

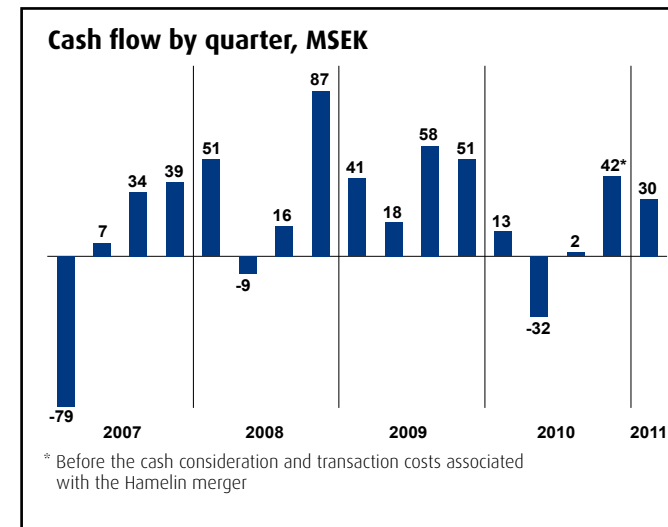
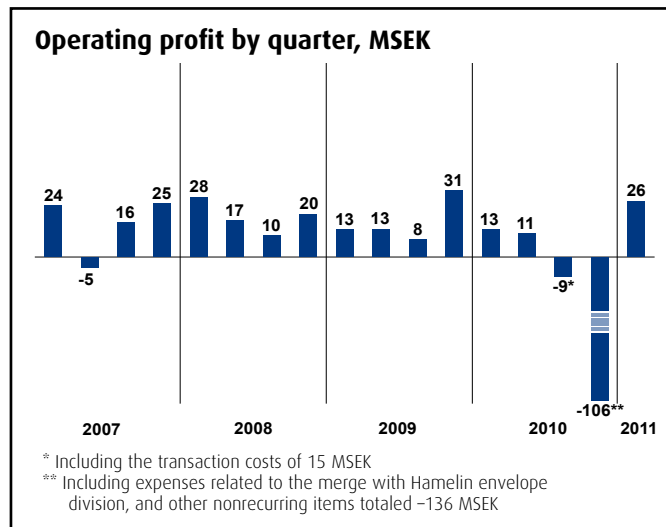


Interim Report  
January – March 2011

”The merger with Hamelin is progressing as planned and a new, stronger Bong is taking shape. The work to realise synergies is ongoing,” says Bong President and CEO Anders Davidsson. “Although first quarter earnings were pressured by continued price increases on uncoated fine paper and other raw materials, ProPac delivered healthy growth and cash flow was good.”

#### January – March 2011

- Net sales of SEK 854m (501)
- ProPac sales of SEK 153m (76)
- Operating profit of SEK 26m (13)
- Profit after tax of SEK 9m (5)
- Cash flow after investments of SEK 30m (13)
- Earnings per share of SEK 0.46 (0.32)



Bong is the leading provider of specialised packaging and envelope products in Europe, offering solutions for distribution and packaging of information, advertising materials and lightweight goods. Important growth areas in the Group are the ProPac packaging concept and the Russian market. After the merger with Hamelin’s envelope division the Group has annual sales of approximately SEK 3.5 billion

and about 2,500 employees in 15 countries. Bong enjoys strong market positions in Europe and the Group sees attractive opportunities for further expansion and development. Bong is a public limited company whose stock is quoted on the NASDAQ OMX Nordic Stock Exchange Stockholm (Small Cap).

## Market and industry

Demand in the European envelope market remained relatively weak in the first quarter. In the company's assessment, the West European market has declined by a few percent compared to the same period in 2010. Vigorous development continued in the Russian and East European markets, which grew by an estimated 10 percent compared to 2010.

The packaging market, in which Bong sells its ProPac range, is significantly larger and more multifaceted than the envelope market. Market statistics for the niches in which Bong is active are unavailable or difficult to obtain. In Bong's assessment, the recent economic upturn has improved demand for packages used in the e-commerce, mail order and retail sectors, where the company expects strong growth potential over time.

## Sales and profit January – March 2011

Consolidated sales for the first quarter were SEK 854 million (501). The comparison figure represents sales as reported for the first quarter of 2010 and thus does not include Hamelin. The depreciation of the euro had negative impact on consolidated sales. Restated at last year's exchange rates consolidated sales would have amounted to approximately SEK 935m.

