

# Interim Report

January-September  
2018



” With the new financing in place for the next three years, Bong is now ready to continue the business development within both envelopes and light packaging. The positive sales trend continued for both segments in the third quarter. The profit margin increased slightly during the third quarter despite the continued price increases on raw material, says Bong’s CEO Kai Steigleder. ”

### July – September 2018

- Net sales increased to SEK 536 million (491)
- Operating profit before depreciation increased to SEK 22 million (13)
- Operating profit increased to SEK 12 million (2)
- Earnings after tax amounted to SEK -4 million (-13)
- Earnings per share amounted to SEK -0.02 (-0.06)
- Cash flow after investing activities amounted to SEK -12 million (9)
- The work to refinance Bong’s bond has been finalized

### January – September 2018

- Net sales increased to SEK 1,617 million (1,517)
- Operating profit before depreciation increased to SEK 66 million (62)
- Operating profit increased to SEK 33 million (28)
- Non-recurring items in operating profit amounted to SEK 6 million (0)
- Non-recurring items in the finance net amounted to SEK -10 million (0)
- Earnings after tax amounted to SEK -25 million (-17)
- Earnings per share amounted to SEK -0.12 (-0.08)
- Cash flow after investing activities amounted to SEK -59 million (16)

Key Ratios MSEK	Jul-Sept 2018	Jul-Sept 2017	Jan-Sept 2018	Jan-Sept 2017	Oct 2017- Sept 2018	Jan-Dec 2017
Net sales	536	491	1,617	1,517	2,195	2,095
EBITDA	22	13	66	62	95	91
Non-recurring items	4 <sup>1)</sup>	0	6 <sup>2)</sup>	0	1 <sup>3)</sup>	-5 <sup>4)</sup>
Adjusted EBITDA	18	13	60	62	96	96
Adjusted EBITDA - margin. %	3.4%	2.7%	3.7%	4.1%	4.3%	4.6%
EBIT	12	2	33	28	51	45
Non-recurring items, financial net	-	-	-10 <sup>5)</sup>	-	-10 <sup>5)</sup>	-
EBT	1	-8	-10	-5	-4	1
Earnings after tax	-4	-13	-25	-17	-17	-9
Earning per share. SEK	-0.02	-0.06	-0.12	-0.08	-0.08	-0.06
Cash flow after investing activities	-12	9	-59	16	-34	40
Equity/asset ratio. %	42.4%	42.1%	42.4%	42.1%	42.4%	42.8%

1) Restructuring cost SEK 4 million

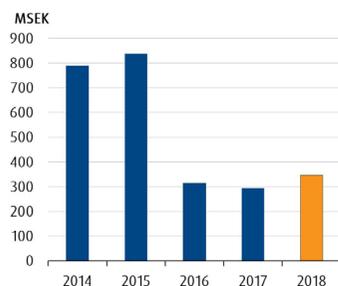
2) Capital profit building/land SEK 4 million, restructuring cost SEK 2 million

3) Restructuring cost SEK -3 million, capital profit building/land SEK 4 million

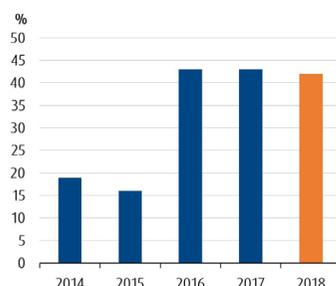
4) Restructuring cost SEK -5 million

5) Divestment Postac LLC SEK -10 million

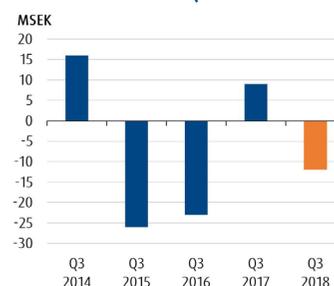
Net debt



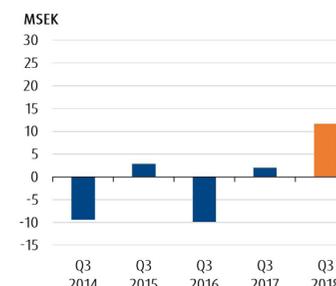
Equity ratio



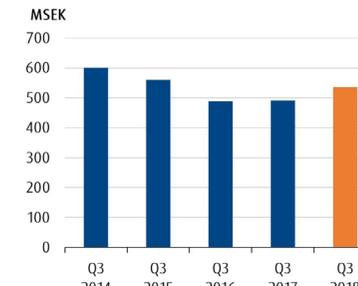
Cash flow after investing activities - Q3



