



Interim Report

January-June
2015

” Bong has now fully implemented the comprehensive restructuring plan and the remaining factories are running at full capacity. The cash outflow for the restructuring plan will continue throughout the year and to some extent into Q1 2016. Due to the higher efficiency in production and the lower cost structure, Bong are now much more competitive in the tough envelope market. Given the high imbalance between paper supply and demand, Bong faces continued price increases from suppliers. As earlier mentioned, Bong’s biggest challenge for 2015 will be to increase the sales prices to the market in order to compensate for increased prices from suppliers, says Bong’s CEO Stéphane Hamelin. ”

April – June 2015

- Net sales decreased with 10 percent to SEK 533 million (594)
- Adjusted EBIT increased to SEK 0 million (-12)
- Non-recurring items amounted to SEK -6 million (-5)
- EBIT improved to SEK -6 million (-17)
- Earnings after tax amounted to SEK -19 million (-32)
- Earnings per share amounted to SEK -0.12 (-0.49)
- Cash flow after investing activities SEK -58 million (-5)

January – June 2015

- Net sales decreased with 7 percent to SEK 1,172 million (1,256)
- Adjusted EBIT increased to SEK 15 million (-10)
- Non-recurring items amounted to SEK -24 million (-50)
- EBIT improved to SEK -9 million (-60)
- Earnings after tax amounted to SEK -39 million (-77)
- Earnings per share amounted to SEK -0.25 (-0.49)
- Cash flow after investing activities SEK -54 million (-12)

Key Ratios

	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Net sales, MSEK	533	594	1,172	1,256	2,533
Adjusted EBIT, MSEK	0	-12	15	-10	21
Adjusted EBIT-margin, %	0.0%	-2.0%	1.3%	-0.8%	0.8%
Non-recurring items, MSEK	-6 ¹⁾	-5 ²⁾	-24 ³⁾	-50 ⁴⁾	-144 ⁵⁾
EBIT, MSEK	-6	-17	-9	-60	-123
EBT, MSEK	-20	-30	-35	-89	-178
Earnings after tax, MSEK	-19	-32	-39	-77	-150
Earnings per share, SEK	-0.12	-0.49	-0.25	-0.49	-0.96
Cash flow after investing activities, MSEK	-58	-5	-54	-12	94
Equity/asset ratio, %	18.4%	23.6%	18.4%	23.6%	19.2%

1) Restructuring cost SEK -4 million, capital loss building/land SEK -2 million

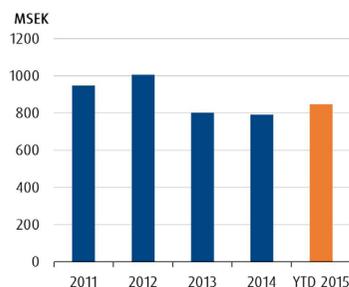
2) Restructuring cost SEK -5 million

3) Restructuring SEK -21 million, capital loss building/land SEK -3 million

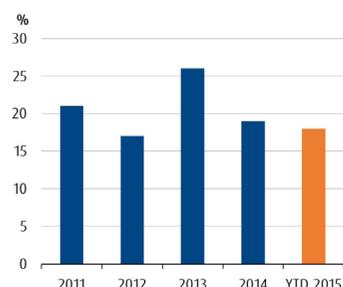
4) Restructuring cost SEK -56 million, capital gain building/land SEK +6 million

5) Restructuring cost SEK -105 million; capital gain building/land SEK +6 million; writedown building SEK -15 million and EU Fine SEK -30 million