The volume trend for envelopes fell somewhat short of expectations during the quarter, which constrained earnings. ProPac delivered 100% growth, driven primarily by Hamelin and the acquisition of Bong CSK in Poland, which sells bubble bags. In constant currencies, ProPac grew by 125%. Order intake for gift bags was strong. The depreciation of the euro also had negative impact on earnings. Operating profit improved to SEK 26 million (13). Figured at last year's exchange rate, operating profit would have amounted to SEK 31 million. The finance net was SEK -14 million (-7). Profit before tax was SEK 12 million (6) and reported profit after tax was SEK 9 million (5).

## Higher raw materials prices

prices for uncoated fine paper, Bong's main production material, are still on an upward trajectory. All paper suppliers have provided advance notice of further price increases in the second quarter. Cost inflation is also continuing for several other production materials, especially petroleum-based products.

It is normally possible for Bong to pass on price increases on raw materials after a certain lag.

## Cash flow and investments

cash flow after investing activities was SEK 30 million (13). Purchasing synergies in the form of improved payment terms began to manifest in lower working capital during the period. Cash used in investing activities during the interim reporting amounted to SEK 50 million. The figure

includes payment of final purchase consideration of SEK 26 million to Holdham S.A. for the Hamelin acquisition, as well as the acquisition of Egå Offset in Denmark and normal capital expenditures of SEK 24 million in total.

## Financial position

cash and cash equivalents at 31 March 2011 totalled SEK 157 million (149m at 31 December 2010). The Group had unutilised credit facilities of SEK 200 million at 31 March 2011. Total available liquidity was SEK 357 million.

Consolidated equity at the end of March 2011 was SEK 533 million (531 million at 31 December 2010). Translation of net assets in foreign subsidiaries to Swedish kronor and changes in the fair value of derivative instruments reduced consolidated equity by SEK 9 million.

Interest-bearing net loan debt declined by SEK 36 million during the period to SEK 1,026 million (1,062 million at 31 December 2010). Translation of net loans in foreign currencies to Swedish kronor reduced the Group's net loan debt by SEK 6 million.

## Employees

the average number of employees during the period was 2,507 (1,220). The Group had 2,479 (1,236) employees at the end of March 2011. The large change is attributable to the 2010 merger with Hamelin's envelope division.

## Parent company

the parent company's business extends to management of operating subsidiaries and Group management functions. Net sales were SEK 6 million (0) and the parent company is reporting a loss before tax of SEK 13 million (profit: 3).

## Acquisitions

### Acquisition of Egå Offset

As previously announced in a press release on 3 January 2011, Bong has acquired the Danish envelope and printing company Egå Offset's operations in Århus. Through the acquisition, Bong gained an envelope printing plant and combined with the Danish subsidiary Bong Bjørnbak A/S became a major supplier of printed envelopes throughout Denmark. Egå Offset, a family business specialised in overprinting and envelope sales, is a significant regional player on Danish Jutland. The company has annual sales of approximately SEK 30 million and 17 employees. The acquisition made a positive contribution to Bong's earnings as of the first quarter of 2011.

## Opportunities and risks

business risks for the Bong Group are primarily related to market development and various types of financial risks. For further information, please refer to Bong's annual report and the website, bong.com.

## Accounting principles

this interim report was prepared in compliance with IAS 34 and the Swedish Annual Accounts Act. Application was consistent with the accounting principles outlined in the 2010 annual report and the interim report should be read along with those principles. Please refer to Bong's 2010 annual report for a specification of the new amendments, interpretations and standards that took effect 1 January 2011.

Kristianstad, 12 May 2011  
BONG AB

Anders Davidsson  
President and CEO

This report has not been audited by the company's independent auditors.

## Presentation of the report

The report will be presented in a teleconference on 13 May at 9:00 AM. The telephone number for the conference is +46 (0) 8 5052 0110. Pictures for the teleconference will be available on our website, bong.com, by 8:00 AM on the day of the conference.