Operating profit/loss - Q3



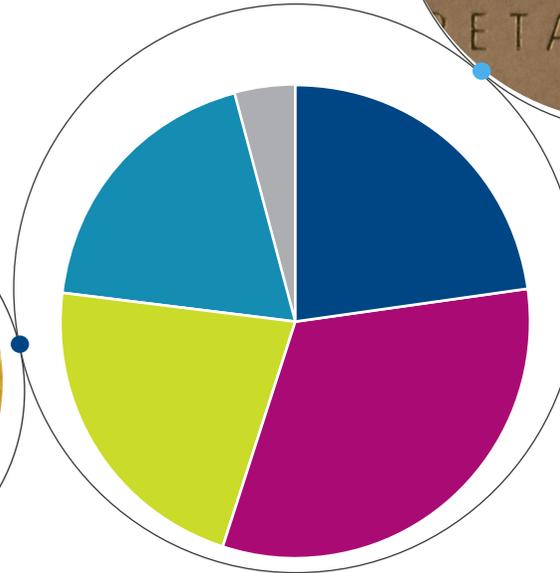
Net sales - Q3



# This is the Bong Group

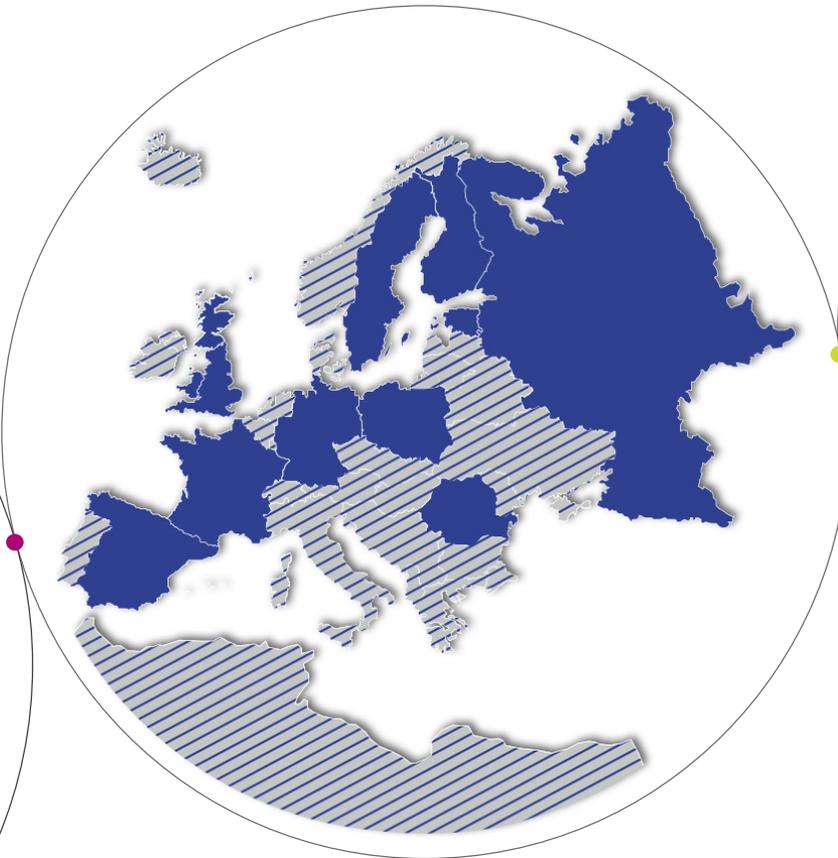
Bong is one of the leading providers of specialty packaging and envelope products in Europe and offers solutions for distribution and packaging of information, advertising materials and lightweight goods. Important growth areas in the Group are packaging within retail and e-commerce and the envelope market within Eastern Europe. The Group has annual sales of approximately SEK 2.2 billion and about 1,400 employees in 12 countries.

Bong has strong market positions in most of the important markets in Europe and the Group sees interesting possibilities for continued development. Bong is a public limited company and its shares are listed on Nasdaq Stockholm (Small Cap).



Sales to geographical areas 2018

- Nordic/Baltics/Russia, 21%
- Central Europe, 36%
- France and Spain, 20%
- United Kingdom, 18%
- Others, 5%



- Production and sales
- ▨ Sales

## Market and industry

### Envelope

During the third quarter of 2018, FEPE statistics showed that the European envelope market volume had decreased by approximately 5% compared to the same period previous year. Bong's volumes did not decrease, but was in line with the same period previous year. The decline in the European envelope market during the first three quarters of 2018 was, according to FEPE, approximately 7% while the volumes of Bong were at the same level as the previous year.

Raw material prices have increased continuously since 2016 as a direct result of the decreased capacity at the paper suppliers, and the price increase of pulp. Continued price increases by Bong into the market is therefore necessary, in order to compensate for the increase of raw material costs. Bong has been successful in compensating for these increases in the past.

During the first three quarters of the year a significant restructuring of the envelope market has taken place. In the Nordic market InterMail has taken the decision to close its envelope production and enter into an agreement with Bong where Bong will help to continue to serve InterMail customers. GNE has left the UK market after being acquired by Encore. Poheco in France are making 70 employees redundant as a result of the continued decrease in the market. Restructuring measures are also taken in Germany by Mayer Group as they are closing a factory in Düren. Bong's estimation is that the restructuring process and consolidation of the industry will continue.

### Light Packaging

The light packaging market is a large and fragmented market which is growing. Light packaging represents approximately 20% of Bong's annual sales and during the first three quarters of 2018 Bong's sales of light packaging products has increased with 13% compared with the same period previous year. In the third quarter, Bong's sales of light packaging products increased with 22% compared to same period last year. Within the E-commerce segment Bong's sales of air bubble bags and padded bags are increasing. The benefit of these products are that they can be sent directly to the recipient instead of being collected at the distribution centers. This reduces the shipping cost and at the same time increases the customer benefit. Bong is engaged in product development within E-commerce in order to develop additional product solutions that will satisfy the customer needs.

Within the Retail segment (for example clothing- and cosmetic stores), Bong is mainly selling gift bags and paper carrier bags with exclusive and customer unique prints. Sales of paper carrier bags benefit from the EU-directive from 29 April 2015 aimed at reducing the use of plastic bags in Europe. Many customers are replacing their plastic bags with paper carrier bags and during the first three quarters of 2018 sales increased with approximately 60%. Sales of gift bags during the first three quarters are in line with previous year and are expected to increase during the fourth quarter. In order to further expand its offer in paper carrier bags and gift bags, Bong has invested SEK 4 million in an embossing and hot foil machine that has been installed during the third quarter of 2018.

## Sales and profit

### January – September 2018

Consolidated sales for the period reached SEK 1,617 million (1,517). Exchange rate fluctuations had a positive impact on sales of SEK 80 million compared with 2017.

Operating profit increased to SEK 33 million (28). During the period operating profit was affected positively by a realized capital gain of SEK 4 million attributable to the sale of a warehouse in Kristianstad. During the same period 2017 operating profit was affected by a non-recurring profit of SEK 5 million attributable to renegotiated pension agreements in Norway. Exchange rate fluctuations for the period had a positive impact on operating profit of SEK 2 million.

The deal to take over InterMail's envelope customers have been finalized during the period and had a positive impact on sales of approximately SEK 50 million.

Net financial items for the period amounted to SEK -44 million (-33) and includes a non-recurring item of SEK -10 million attributable to the sale of Postac LLC in Russia.

