and production, etc, rising stock levels and non existing sales growth.

Because of this, a number of cost-cutting measurements will be taken. The intention is to cut the number of employees with approx. 100 persons within OKB's plants in Sweden (Orrefors, Kosta, Boda, and Åfors). The intention is that the downsizing of personnel shall be made on all levels, both within production and administration. These measures are, together with other cost-cutting and structural measures, estimated to produce yearly cost savings of approx. 80 MSEK.

The measures will be taken during the autumn 2008 and the first half year of 2009 after negotiations have been done with each involved labour union. The cost savings will be reached gradually during 2009 and will have full effect during the third quarter 2009.

"I am very sad that we have to downsize our personnel, but we have to rationalise the business and adapt to the current mode of the market. Furthermore, it is too early to see the effects of the mark-up on our products, which was made halfway through the current year, on the company's sales – but most signs show that we must adjust the production to a lower volume and with the measures we now intend to take it is our expectation that the company will reach an acceptable profit. The measures are also believed to result in that the stock levels, which have been seen to rise during 2008, will decrease during 2009," says Göran Härstedt, CEO and president of New Wave Group.

"Our ownership of Orrefors Kosta Boda is for the long-term and we still believe in Swedish manufacturing of high quality glass products. Through the rationalisations and cost cuts in combination with added focus on export within existing and potential markets the company has the possibility to be really profitable in the future, but the road there will be marked with strict cost control and rationalisations on all levels," says Torsten Jansson, main owner and Chairman of the Board in New Wave Group and CEO, pro tem. in Orrefors Kosta Boda.

The other establishments of the New Wave group of companies are basically developing in accordance with plans and the already given forecast for 2008 that New Wave is expecting a result and turnover exceeding the previous year remains unchanged.

Information for the press will be given at 1 p.m. in Kosta Utställningshall.

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