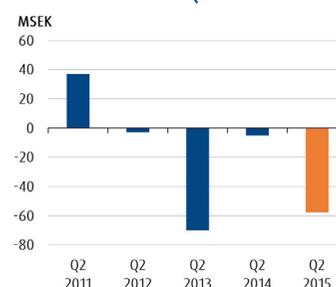
Net debt



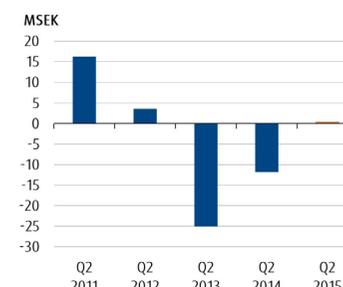
Equity ratio



Cash flow after investing activities - Q2

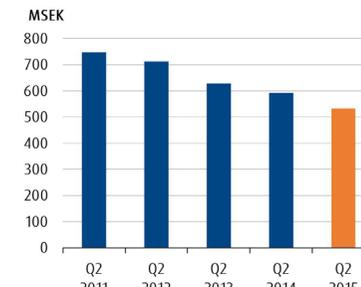


Operating profit/loss - Q2 ¹⁾



1) Operating profit/loss before restructuring costs and extraordinary items

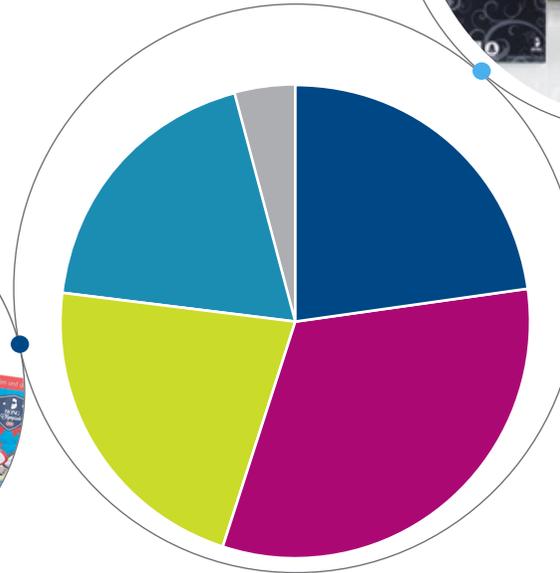
Net sales - Q2



This is the Bong Group

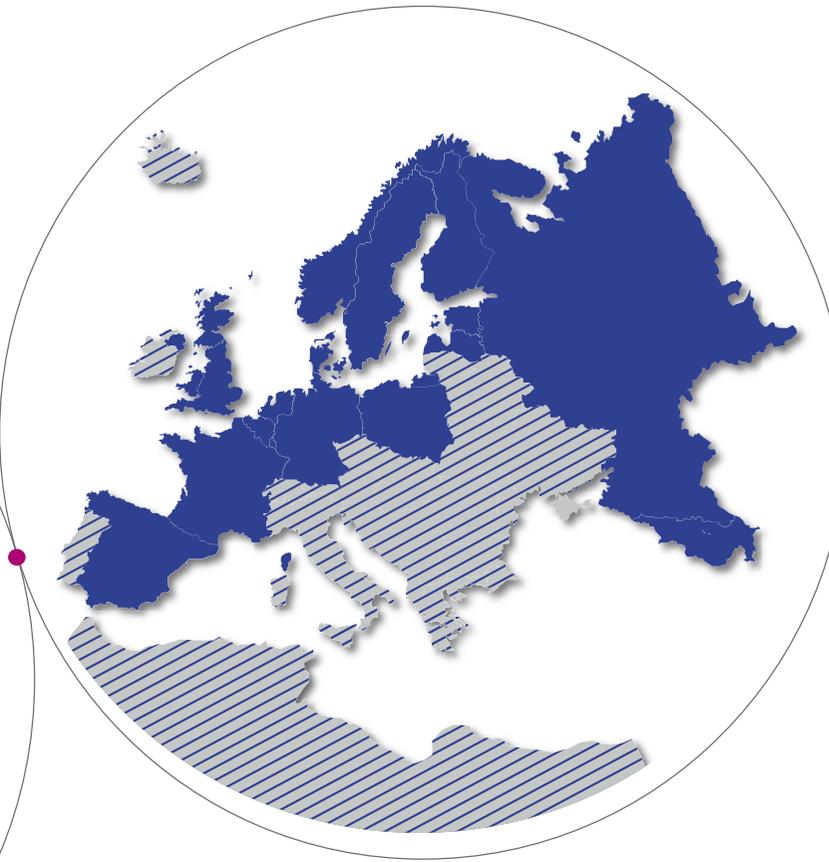
Bong is one of the leading providers of specialty packaging and envelope products in Europe and offers solutions for distribution and packaging of information, advertising materials and lightweight goods. Important growth areas in the Group are packaging within retail and e-commerce and the envelope market within Eastern Europe. The Group has annual sales of approximately SEK 2.5 billion and about 1,800 employees in 16 countries.