Earnings before tax amounted to SEK -10 million (-5) and reported earnings after tax were SEK -25 million (-17).

Bong's total light packaging sales amounted to SEK 315 million (280). Currency fluctuations had a positive impact on light packaging sales of SEK 15 million compared with the corresponding period in 2017.

## Sales and profit

### July – September 2018

Consolidated sales for the period reached SEK 536 million (491). Exchange rate fluctuations had a positive impact on sales of SEK 33 million compared with 2017.

Operating profit increased to SEK 12 million (2). Gross margin increased slightly during the period but was still affected negatively by price increases on fine paper where price increases to customers have not taken full effect as well as increased transportation costs. Exchange rate fluctuations for the period had a positive impact on operating profit of SEK 1 million.

The deal to take over InterMail's envelope customers had a positive impact on sales of approximately SEK 25 million.

Net financial items for the period amounted to SEK -10 million (-10).

Earnings before tax amounted to SEK 1 million (-8) and reported earnings after tax were SEK -4 million (-13).

Bong's total light packaging sales amounted to SEK 113 million (93). Currency fluctuations had a positive impact on light packaging sales of SEK 7 million compared with the corresponding period in 2017.

## Cash flow and investments

The cash flow after investing activities as per September 30th decreased to SEK -59 million (16) compared to previous year. Cash flow from operating activities before changes in working capital amounted to SEK 3 million (12). Working capital had a negative impact on the cash flow of SEK -60 million (10). During the fourth quarter the cash flow is expected to improve and working capital to decrease.

Restructuring programs had negative impact on the cash flow of SEK -7 million (-15). Net investments in the period had a negative impact amounting to SEK -2 million (-6).

## Financial position

Cash and cash equivalents at 30 September 2018 amounted to SEK 68 million (SEK 124 million at 31 December 2017, including the escrow account of SEK 21 million). In connection with divestment of a building in Kristianstad, the escrow account was terminated and SEK 20 million was transferred to another bank account. The Group had unutilized credit facilities of SEK 13 million on the same date. Total available cash and cash equivalents thus amounted to SEK 81 million (SEK 137 million at 31 December 2017, including the escrow account of SEK 21 million). Consolidated equity at the end of September 2018 was SEK 700 million (SEK 696 million at 31 December 2017).

Translation of the net asset value of foreign subsidiaries to Swedish krona and changes in the fair value of pension debt and derivative instruments increased consolidated equity by SEK 31 million. The interest bearing net loan debt amounted to SEK 346 million, whereof pension debt amounts to SEK 217 million (SEK 294 million at 31 December 2017, whereof pension debt amounts to SEK 212 million).

The work to refinance Bong's bond has been finalized.

## Employees

The average number of employees during the period was 1,412 (1,466). The Group had 1,348 (1,470) employees at the end of September 2018. Bong has intensively worked on improving productivity and adjusting staff to meet current demand and the reduction is the result of the implemented restructuring measures.

## Parent Company

The Parent Company's business extends to management of operating subsidiaries and certain Group management functions. Sales were SEK 2.8 million (2.6) and earnings before tax for the period were SEK -15 million (44).

## New CEO for Bong

On September 12th 2018 the board of directors appointed Kai Steigleder as the new CEO of the Bong group as Håkan Gunnarsson wished to leave the company. Kai Steigleder has great experience from the envelope and packaging industry and has previously served as the Managing Director of Bong's Central European business.

## Terms and conditions for subscription warrants series 2016/2019 regarding new subscription of shares in Bong AB (publ)

In connection with the refinancing in 2016, Bong AB (publ) issued 40,000,000 subscription warrants of series 2016/2019 free of charge to the bondholders at that time. The subscription warrants entitle the holder to subscribe for shares in Bong AB (publ) under the conditions specified in the Extraordinary General Meeting's resolution on January 25, 2016, whereby each subscription warrant entitle the holder to subscribe for one (1) new share in the company at a subscription price of SEK 1.15 per share.

### Application for subscription and payment

Notification of subscription of shares on the basis of subscription warrants shall take place no later than 1 February 2019, with subscriptions only for periods of three weeks from the day following the publication of the Company's interim reports within the specified period. The current report is the last submitted before February 1, 2019. Consequently, subscription can take place for the last time from 16 November until 6 December 2018. The subscription is binding and cannot be revoked by the signatory. If no subscription occurs within the above-mentioned period, all rights under the warrants will expire. In the case of a subscription, payment for the number of shares in respect of which the application for subscription relates shall at the same time be made in cash to an account designated by the Company. Full terms and conditions of the warrants can be found on the company's website, [www.bong.com](http://www.bong.com).

### Events after the end of the period

#### Bong has issued SEK 210 million senior secured notes

Bong AB (publ) has successfully raised SEK 210 million in a senior secured notes with a tenor of 3 years (the "New Notes"). The net proceeds from the notes issue will be used to refinance the existing SEK 200 million senior secured notes with maturity in December 2018 and for general corporate purposes. The New Notes will be issued on 19 October 2018. Bong intends to apply for listing of the New Notes on the corporate bond list of Nasdaq Stockholm. With the financing secured for another 3 years, Bong is positioned for a continued strong development going forward both within the envelope and the light packaging area.

### Risks and opportunities

Business risks for the Bong Group are primarily related to market development and various types of financial risks. There has not been any change to significant risks and uncertain positions since Bong's annual report for 2017 was released. For further information, please refer to Bong's annual report and website [bong.com](http://bong.com).

### Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. Application was consistent with the accounting principles outlined in the 2017 annual report and the interim report should be read along with those principles.

### NEW ACCOUNTING STANDARDS THAT CAME INTO FORCE IN 2018

#### IFRS 9 Financial instruments

As of January 1, 2018, Bong applies IFRS 9. Bong applies the new standard and in accordance with the transitional rules of the standard, which means that Bong has chosen not to recalculate the comparative figures for 2017.