## For further information, please contact:

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## Scheduled reports:

- Interim Report January–June, 24 August 2011
- Interim Report January–September, 10 November 2011
- Year-end Report 2011, February 2012

# Interim Report 31 March 2011

<b>INCOME STATEMENT IN SUMMARY</b> (SEK M)	Jan-Mar 2011 3 month	Jan-Mar 2010 3 month	Apr 2010 Mar 2011 12 month	Jan-Dec 2010 full-year
Revenue	854.4	501.3	2,679.3	2,326.1
Cost of goods sold	-697.3	-395.2	-2,207.6	-1,905.6
<b>Gross profit</b>	<b>157.1</b>	<b>106</b>	<b>471.7</b>	<b>420.6</b>
Selling expenses	-68.6	-50.4	-219.6	-201.3
Administrative expenses	-64.8	-41.6	-216.8	-193.6
Other operating income and expenses	2.3	-0.9	-113.4	-116.6
Operating profit	26.1	13.2	-78.1	-91.0
Net financial items	-13.7	-6.7	-48.0	-41.0
Result before tax	12.4	6.5	-126.1	-132.0
Income tax	-3.8	-1.8	32.7	34.7
Net result for the year	8.6	4.7	-93.4	-97.3
Profit for the period attributable to non-controlling interests	0.6	0.5	1.9	1.8
Basic earnings per share	0.46	0.32	-6.84	-6.97
Diluted earnings per share	0.44	0.32	-6.84	-6.97
Average number of shares, basic	17,480,995	13,128,227	15,304,611	14,216,419
Average number of shares, diluted	18,727,855	13,230,227	15,928,041	14,528,134
<b>STATEMENTS OF COMPREHENSIVE INCOME</b> (SEK M)	Jan-Mar 2011	Jan-Mar 2010	Apr 2010 Mar 2011	Jan-Dec 2010
Net result for the year	8.6	4.7	-93.4	-97.3
<b>Other comprehensive income</b>				
Cash flow hedges	2.3	-7.6	11.9	2.0
Exchange rate differences	6.8	23.3	40.7	57.2
Revaluation reserve on acquisitions of shares in subsidiaries	-13.1	-43.5	-99.0	-129.3
Income tax relating to components of other	-2.5	0.9	-16.1	-12.6
<b>Other comprehensive income after tax</b>	<b>-6.5</b>	<b>-26.8</b>	<b>-62.4</b>	<b>-82.7</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2.2</b>	<b>-22.1</b>	<b>-155.8</b>	<b>-180.0</b>
<b>Total comprehensive income attributable to:</b>				
Owners in Parent Company	2.2	-21.9	-157.4	-181.5
Non-controlling interests	0.0	-0.2	1.7	1.5

<b>CONSOLIDATED BALANCE SHEETS IN SUMMAR</b> (SEK M)	31 March 2011	31 March 2010	31 Dec 2010
<b>Assets</b>			
Intangible assets <sup>1)</sup>	572.8	410.2	567.7
Tangible assets	691.3	522.8	707.4
Financial assets	114.0	92.4	111.7
Inventories	382.1	212.9	365.0
Current receivables	653.2	335.3	645.5
Cash and cash equivalents	157.4	120.0	149.4
<b>Total assets</b>	<b>2,570.9</b>	<b>1,693.6</b>	<b>2,546.7</b>
<b>Equity and liabilities</b>			
Equity <sup>2)</sup>	533.4	576.0	531.2
Non-current liabilities <sup>3)</sup>	1,133.2	639.9	1,085.5
Current liabilities <sup>4)</sup>	904.3	477.7	930.0
<b>Total equity</b>	<b>2,570.9</b>	<b>1,693.6</b>	<b>2,546.7</b>
<sup>1)</sup> Of which, goodwill	538.8	401.5	532.4
<sup>2)</sup> Of which, non-controlling interests	2.7	2.9	2.1
<sup>3)</sup> Of which, interest-bearing	1,011.9	620.1	1,068.1
<sup>4)</sup> Of which, interest-bearing	171.6	59.4	143.5

<b>CHANGES IN CONSOLIDATED EQUITY GROUP</b> (SEK M)	Jan-Mar 2011	Jan-Mar 2011	Jan-Dec 2010
Opening balance for the period	531.2	598.1	598.1
New issue			130.1
Dividends paid			-15.1
Issue costs			-2.0
Total comprehensive income	2.2	-22.1	-18.0
<b>Closing balance for the period</b>	<b>533.4</b>	<b>576.0</b>	<b>531.2</b>