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



Sales to geographical areas YTD 2015

- Nordic/Baltics/Russia, 25%
- Central Europe, 31%
- France and Spain, 22%
- United Kingdom, 20%
- Others, 2%



- Production and sales
- ▨ Sales

Market and industry

The European envelope market volume decreased by about 9 per cent in the first quarter of 2015 according to FEPE statistics. Bong's assessment is that the market continued to decrease in the same pace during the second quarter of 2015. Since the raw material prices are increasing it is necessary for Bong to increase sales prices to the market. The restructuring process and the consolidation of the industry will continue, but there is still a large overcapacity in the market.

In UK, a sheet producing envelope manufacturer, Dobson, filed for bankruptcy. Meiller GHP was taken over by Paragon (Ireland) in order for Paragon to be present in Germany.

The special packaging market, where Bong is present, is still growing and is a large and fragmented market.

Sales and profit

January – June 2015

Bong posted consolidated sales in the period of SEK 1,172 million (1,256). Exchange rate fluctuations had a positive impact on sales of SEK 56 million compared with 2014. The main reason for the drop in sales is the continued downturn in the envelope market, which resulted in both lower volumes and pricing pressures and had a negative impact on Bong's gross earnings.

Bong's total Packaging sales amounted to SEK 188 million (193). Currency fluctuations had a positive impact on Packaging sales of SEK 9 million compared with the corresponding period in 2014.

Operating profit was SEK -9 million (-60) including costs for restructuring program, mainly related to the Nordic countries and France, of SEK -21 million (-56). The restructuring and closure of legal entities has resulted in lower gross margins. The customers Bong sell to also undergo increased consolidation, resulting in mergers of stock, resulting in lowering sales prices and impact on gross margins.

Net financial items for the period amounted to SEK -27 million (-29). Earnings before tax were SEK -35 million (-89) and reported earnings after tax were SEK -39 million (-77).

Sales and profit

April – June 2015

Consolidated sales for the second quarter reached SEK 533 million (594). Exchange rate fluctuations had a positive impact on sales of SEK 26 million compared with 2014. The main reason for the drop in sales is the continued downturn in the envelope market, which resulted in both lower volumes and pricing pressures and had a negative impact on Bong's gross earnings.

Bong's total Packaging sales amounted to SEK 86 million (91). Currency fluctuations had a positive impact on Packaging sales of SEK 4 million compared with the corresponding period in 2014.

Operating profit was SEK -6 million (-17) including costs for restructuring program, mainly related to the Nordic countries and France, of SEK -4 million

(-5). The restructuring and mergers of legal entities has resulted in lower gross margins.

Net financial items for the period amounted to SEK -14 million (-13). Earnings before tax were SEK -20 million (-30) and reported earnings after tax were SEK -19 million (-32).

Cash flow and investments

The cash flow after investing activities decreased to SEK -54 million (-12). The cash flow was negatively affected by payments for the ongoing restructuring program of SEK -35 million (-19) and the payment for the previously communicated settlement with the European Commission of SEK -30 million. Working capital was negatively impacted by temporary restocking in connection with plant closures and relocation of plants in order to maintain a high level of service.

Financial position

Cash and cash equivalents at 30 June 2015 amounted to SEK 62 million (SEK 97 million at 31 December 2014). The Group had unutilised credit facilities of SEK 38 million on the same date. Total available cash and cash equivalents thus amounted to SEK 100 million (158 million at 31 December 2014). Consolidated equity at the end of June 2015 was SEK 339 million (SEK 377 million at 31 December 2014). Translation of the net asset value of foreign subsidiaries to Swedish krona and changes in the fair value of pension debt and derivative instruments decreased consolidated equity by SEK 3 million. The interest-bearing net loan debt increased during the period by SEK 57 million to SEK 847 million (SEK 790 million at 31 December 2014). Translation of net loans in the foreign currency to Swedish krona decreased the groups net loan debt by SEK 8 million. The revaluation of the pension debt according to IAS 19 increased the Group's net loan debt by SEK 9 million.