The principles in IFRS 9 for valuation of financial assets depends on how they are classified. Classification of financial assets depends on the Group's business model (purpose of the financial asset) and the financial asset's contractual cash flow. According to IFRS 9, categories of financial assets are as follows:

- Financial assets valued at accrued acquisition value
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at fair value through profit or loss

For Bong, there are no significant changes in the valuation of financial assets since the valuation bases were already accrued cost or fair value. Bong's financial assets consist largely of accounts receivable and liquid assets.

For financial liabilities, they are valued at accrued acquisition value or fair value through profit or loss. Bong's total liabilities are valued at accrued acquisition value, similar to previous accounting principles.

#### Write-down of financial assets

IFRS 9 requires that a reservation be made for expected credit losses on financial assets valued at accrued acquisition value. At each balance sheet date, the loss reserve is valued at an amount corresponding to the expected credit losses for the remaining maturity. Bong's financial assets consist essentially of accounts receivable. According to IFRS 9, there are simplification rules applied by Bong, which means that the loss reserve is valued at an amount that takes into account remaining maturity. Valuation of expected credit losses is intended to take into account the risk of losses in non-accrued customer receivables. Bong mainly bases the calculation of expected loan losses on an individual assessment of the current claim together with information about historical losses for similar assets and counterparties as well as a forward adjustment.

#### IFRS 15 Income from agreements with customers

As of January 1, 2018, Bong applies IFRS 15. Bong has applied the new standard using a retroactive method. In accordance with this option, no adjustment of opening balances was made as at 1 January 2018, as the accounting of revenue according to the new requirements already complies with the Group's previous accounting principles. The implementation of IFRS 15 had no significant impact on the Group, therefore, no reconciliation of opening balances has taken place.

Bong applies the five-step model according to IFRS 15 for all agreements with customers. In Bong's agreement with customers, product sales are judged to be a performance commitment. The basic principle is that income should reflect expected compensation in connection with the performance of a contractual commitment to the customer and correspond to the

compensation to which the Group is entitled upon the transfer of control to the products delivered to the counterparty. Previously, Bong reported revenues when risk and benefits have been passed to the customer, now it is based on control. Revenue is reported when performance has been met, ie at the time the product has been passed on to the customer. Based on Bong's delivery model, the timing of when revenue is reported is not changed. In Bong there are variable remuneration to customers in the form of bonuses, these are allocated to performance commitments in the agreements, which are in accordance with previous accounting principles.

#### IFRS 16 Leases

In January 2016, IASB issued a new lease standard that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognized on the balance sheet. The accounting for lessors will in all material aspects be unchanged. The standard is effective for annual periods beginning on or after 1 January 2019. The Group is currently conducting a mapping and analysis of the Group's leasing contract in order to quantify the effects of the implementation of IFRS 16 in the financial reports.

No other IFRS standards or IFRIC interpretations which have not yet come into force are expected to have a material impact on the Group.

#### Change in corporate tax rate

On 14 June, the Swedish government has decided on new tax rules that will begin to apply from January 1, 2019. The decision includes a change in the corporate tax rate and it will be reduced in two steps. In the first step, a decrease is from 22% to 21.4% from January 1, 2019 and in the second step, a further reduction to 20.6% from January 1, 2021. The company's deferred tax assets and deferred tax liabilities should be valued according to the tax rate applicable for the period during which the underlying temporary difference is reversed or when tax loss carryforwards or tax deductions will be utilized. This means that, as of 30 June, the company analyzed and assessed the rates at which the temporary differences should be reversed or utilized. The effect of this amount was SEK -1 million.

### Kristianstad 15 November 2018

#### Kai Steigleder

Chief Executive Officer

#### Additional information

Kai Steigleder, CEO for Bong AB. Tel +46 44-20 70 00 (switchboard)

### Financial Calendar:

- Year End Report 2018, 14 February 2019
- Annual General Meeting 2019, 16 May 2019, Malmö
- Interim Report January–March, 2019, 16 May 2019
- Interim Report January–June, 2019, July 2019
- Interim Report January–September, 2019, November 2019

### Auditor's report

#### Introduction

We have reviewed the condensed interim financial information (interim report) of Bong AB as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

#### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. 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 International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 15 November 2018