#### QUARTERLY DATA GROUP

(SEK M)	1/2011	4/2010	3/2010	2/2010	1/2010	4/2009	3/2009	2/2009	1/2009	4/2008	3/2008	2/2008	1/2008
Net Revenue	854.4	938.8	417.7	468.4	501.3	512.9	424.5	457.3	520.1	507.8	440.7	463.0	525.5
Operating expenses	-828.4	-1045.1	-426.5	-457.4	-488.1	-482.2	-416.4	-443.9	-507.0	-487.8	-430.7	-446.3	-498.0
<b>Operating profit</b>	<b>26.1</b>	<b>-106.3</b>	<b>-8.8</b>	<b>11.0</b>	<b>13.2</b>	<b>30.7</b>	<b>8.1</b>	<b>13.4</b>	<b>13.1</b>	<b>20.1</b>	<b>10.0</b>	<b>16.7</b>	<b>27.5</b>
Net financial items	-13.7	-16.9	-9.2	-8.2	-6.7	-10.2	-8.1	-7.6	-8.9	-15.4	-12.3	-14.7	-11.8
<b>Profit before tax</b>	<b>12.4</b>	<b>-123.2</b>	<b>-18.0</b>	<b>2.7</b>	<b>6.5</b>	<b>20.4</b>	<b>0.0</b>	<b>5.8</b>	<b>4.2</b>	<b>4.7</b>	<b>-2.3</b>	<b>2.0</b>	<b>15.7</b>



**CONSOLIDATED****CASH FLOW STATEMENTS**

(SEK M)	Jan-Mar 2011	Jan-Mar 2010	Apr 2010- Mar 2011	Jan-Dec 2010
<b>Operating activities</b>				
Operating profit	26.1	13.2	-78.0	-90.9
Depreciation, amortisation and impairment	28.4	20.7	121.5	113.7
Financial items	-13.7	-6.7	-48.0	-41.0
Tax paid	-7.7	-1.9	-24.9	-19.1
Other non-cash items	-5.0	-1.6	58.5	61.8
Cash flow from operating activities before changes in working capital	28.2	23.7	29.0	24.5
Changes in working capital	51.2	-1.7	81.2	28.2
<b>Cash flow from operating activities</b>	<b>79.4</b>	<b>21.9</b>	<b>110.3</b>	<b>52.7</b>
Cash flow from investing activities	-49.7	-9.2	-370.3	-329.8
<b>Cash flow after investing activities</b>	<b>29.7</b>	<b>12.7</b>	<b>-260.1</b>	<b>-277.1</b>
Cash flow from financing activities	-20.0	35.5	306.0	361.6
<b>Cash flow for the period</b>	<b>9.7</b>	<b>48.2</b>	<b>45.9</b>	<b>84.5</b>
Cash and cash equivalents at beginning of period	149.4	74.3	149.5	74.3
Exchange rate difference in cash and cash equivalent	-1.7	-2.5	-8.7	-9.4
<b>Cash and cash equivalent at end of period</b>	<b>157.4</b>	<b>120.1</b>	<b>186.7</b>	<b>149.4</b>

**KEY RATIOS**

	Jan-Mar 2011	Jan-Mar 2010	April 2010 March 2011	Jan-Dec 2010
Operating profit, %	3.1	2.6	-2.9	-3.9
Profit margin, %	1.4	1.2	-4.6	-5.6
Return on equity, %	-	-	neg	neg
Return on capital employed, %	-	-	neg	neg
Equity/assets ratio, %	20.7	34.0	20.7	20.9
Gearing ratio, times	1.92	0.97	1.92	2.00
Net loan debt/EBITDA	-	-	22.47	42.67
Capital employed, SEK M	1,716.9	1,255.4	1,716.9	1,742.8
Interest-bearing net loan debt, SEK M	1,026.1	559.4	1,026.1	1,062.2

**DATA PER SHARE**

	Jan-Mar 2011	Jan-Mar 2010	April 2010 March 2011	Jan-Dec 2010
Basic earnings per share, SEK	0.46	0.32	-6.11	-6.97
Diluted earnings per share, SEK <sup>1)</sup>	0.44	0.32	-6.11	-6.97
Basic equity per share, SEK	30.51	43.87	30.51	30.39
Diluted equity per share, SEK	29.15	44.1	31.23	28.37
Basic number of shares outstanding at end of period	17,480,995	13,128,227	17,480,995	17,480,995
Diluted number of shares outstanding at end of period	18,727,855	13,230,227	18,727,855	18,727,855
Average number of shares, basic	17,480,995	13,128,227	15,304,611	14,216,419
Average number of shares, diluted	18,727,855	13,230,227	15,928,041	14,528,134

<sup>1)</sup> The dilution effect is not taken into account when it leads to a better result.