Employees

The average number of employees during the period was 1,817 (1,921). The Group had 1,751 (1,863) employees at the end of June 2015. Bong is intensively working on improving productivity and adjusting staff to meet current demand and the reduction is the result of the implemented restructuring measures. Many employees are currently under notice period. When implemented measures are fully in place Bong will have around 1,600 employees.

Parent Company

The Parent Company's business extends to management of operating subsidiaries and certain Group management functions. Sales were SEK 0.5 million (0.7) and earnings before tax for the period were SEK -1.5 million (-4).

Events after the end of the period

No material events have occurred after the end of the period.

Risks and opportunities

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 website 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 2014 annual report and the interim report should be read along with those principles. Please refer to Bong's 2014 annual report for a specification of the new amendments, interpretations and standards that took effect 1 January 2015.

Kristianstad 15 July 2015

Eric Joan

Chairman of the Board

Mikael Ekdahl

Member of the Board

Christian Paulsson

Member of the Board

Helena Persson

Member of the Board

Christer Muth

Member of the Board

Peter Harrysson

Member of the Board

Stéphane Hamelin

Chief Executive Officer & Member of the Board

This report has not been subject to examination by the company's auditors.

Additional information

Håkan Gunnarsson, CFO for Bong AB. Tel +46 44-20 70 00 (switchboard)

Financial Calendar:

- Interim Report January–September 2015, 19 November 2015
- Year-end Report 2015, 18 February 2016
- Interim Report January–March 2016, May 2016
- Interim Report January–June 2016, July 2016
- Interim Report January–September 2016, November 2016

Income statement in summary

MSEK	Apr-Jun 2015 3 month	Apr-Jun 2014 3 month	Jan-Jun 2015 6 month	Jan-Jun 2014 6 month	Jul 2014- Jun 2015 12 month	Jan-Dec 2014 12 month
Revenue	532.7	593.6	1,172.0	1,255.6	2,449.3	2,532.9
Cost of goods sold	-453.8	-489.7	-973.0	-1,026.9	-2,012.4	-2,066.3
Gross profit	78.9	103.9	199.0	228.7	436.9	466.6
Selling expenses	-55.1	-62.3	-117.5	-126.5	-242.5	-251.5
Administrative expenses	-35.4	-52.4	-82.1	-111.7	-172.5	-202.2
Other operating income and expenses	5.4	-5.8	-7.9	-50.7	-92.8	-135.6
Operating profit	-6.2	-16.6	-8.5	-60.3	-70.9	-122.8
Net financial items	-13.5	-13.0	-27.0	-28.8	-53.7	-55.5
Result before tax	-19.7	-29.6	-35.5	-89.1	-124.7	-178.3
Income tax	1.2	-2.6	-3.4	12.3	12.7	28.4
Net result	-18.5	-32.2	-38.9	-76.8	-112.0	-149.9
Total comprehensive income attributable to:						
Share holders in Parent Company	-18.7	-32.2	-39.0	-76.8	-112.1	-149.9
Non-controlling interests	0.1	0.0	0.1	0.0	0.1	0.0
Basic earnings per share	-0.12	-0.49	-0.25	-0.49	-0.71	-0.96
Diluted earnings per share	-0.12	-0.49	-0.25	-0.49	-0.71	-0.96
Average number of shares, basic	156,659,604	156,659,604	156,659,604	156,659,604	156,659,604	156,659,604
Average number of shares, diluted	183,932,331	183,932,331	183,932,331	183,932,331	183,932,331	183,932,331