PricewaterhouseCoopers AB

**Lars Nilsson**

Auditor in Charge  
Authorised Public Accountant

**Christer Olausson**

Authorised Public Accountant

# Income statement in summary

MSEK	Note	Jul-Sept 2018 3 month	Jul-Sept 2017 3 month	Jan-Sept 2018 9 month	Jan-Sept 2017 9 month	Oct 2017- Sept 2018 12 month	Jan-Dec 2017 12 month
Revenue	1	536.0	491.4	1,617.2	1,517.3	2,195.2	2,095.3
Cost of goods sold		-445.5	-407.7	-1,349.5	-1,241.4	-1,822.3	-1,714.2
Gross profit		90.5	83.7	267.7	275.9	372.9	381.1
Selling expenses		-48.5	-43.5	-143.1	-131.8	-192.7	-181.5
Administrative expenses		-35.8	-37.7	-109.9	-112.6	-143.8	-146.4
Other operating income and expenses		5.5	-0.4	18.8	-3.4	14.2	-8.0
Operating profit		11.7	2.1	33.5	28.1	50.6	45.2
Net financial items		-10.4	-10.3	-33.5	-33.3	-44.0	-44.1
Non-recurring items, finance net		-	-	-10.4	-	-10.6	-
Result before tax		1.3	-8.2	-10.4	-5.2	-4.0	1.1
Income tax		-5.2	-4.3	-14.5	-11.9	-12.5	-9.9
<b>Net result</b>		<b>-3.9</b>	<b>-12.5</b>	<b>-24.9</b>	<b>-17.2</b>	<b>-16.5</b>	<b>-8.8</b>
<b>Total comprehensive income attributable to:</b>							
Share holders in Parent Company		-3.9	-13.4	-26.3	-19.6	-19.1	-12.4
Non-controlling interests		0.0	0.9	1.4	2.5	2.6	3.6
Basic earnings per share		-0.02	-0.06	-0.12	-0.08	-0.09	-0.06
Diluted earnings per share		-0.02	-0.06	-0.12	-0.08	-0.09	-0.06
Basic earnings per share, excluding non recurring items		-0.02	-	-0.06	-	-0.01	-0.06
Diluted earnings per share, excluding non recurring items		-0.02	-	-0.06	-	-0.01	-0.06
Average number of shares, basic		211,205,058	211,205,058	211,205,058	211,205,058	211,205,058	211,205,058
Average number of shares, diluted		251,205,058	251,205,058	251,205,058	251,205,058	251,205,058	251,205,058
<b>STATEMENT OF COMPREHENSIVE INCOME</b>							
MSEK		Jul-Sept 2018	Jul-Sept 2017	Jan-Sept 2018	Jan-Sept 2017	Oct 2017- Sept 2018	Jan-Dec 2017
Net result for the year		-3.9	-12.5	-24.9	-17.2	-16.5	-8.8
<b>Other comprehensive income</b>							
Items that will not be reclassified to profit or loss:							
Actuarial loss on post employment benefit obligations		2.3	-1.1	-3.9	-1.1	-2.8	0.0
		2.3	-1.1	-3.9	-1.1	-2.8	0.0
Items that may be reclassified subsequently to profit or loss:							
Cash flow hedges	2	0.0	0.1	0.0	0.1	0.1	0.2
Hedging of net investments		4.4	-6.4	-14.1	-5.3	-16.2	-8.4
Exchange rate differences		-13.5	1.4	46.1	2.8	64.6	20.1
Income tax relating to components of other comprehensive income		-1.3	1.7	3.1	1.5	2.9	1.5
		-10.4	-3.2	35.1	-1.0	51.4	13.3
Other comprehensive income for the period, net of tax		-8.1	-4.3	31.2	-2.1	48.6	13.3
<b>Total comprehensive income</b>		<b>-12.0</b>	<b>-16.8</b>	<b>6.3</b>	<b>-19.3</b>	<b>32.1</b>	<b>4.5</b>
<b>Total comprehensive income attributable to:</b>							
Share holders in Parent Company		-12.0	-19.3	4.9	-21.7	29.5	0.9
Non-controlling interests		0.0	2.5	1.4	2.5	2.6	3.6

## Balance sheet in summary

MSEK	Note	30 Sept 2018	30 Sept 2017	31 Dec 2017
<b>Assets</b>				
Intangible assets	3	617.1	597.3	603.3
Tangible assets		187.5	210.6	208.8
Financial assets	4	144.1	144.6	146.1
Inventories		221.6	210.4	189.3
Current receivables	5	410.7	340.0	354.6
Cash and cash equivalents	6	68.3	101.3	124.1
<b>Total assets</b>		<b>1,649.3</b>	<b>1,604.1</b>	<b>1,626.2</b>
<b>Equity and liabilities</b>				
Equity		700.0	674.8	696.2
Non-current liabilities	7	450.8	430.0	437.3
Current liabilities	8	498.5	499.4	492.7
<b>Total equity and liabilities</b>		<b>1,649.3</b>	<b>1,604.1</b>	<b>1,626.2</b>

### CHANGES IN EQUITY

MSEK	Note	Jan-Sept 2018	Jan-Sept 2017	Jan-Dec 2017
Opening balance for the period		696.2	697.3	697.3
Write-down of share capital		-	-	-
Bond loan / Convertible loan		-2.5	-2.5	-3.3
Dividend to owner without significant influence		-	-1.5	-2.9
Issuance cost		-	-	-
Non-controlling interests		0.0	0.7	0.6
Total comprehensive income		6.3	-19.3	4.5
<b>Closing balance for the period</b>		<b>700.0</b>	<b>674.8</b>	<b>696.2</b>

## Cash flow statement

MSEK	Note	Jul-Sept 2018 3 month	Jul-Sept 2017 3 month	Jan-Sept 2018 9 month	Jan-Sept 2017 9 month	Oct 2017- Sept 2018 12 month	Jan-Dec 2017 12 month
<b>Operating activities</b>							
Operating profit/loss		11.7	2.0	33.5	28.1	50.6	45.2
Depreciation, amortisation, and impairment losses		10.7	11.1	32.7	34.0	44.9	46.2
Interest received		0.0	0.0	0.1	0.1	0.1	0.2
Interest paid		-10.3	-3.4	-10.9	-9.7	-14.1	-12.9
Financial expenses		-	-	-	-	1.3	1.3
Financial income		1.1	-2.1	-2.2	-5.1	-1.9	-4.8
Tax paid		-1.2	-2.8	-9.3	-14.5	-13.4	-18.6
Other items not affecting liquidity	9	-2.7	-1.1	-40.4	-20.6	-38.9	-19.1
<b>Cash flow from operating activities before changes in working capital</b>		<b>9.3</b>	<b>3.7</b>	<b>3.5</b>	<b>12.3</b>	<b>28.6</b>	<b>37.3</b>
<b>Changes in working capital</b>							
Inventories		-6.4	-8.7	-33.0	-23.5	-8.9	0.6
Current receivables		-0.8	-18.0	-29.1	1.3	-28.3	2.1
<b>Current operating liabilities</b>		<b>-8.3</b>	<b>35.6</b>	<b>2.1</b>	<b>32.0</b>	<b>-20.0</b>	<b>9.9</b>
<b>Cash flow from operating activities</b>		<b>-6.2</b>	<b>12.6</b>	<b>-56.5</b>	<b>22.0</b>	<b>-28.6</b>	<b>49.9</b>
<b>Cash flow from investing activities</b>							
Aquisition of intangible and tangible assets incl. advanced payments to suppliers		-6.3	-5.0	-14.7	-9.0	-21.1	-15.3
Disposal of intangible and tangible assets		0.1	1.0	12.5	2.5	15.3	5.3
<b>Cash flow from investing activities</b>		<b>-6.2</b>	<b>-4.0</b>	<b>-2.2</b>	<b>-6.5</b>	<b>-5.8</b>	<b>-10.0</b>
<b>Cash flow after investing activities</b>		<b>-12.4</b>	<b>8.6</b>	<b>-58.7</b>	<b>15.5</b>	<b>-34.4</b>	<b>39.9</b>
<b>Cash flow from financing activities</b>							
Change in credit facilities		-4.9	1.3	0.1	-2.9	0.0	-3.0
Change in other long-term debt		-0.1	-0.3	-0.3	-	-1.7	-1.4
Dividend to non-controlling interest		0.0	-0.7	-	-1.5	-1.4	-2.9
<b>Cash flow from financing activities</b>		<b>-5.0</b>	<b>0.3</b>	<b>-0.2</b>	<b>-4.4</b>	<b>-3.1</b>	<b>-7.3</b>
<b>Cash flow for the period</b>		<b>-17.4</b>	<b>8.9</b>	<b>-58.9</b>	<b>11.2</b>	<b>-37.5</b>	<b>32.6</b>
Cash and cash equivalents at beginning of period		86.2	92.2	124.1	89.9	101.3	89.9
Exchange rate difference in cash and cash equivalents		-0.5	0.2	3.1	0.3	4.5	1.6
<b>Cash and cash equivalents at end of period</b>		<b>68.3</b>	<b>101.3</b>	<b>68.3</b>	<b>101.3</b>	<b>68.3</b>	<b>124.1</b>