# Financial overview

<b>KEY RATIOS</b>	2010	2009	2008	2007	2006
Revenue sales, SEK M	2,326	1,915	1,937	1,991	1,985
Operating profit loss, SEK M	-91	65	74	60	40
Profit after tax, SEK M	-97	24	10	16	-1
Cash flow after investing activities, SEK M	-277	169	144	1	-7
Operating margin, %	-3.9	3.4	3.8	3.0	2.0
Profit margin, %	-5.6	1.4	1.0	0.6	0.1
Capital turnover rate, times	1.2	1.1	1.1	1.1	1.2
Return on equity, %	neg	3.6	1.8	2.8	neg
Return on capital employed, %	neg	5.5	5.6	4.9	3.1
Equity ratio, %	21	36	34	33	31
Net loan debt, SEK M	1,062	589	745	829	807
Net debt/equity ratio, times	2.00	0.98	1.18	1.45	1.50
Net loan debt/EBITDA, times	42.7	3.8	4.4	5.4	5.7
EBITDA/net financial items, times	0.6	4.5	3.1	3.2	3.8
Average number of employees	1,538	1,220	1,270	1,346	1,379
<b>Number of shares</b>					
Basic number of shares outstanding at end of period	17,480,995	13,128,227	13,128,227	13,128,227	13,017,298
Diluted number of shares outstanding at end of period	18,727,855	13,230,227	13,332,227	13,428,227	13,651,180
Average basic number of shares	14,216,419	13,128,227	13,128,227	13,079,425	13,006,000
Average diluted number of shares	14,528,134	13,230,227	13,332,227	13,379,425	13,651,180
<b>Earnings per share</b>					
Basic, SEK	-6.97	1.65	0.80	1.19	-0.04
Diluted, SEK	-6.97	1.63	0.78	1.17	-0.04
<b>Equity per share</b>					
Basic, SEK	30.39	45.56	47.91	43.54	41.31
Diluted, SEK	28.37	45.77	48.22	43.98	42.30
<b>Other data per share</b>					
Dividend, SEK	1.00	1.00	1.00	1.00	1.00
Quoted market price on the balance sheet date, SEK	32	21	12	42	68
P/E ratio, times	neg	13	15	36	neg
Price/book value after dilution, %	105	46	25	96	165
Price/equity after dilution, %	113	46	25	96	160

<b>PARENT COMPANY PROFIT AND LOSS ACCOUNTS IN SUMMARY</b> (SEK M)	Jan-Mar 2011	Jan-Mar 2010
Revenue	5.5	0.0
Gross profit	5.5	0.0
Administrative expenses	-17.0	-7.8
Other operating income and expenses	2.5	3.1
Operating profit/loss	-9.0	-4.7
Net financial items	-4.0	8.3
Result	-13.0	3.6
Income tax	0	-0.9
<b>Net result</b>	<b>-13.0</b>	<b>2.7</b>

<b>STATEMENT OF COMPREHENSIVE INCOME</b> (SEK M)	Jan-Mar 2011	Jan-Mar 2010
Profit after tax	-13.0	2.7
<b>Other comprehensive income</b>		
Income and expense recognised directly in equity		
Cash flow hedges	3.5	0.2
Income tax relating to components of other comprehensive income	-0.9	-0.1
Other comprehensive income after tax	2.6	0.2
<b>Total comprehensive income</b>	<b>-10.4</b>	<b>2.8</b>

<b>PARENT COMPANY BALANCE SHEETS IN SUMMARY</b> (SEK M)	31 Mar 2011	31 Dec 2010
<b>Assets</b>		
Intangible assets	17.6	18.2
Tangible assets	5.8	3.3
Financial assets	1,735.3	1,735.5
Current receivables	162.0	178.1
Cash and cash equivalents	24.1	15.8
<b>Total assets</b>	<b>1,944.8</b>	<b>1,950.9</b>
<b>Equity and liabilities</b>		
Equity	715.2	725.6
Provisions	11.3	11.3
Non-current liabilities	1,028.9	1,016.3
Current liabilities	189.4	197.6
<b>Total equity and liabilities</b>	<b>1,944.8</b>	<b>1,950.9</b>