STATEMENT OF COMPREHENSIVE INCOME

SEK M	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jul 2014- Jun 2015	Jan-Dec 2014
Net result for the year	-18.5	-32.2	-38.9	-76.8	-112.0	-149.9
Other comprehensive income						
Items that will not be reclassified to profit or loss:						
Actuarial loss on post employment benefit obligations	5.9	0.0	-9.3	0.0	-48.3	-39.0
	5.9	0.0	-9.3	0.0	-48.3	-39.0
Items that may be reclassified subsequently to profit or loss:						
Cash flow hedges ¹⁾	1.4	0.2	1.8	0.0	1.6	-0.2
Hedging of net investments	2.9	-42.3	10.7	-32.7	-17.9	-61.3
Exchange rate differences	-1.8	42.1	-4.1	55.4	27.1	86.6
Income tax relating to components of other comprehensive income	-0.9	4.9	-2.5	6.9	13.1	22.4
	1.6	4.8	5.9	29.6	23.9	47.5
Other comprehensive income for the period, net of tax	7.6	4.8	-3.3	29.6	-24.4	8.6
Total comprehensive income	-11.0	-27.4	-42.2	-47.2	-136.3	-141.3
Total comprehensive income attributable to:						
Share holders in Parent Company	-11.1	-27.4	-42.3	-47.2	-136.4	-141.3
Non-controlling interests	0.1	0.0	0.1	0.0	0.1	0.0

NOTES - STATEMENT OF COMPREHENSIVE INCOME

1) Cash flow hedges	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014	Jul 2014- Jun 2015	Jan-Dec 2014
Interest rate swaps - cash flow hedges	0.3	0.3	0.5	0.5	0.8	0.8
Currency forwards - cash flow hedges	1.1	-0.1	1.3	-0.5	0.8	-1.0
Total cash flow hedges	1.4	0.2	1.8	0	1.6	-0.2

Balance sheet in summary

MSEK	30 Jun 2015	30 Jun 2014	31 Dec 2014
Assets			
Intangible assets ¹⁾	589.5	593.3	604.2
Tangible assets	335.0	430.2	385.6
Financial assets ⁵⁾	236.1	221.8	234.7
Inventories	243.9	274.7	253.8
Current receivables ⁶⁾	378.8	425.7	387.6
Cash and cash equivalents	61.8	60.0	96.7
Total assets	1,845.0	2,005.7	1,962.6
Equity and liabilities			
Equity ²⁾	338.9	472.6	377.3
Non-current liabilities ^{3), 5)}	729.3	734.9	745.2
Current liabilities ^{4), 6)}	776.8	798.2	840.1
Total equity and liabilities	1,845.0	2,005.7	1,962.6

CHANGES IN EQUITY

MSEK	Jan-Jun 2015	Jan-Jun 2014	Jan-dec 2014
Opening balance for the period	377.3	521.8	521.8
Convertible loan	-1.2	-2.0	-3.2
Acquisition of non-controlling interests	5.0		
Total comprehensive income	-42.2	-47.2	-141.3
Closing balance for the period	338.9	472.6	377.3

NOTES - BALANCE SHEET

	30 Jun 2015	30 Jun 2014	31 Dec 2014
1) Of which goodwill	562.6	533.4	567.0
2) Of which non-controlling interests	10.0	-0.4	-
3) Of which interest-bearing	695.3	693.6	715.4
4) Of which interest-bearing	213.2	209.2	171.4
5) Of which deferred tax	208.7	176.9	206.1

6) Financial assets and liabilities at fair value

The table 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.

2015-06-30	Assets	Liabilities
Interest rate swaps - cash flow hedges	0.0	0.6
Currency forwards - cash flow hedges	0.8	0.4
Currency forwards - held for trading	0.3	0.4
Total	1.1	1.4*

2014-06-30	Assets	Liabilities
Interest rate swaps - cash flow hedges	0.0	1.4
Currency forwards - cash flow hedges	0.0	0.3
Currency forwards - held for trading	0.4	0.0
Total	0.4	1.7

2014-12-31	Assets	Liabilities
Interest rate swaps - cash flow hedges	0.0	1.1
Currency forwards - cash flow hedges	0.0	0.8
Currency forwards - held for trading	2.0	0.7
Total	2.0	2.5

* For the above contracts, the following amounts are found in the hedge reserve under Total comprehensive income; interest rate swaps - cash flow hedges SEK -0.6 million, currency forwards - cash flow hedges SEK +0.4 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.