# Notes

(MSEK)

## Note 1 - Segment Information

Net sales	Jul-Sept 2018		Jul-Sept 2017		Jan-Sept 2018		Jan-Sept 2017		Oct 2017-Sept 2018		Jan-Dec 2017	
	Envelope	Light Packaging	Envelope	Light packaging	Envelope	Light packaging						
Sweden	31	10	26	8	106	32	84	28	136	47	114	44
Nordic and Baltics	43	12	37	9	141	32	132	28	190	45	181	41
Central Europe	150	44	137	33	439	112	409	93	588	158	558	139
France and Spain	100	21	95	22	303	62	298	64	410	96	404	97
UK	81	21	72	15	242	57	224	47	315	76	298	65
Russia/East Europe	0	0	16	2	18	3	48	7	36	6	66	10
Other	18	5	15	4	53	17	43	13	70	22	60	19
<b>Total</b>	<b>423</b>	<b>113</b>	<b>398</b>	<b>93</b>	<b>1,302</b>	<b>315</b>	<b>1,238</b>	<b>280</b>	<b>1,745</b>	<b>450</b>	<b>1,681</b>	<b>415</b>

## Note 1 - Segment Information, cont'd

Assets	Jan-Sept 2018	Jan-Sept 2017	Jan-Dec 2017
Sweden	171	176	176
Nordic and Baltics	118	114	114
Central Europe	205	201	205
France and Spain	225	218	219
UK	85	81	81
Russia/East Europe	-	17	17
Other	1	1	-
<b>Total</b>	<b>805</b>	<b>808</b>	<b>812</b>

## Note 2 - Financial assets and liabilities

The table below shows the Group's financial assets and liabilities in the form of derivatives measured at fair value. All financial derivatives measured at fair value are in Category 2. These include interest rate swaps and foreign exchange contracts and the valuation is based on the forward interest rates derived from observable yield curves.

2018-09-30	Assets	Liabilities
Interest rate swaps - cash flow hedges	0.0	0.0
Currency forwards - cash flow hedges	0.1	0.1
Currency forwards - held for trading	0.0	0.0
<b>Total</b>	<b>0.1</b>	<b>0.1</b>

2017-09-30	Assets	Liabilities
Interest rate swaps - cash flow hedges	0.0	0.0
Currency forwards - cash flow hedges	0.1	0.0
Currency forwards - held for trading	0.0	0.0
<b>Total</b>	<b>0.1</b>	<b>0.0</b>

2017-12-31	Assets	Liabilities
Interest rate swaps - cash flow hedges	0.0	0.0
Currency forwards - cash flow hedges	0.0	0.0
Currency forwards - held for trading	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>

\* For the above contracts, the following amounts are found in the hedge reserve under Total comprehensive income; interest rate swaps - cash flow hedges SEK 0 million. currency forwards - cash flow hedges SEK 0 million.

### Other financial assets and liabilities

Fair value of the following financial assets and liabilities is estimated to be equal to book value:

- Trade receivables and other receivables
- Other current receivables
- Cash and cash equivalents
- Long-term and short-term loans
- Trade payables and other liabilities
- Other financial assets and liabilities

### Information about netting of financial assets and liabilities

The Group does not apply net recognition for any of its other significant assets and liabilities and has no netting agreements with financial counterparties.

Note 3 - Intangible assets	Jan-Sept 2018	Jan-Sept 2017	Jan-Dec 2017
Goodwill	597.5	565.6	574.6
Other intangible assets	19.6	31.7	28.7
<b>Total</b>	<b>617.1</b>	<b>597.3</b>	<b>603.3</b>

Note 4 - Financial assets	Jan-Sept 2018	Jan-Sept 2017	Jan-Dec 2017
Deferred tax	142.3	142.6	143.9
Other financial assets	1.8	2.0	2.2
<b>Total</b>	<b>144.1</b>	<b>144.6</b>	<b>146.1</b>

Note 5 - Current assets	Jan-Sept 2018	Jan-Sept 2017	Jan-Dec 2017
Receivables	299.9	267.4	282.1
Other current assets	110.8	72.6	72.5
<b>Total</b>	<b>410.7</b>	<b>340.0</b>	<b>354.6</b>

Note 6 - Cash and cash equivalent	Jan-Sept 2018	Jan-Sept 2017	Jan-Dec 2017
Cash/Bank	66.9	80.0	102.8
Cash/Bank escrow account	1.4	21.3	21.3
<b>Total</b>	<b>68.3</b>	<b>101.3</b>	<b>124.1</b>

Note 7 - Non-current liabilities	Jan-Sept 2018	Jan-Sept 2017	Jan-Dec 2017
Interest-bearing loans	196.4	181.0	184.3
Pension debt	216.9	209.2	212.1
Deferred tax	21.6	24.1	21.9
Other liabilities	15.9	15.6	18.9
<b>Total</b>	<b>450.8</b>	<b>430.0</b>	<b>437.3</b>

In connection with the issuance 2016 of the bonds, the bondholders also were awarded shares and options without consideration with a total fair value of SEK 37.3 million. This is considered to be a bundled transaction in which the proceeds from the bond issue will be allocated on the relative fair value of the respective financial instrument that the bondholder received. Thus, a total of about SEK 37.3 million of the total proceeds was allocated to shares and options, which are recognized in equity and a corresponding amount is reduced the value of the loan. The difference, compared to the principal amount of the loan at the time of issue is accrued as an additional financial expense debit the income statement respectively the equity.