Cash flow statement

MSEK	Apr-Jun 2015 3 month	Apr-Jun 2014 3 month	Jan-Jun 2015 6 month	Jan-Jun 2014 6 month	Jul 2014- Jun 2015 12 month	Jan-Dec 2014 12 month
Operating activities						
Operating profit	-6.2	-16.6	-8.5	-60.3	-70.9	-122.8
Depreciation amortisation and impairment	15.9	20.0	34.5	40.9	94.3	100.6
Financial items	-13.5	-13.0	-27.0	-28.8	-53.7	-55.5
Tax paid	-2.3	-2.2	-5.6	-4.5	-0.2	0.9
Other non-cash items	-26.3	-7.0	-28.2	30.6	-6.0	52.8
Cash flow from operating activities before changes in working capital	-32.4	-18.8	-34.8	-22.0	-36.5	-23.9
Changes in working capital	-60.3	18.5	-64.6	9.1	47.1	120.7
Cash flow from operating activities	-92.7	-0.2	-99.3	-13.0	10.6	96.9
Cash flow from investing activities	35.0	-4.8	45.7	0.5	42.5	-2.7
Cash flow after investing activities	-57.7	-5.1	-53.7	-12.5	53.1	94.2
Cash flow from financing activities	25.8	-30.8	18.7	-11.1	-52.1	-82.0
Cash flow for the period	-31.9	-35.9	-34.9	-23.6	1.0	12.2
Cash and cash equivalents at beginning of period	93.8	94.1	96.7	81.6	60.0	81.6
Exchange rate difference in cash and cash equivalents	-0.1	1.7	0.0	1.9	0.8	2.9
Cash and cash equivalents at end of period	61.8	60.0	61.8	60.0	61.8	96.7

KEY RATIOS

	Jan-Jun 2015	Jan-Jun 2014	Jul 2014- Jun 2015	Jan-Dec 2014
Operating profit, %	-0.7	-4.8	-2.9	-4.8
Profit margin, %	-3	-7.1	-5.1	-7.0
Return on equity, %	-	-	neg	neg
Return on capital employed, %	-	-	neg	neg
Equity/assets ratio, %	18.4	23.6	18.4	19.2
Gearing ratio times	2.50	1.78	2.50	2.09
Net loan debt/EBITDA	-	-	neg	neg
Capital employed, SEK M	1,247.3	1,375.3	1,247.3	1,264.1
Interest-bearing net loan debt, SEK M	846.6	842.8	846.6	790.0

DATA PER SHARE

	Jan-Jun 2015	Jan-Jun 2014	Jul 2014- Jun 2015	Jan-Dec 2014
Basic earnings per share, SEK	-0.25	-0.49	-0.71	-0.96
Diluted earnings per share, SEK ¹⁾	-0.25	-0.49	-0.71	-0.96
Basic equity per share, SEK	2.16	3.02	2.16	2.41
Diluted equity per share, SEK	1.84	3.02	1.84	2.27
Basic number of shares outstanding at end of period	156,659,604	156,659,604	156,659,604	156,659,604
Diluted number of shares outstanding at end of period	183,932,331	183,932,331	183,932,331	183,932,331
Average number of shares basic	156,659,604	156,659,604	156,659,604	156,659,604
Average number of shares diluted	183,932,331	183,932,331	183,932,331	183,932,331