Note 8 - Current liabilities	Jan-Sept 2018	Jan-Sept 2017	Jan-Dec 2017
Interest-bearing loans	0.1	4.3	-
Payables	244.9	235.1	240.4
Other liabilities	253.5	260.0	252.3
<b>Total</b>	<b>498.5</b>	<b>499.4</b>	<b>492.7</b>

## Note 9 - Financial- and other non-cash items

Adjustment of the cash flow statement has been made to clarify paid financial transactions.

## QUARTERLY DATA. GROUP

MSEK	3/2018	2/2018	1/2018	4/2017	3/2017	2/2017	1/2017	4/2016	3/2016	2/2016	1/2016	4/2015	3/2015	2/2015	1/2015	4/2014
Net Revenue	536.0	543.0	538.1	578.0	491.4	480.7	545.2	579.0	489.0	499.8	566.7	612.8	560.2	532.7	639.3	676.7
Operating expenses	-524.3	-533.2	-526.1	-560.9	-489.4	-473.3	-526.5	-564.2	-498.9	-507.3	-555.3	-612.3	-557.4	-539.0	-641.5	-729.8
Operating profit	11.7	9.8	12.0	17.1	2.0	7.4	18.6	14.8	-9.9	-7.5	11.4	0.6	2.9	-6.2	-2.2	-53.1
Net financial items	-10.4	-22.6	-10.9	-10.7	-10.3	-11.6	-11.5	-14.6	-12.1	-10.2	421.0	-15.8	-12.1	-13.5	-13.6	-13.4
Profit before tax	1.3	-12.8	1.1	6.4	-8.2	-4.2	7.2	0.2	-22.0	-17.7	432.4	-15.3	-9.2	-19.7	-15.8	-66.5

## KEY RATIOS

	Jan-Sept 2018	Jan-Sept 2017	Oct 2017- Sept 2018	Jan-Dec 2017
Operating margin, %	2.1	1.9	2.3	2.2
Return on equity, %*	-	-	neg	neg
Return on capital employed, %* 1)	-	-	5.0	4.3
Equity/assets ratio, %*	42.4	42.1	42.4	42.8
Net debt/equity ratio times*	0.50	0.47	0.50	0.42
Net loan debt/EBITDA*	-	-	3.63	3.21
Capital employed, SEK M*	1,113.4	1,069.3	1,113.4	1,092.7
Interest-bearing net loan debt, SEK M*	346.5	314.5	346.5	293.7

1) Return on capital employed

Earnings after financial revenues	40.4	46.9
Average capital employed	1,091.4	1,091.3

For the key figures above, are those marked \* considered to be APM (Alternative Performance Measures) and not follow IFRS. They are judged however by management to be important to show shareholders the Group's underlying performance, profitability and financial position. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies. For definitions see page 11.

## DATA PER SHARE

	Jan-Sept 2018	Jan-Sept 2017	Oct 2017- Sept 2018	Jan-Dec 2017
Basic earnings per share, SEK	-0.12	-0.08	-0.09	-0.06
Diluted earnings per share, SEK 2)	-0.12	-0.08	-0.09	-0.06
Basic earnings per share, excluding non recurring items, SEK	-0.06	-	-0.01	-0.06
Diluted earnings per share, excluding non recurring items, SEK	-0.06	-	-0.01	-0.06
Basic equity per share, SEK	3.31	3.19	3.31	3.30
Diluted equity per share, SEK	2.79	2.69	2.79	3.30
Basic number of shares outstanding at end of period	211,205,058	211,205,058	211,205,058	211,205,058
Diluted number of shares outstanding at end of period	251,205,058	251,205,058	251,205,058	251,205,058
Average number of shares basic	211,205,058	211,205,058	211,205,058	211,205,058
Average number of shares diluted	251,205,058	251,205,058	251,205,058	251,205,058

2) The number of options amounts to maximum 40,000,000. Each option gives the right to subscribe for one share in Bong. All options were used before 29 February 2016. Subscription for shares based on the options shall take place by 1 February 2019. Upon subscription, the price per share is 1.15 SEK.

# Five-year summary

Key ratios	2017	2016	2015	2014	2013
Net sales. MSEK	2,095	2,135	2,345	2,533	2,564
Operating profit/loss. MSEK	45	9	-5	-123	-109
Extraordinary items. financial net. MSEK	-	430	-	-	-
Profit/loss after tax. MSEK	-9	297	-64	-150	-141
Cash flow after investing activities. MSEK	40	30	-75	94	-91
Operating margin. %	2.2	0.4	-0.2	-4.8	-4.3
Capital turnover rate. times	1.3	1.3	1.2	1.3	1.2
Return on equity. %	neg	neg	neg	neg	neg
Average capital employed. MSEK	1,095	1,159	1,343	1,375	1,586
Return on capital employed. %	0.2	1.8	neg	neg	neg
Equity ratio. %	43	43	16	19	26
Net loan debt. MSEK	294	315	837	790	802
Net loan debt/equity. times	0.42	0.45	2.64	2.09	1.54
Net debt/EBITDA. times	3.2	5.2	11.9	neg	neg
Average number of employees	1,459	1,556	1,763	1,873	2,051
<b>Number of shares</b>					
Basic number of shares outstanding at end of period	211,205,058	211,205,058	156,659,604	156,659,604	156,659,604
Diluted number of shares outstanding at end of period	251,205,058	251,205,058	183,932,331	183,932,331	183,932,331
Average basic number of shares	211,205,058	207,417,179	156,659,604	156,659,604	63,873,865
Average diluted number of shares	251,205,058	246,533,341	183,932,331	183,932,331	73,796,014
<b>Earnings per share</b>					
Before dilution. SEK	-0.06	1.42	-0.41	-0.96	-2.20
After dilution. SEK	-0.06	1.42	-0.41	-0.96	-2.20
Earnings per share. before dilution. excluding non-recurring items	-0.06	-0.64	-	-	-
Earnings per share. after dilution. excluding non-recurring items	-0.06	-0.64	-	-	-
<b>Equity per share</b>					
Before dilution. SEK	3.30	3.30	2.02	2.41	3.33
After dilution. SEK	3.30	3.30	1.95	2.27	3.06
<b>Cash flow from operating activities per share</b>					
Before dilution. SEK	0.25	0.26	-0.95	0.62	-0.40
After dilution. SEK	0.25	0.26	-0.81	0.53	-0.34
<b>Other data per share</b>					
Dividend. SEK <sup>1)</sup>	0.00	0.00	0.00	0.00	0.00
Quoted market price on the balance sheet date. SEK	0.95	0.9	1.3	1.1	1.5
P/E-ratio. times	neg	0.61	neg	neg	neg
Adjusted P/E-ratio. times	neg	neg	-	-	-
Price/Equity before dilution. %	29	27	62	46	45
Price/Equity after dilution. %	29	27	65	49	49

1) Proposal by the board  
For definitions see page 11

# Definitions

This Report includes both financial ratios based on concepts defined in IFRS, APMs (Alternative Performance Measures) according to ESMA's definition and other company-specific ratios. The ratios are defined below.

For historical values:  
<http://www.bong.com/en/investors/reports/historical-values>

## ADJUSTED EARNINGS PER SHARE BEFORE AND AFTER DILUTION

Profit after tax, excluding extraordinary net financial item divided by average number of shares before and after dilution.

## AVERAGE CAPITAL EMPLOYED

Capital employed at beginning of year plus capital employed at year-end divided by two.

## AVERAGE EQUITY

Shareholders' equity at beginning of year plus equity at year-end divided by two.

## ADJUSTED P/E RATIO, TIMES

Share price divided by adjusted earnings per share.

## AVERAGE TOTAL ASSETS

Total assets at beginning of year plus total assets at year-end divided by two.

## CAPITAL TURNOVER, TIMES

Net sales by average total assets. Capital Asset turnover is a measure of how effectively the Group uses its assets.

## EARNINGS PER SHARE BEFORE AND AFTER DILUTION

Profit after tax divided by the average number of shares before and after dilution.

## EQUITY TO ASSETS RATIO, PER CENT

Shareholders' equity divided by total assets. Equity to assets ratio is a measure of the Group's financial strength.

## EBITDA

Operating income before depreciation and amortization.

## ESMA

The European Securities and Markets Authority. ESMA is the Euro-pean Union's body for monitoring the financial markets.

## EXTRAORDINARY NET FINANCIAL ITEM

Net total gain from the refinancing transactions in 2016.

## IFRS

International Financial Reporting Standards. An International accounting standard that Bong applies.

## NET DEBT

Interest-bearing liabilities and provisions less liquid funds and interest-bearing receivables.

## NET DEBT/EBITDA, TIMES

Net debt divided by EBITDA. Net debt/EBITDA is a measure of the Group's financial strength.

## NET DEBT TO EQUITY, TIMES

Net debt divided by equity. Net debt to equity is a measure of the Group's financial strength.

## OPERATING MARGIN, PER CENT

Operating profit divided by net sales. Operating margin is a measure of profitability. It measures how much of revenues remains after operating expenses.

## P/E RATIO, TIMES

Share price divided by earnings per share.

## RETURN ON CAPITAL EMPLOYED, PER CENT

Earnings after financial income divided by average capital employed. For 2016 the extraordinary net financial item has been excluded. This measure shows the return of the Group's total balance sheet, excluding non-interest-bearing debt. It is a profitability measure independent of the Group's indebtedness. It complements the measure return on equity.

## RETURN ON EQUITY, PER CENT

Earnings after tax divided by average equity. For 2016 the extraordinary net financial item has been excluded. This measure measures the return on shareholders' funds for the year and is useful in comparisons of other investments with the same risk profile.

## SHARE PRICE/EQUITY, PER CENT

Price per share divided by equity per share.

# Parent company

## INCOME STATEMENT IN SUMMARY

MSEK	Jan-Sept 2018	Jan-Sept 2017
Revenue	2.8	2.6
Gross profit	2.8	2.6
Administrative expenses	-13.1	-12.4
Operating profit/loss	-10.3	-9.8
Non-recurring items finance net	-	-
Net financial items	-4.8	54.0
Result	-15.1	44.2
Income tax	-	-
<b>Net result</b>	<b>-15.1</b>	<b>44.2</b>

## STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan-Sept 2018	Jan-Sept 2017
Net Result for the year	-15.1	44.2
Other comprehensive income		
Net financial items reported directly in consolidated equity:		
Cash flow hedges	-	-
Income tax relating to components of other comprehensive income	-	-
Net result, Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>-15.1</b>	<b>44.2</b>

## BALANCE SHEET IN SUMMARY

MSEK	30 Sept 2018	31 Dec 2017
Assets		
Financial assets	1,036.5	1,036.5
Current receivables	7.3	0.7
Cash and cash equivalents	1.5	31.5
<b>Total Assets</b>	<b>1,045.2</b>	<b>1,068.7</b>
Equity and liabilities		
Equity	644.8	662.4
Non-current liabilities	196.4	184.4
Current liabilities	204.1	221.9
<b>Total equity and liabilities</b>	<b>1,045.2</b>	<b>1,068.7</b>