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

QUARTERLY DATA. GROUP

MSEK	2/2015	1/2015	4/2014	3/2014	2/2014	1/2014	4/2013	3/2013	2/2013	1/2013	4/2012	3/2012	2/2012	1/2012	4/2011	3/2011
Net Revenue	532.7	639.3	676.7	600.6	593.6	662.0	664.2	594.6	627.9	676.8	762.3	655.6	711.7	816.3	849.7	751.2
Operating expenses	-539.0	-641.5	-729.8	-610.0	-610.2	-705.7	-677.9	-622.9	-648.1	-724.0	-784.7	-629.6	-730.7	-786.1	-866.8	-736.3
Operating profit	-6.2	-2.2	-53.1	-9.4	-16.6	-43.7	-13.7	-28.3	-20.3	-47.2	-22.3	26.0	-19.1	30.3	-17.1	14.9
Net financial items	-13.5	-13.6	-13.4	-13.3	-13.0	-15.8	-18.7	-15.0	-16.7	-16.3	-19.4	-17.4	-17.3	-17.2	-17.4	-13.8
Profit before tax	-19.7	-15.8	-66.5	-22.6	-29.6	-59.5	-32.4	-43.3	-37.0	-63.5	-41.7	8.7	-36.4	13.1	-34.5	1.1

Five-year summary

Key ratios	2014	2013	2012	2011	2010
Net sales, MSEK	2,533	2,564	2,946	3,203	2,326
Operating profit/loss, MSEK	-123	-109	15	40	-91
Profit after tax, MSEK	-150	-141	-55	-16	-97
Cash flow after investing activities, MSEK	94	-91	-38	137	-277
Operating margin, %	-4.8	-4.3	0.5	1.3	-3.9
Profit margin, %	-7.0	-6.9	-1.9	-0.7	-5.6
Capital turnover rate, times	1.3	1.2	1.3	1.3	1.2
Return on equity, %	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	1.0	2.6	neg
Equity ratio, %	19	26	17	21	21
Net loan debt, MSEK	790	802	1,005	947	1,062
Net debt/equity ratio, times	2.09	1.54	2.70	1.91	2.00
Net loan debt/EBITDA, times	neg	neg	8.6	6.3	42.7
EBITDA/net financial items, times	neg	neg	1.7	2.4	0.6
Average number of employees	1,873	2,051	2,271	2,431	1,540
Number of shares					
Basic number of shares outstanding at end of period	156,659,604	156,659,604	17,480,995	17,480,995	17,480,995
Diluted number of shares outstanding at end of period	183,932,331	183,932,331	18,727,855	18,727,855	18,727,855
Average basic number of shares	156,659,604	63,873,865	17,480,995	17,480,995	14,216,419
Average diluted number of shares	183,932,331	73,796,014	18,727,855	18,727,855	14,528,134
Earnings per share					
Basic, SEK	-0.96	-2.20	-3.20	-1.04	-6.97
Diluted, SEK	-0.96	-2.20	-3.20	-1.04	-6.97
Equity per share					
Basic, SEK	2.41	3.33	21.25	28.37	30.39
Diluted, SEK	2.27	3.06	20.50	26.48	28.37
Cash flow from operating activities per share					
Basic, SEK	0.62	-0.40	-0.10	8.53	3.01
Diluted, SEK	0.53	-0.34	-0.09	7.96	2.81
Other data per share					
Dividend, SEK	0.00	0.00	0.00	0.00	1.00
Quoted market price on the balance sheet date, SEK	1.1	1.5	9.7	17.9	32.0
P/E ratio, times	neg	neg	neg	neg	neg
Price/book value after dilution, %	46	45	45	63	105
Price/equity after dilution, %	49	49	47	68	113

Parent company

INCOME STATEMENT IN SUMMARY

MSEK	Jan-Jun 2015	Jan-Jun 2014
Revenue	0.5	0.7
Gross profit	0.5	0.7
Administrative expenses	-3.3	-10.1
Other operating income and expenses	1.1	0.0
Operating profit/loss	-1.7	-9.4
Net financial items	0.2	5.2
Result	-1.5	-4.2
Income tax	-0.7	-1.4
Net result	-2.2	-5.6

BALANCE SHEET IN SUMMARY

MSEK	30 Jun 2015	31 Dec 2014
Assets		
Financial assets	1,385.2	1,451.0
Current receivables	4.7	11.3
Cash and cash equivalents	0.2	0.2
Total Assets	1,390.0	1,462.5
Equity and liabilities		
Equity	895.3	966.9
Non-current liabilities	356.5	432.9
Current liabilities	138.3	62.7
Total equity and liabilities	1,390.0	1,462.5