

# Interim Report

January-June  
2019



# Interim Report Q2, January-June 2019

## April – June 2019

- Net sales decreased to SEK 507 million (543)
- Operating profit before depreciation decreased to SEK 19 million (21)
- Operating profit decreased to SEK -3 million (10)
- Earnings after tax amounted to SEK -16 million (-17)
- Earnings per share amounted to SEK -0.08 (-0.08)
- Cash flow after investing activities amounted to SEK -11 million (-48)

## January – June 2019

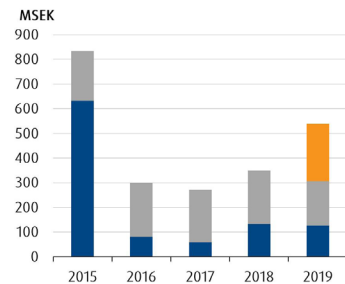
- Net sales decreased to SEK 1,078 million (1,081)
- Operating profit before depreciation increased to SEK 56 million (44)
- Operating profit decreased to SEK 12 million (22)
- Earnings after tax amounted to SEK -14 million (-21)
- Earnings per share amounted to SEK -0.07 (-0.11)
- Cash flow after investing activities amounted to SEK 31 million (-46)

## Key Ratios

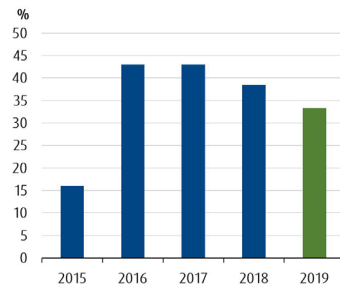
MSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul 2018-Jun 2019	Jan-Dec 2018
Net sales	507	543	1,078	1,081	2,217	2,220
EBITDA <sup>1)</sup>	19	21	56	44	83	71
EBIT <sup>1)</sup>	-3	10	12	22	-62	-52
Earnings before tax <sup>1)</sup>	-15	-13	-10	-12	-107	-108
Earnings after tax <sup>1)</sup>	-16	-17	-14	-21	-141	-148
Earning per share, SEK <sup>1)</sup>	-0.08	-0.08	-0.07	-0.11	-0.66	-0.71
Cash flow after investing activities <sup>1)</sup>	-11	-48	31	-46	12	-65
Equity/asset ratio, % <sup>1)</sup>	33.3%	42.3%	33.3%	42.3%	33.3%	38.5%

1) This metric has been affected by IFRS 16 'Leases' as of 1 January 2019. Comparative figures have not been restated.

## Net debt

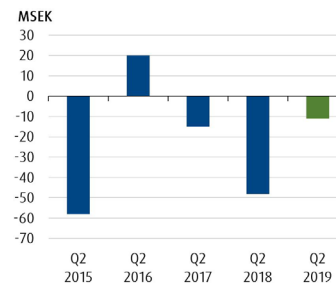


## Equity ratio



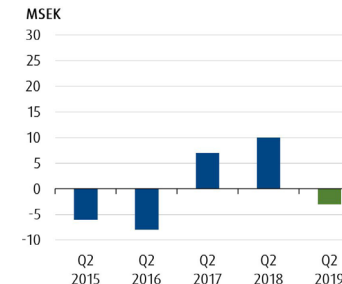
IFRS 16 impact, -4.0% pts.

## Cash flow after investing activities - Q2



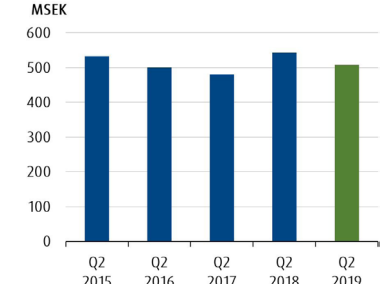
IFRS 16 impact, SEK 12 million

## Operating profit/loss - Q2



IFRS 16 impact, SEK 2 million

## Net sales - Q2



Bong is one of the leading providers of envelope products in Europe that also 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).

# This is Bong

Envelopes  
and Light  
Packaging

From the  
forest to you  
since 1737

The  
customer is  
our passion



1,400  
Employees

Located in  
12  
countries



Double digit  
growth in  
Retail

# Letter to the shareholders

## MARKET AND INDUSTRY

### Envelope

Raw material cost prices have been widely unchanged in the second quarter. This gave us the necessary time to stabilize and improve our sales prices in order to offset the previous raw material cost increases and to regain some of our sales margins. I estimate that the raw material prices will remain unchanged also in the third quarter 2019.

The office supply segment which is one of our main customer groups is under strong financial pressure due to deteriorating sales and competition also partly from online traders. This was especially true for the UK-Market. Bong lost mainly less profitable sales and turnover through this situation. However to improve profitability we will continue to increase our prices.

### Light Packaging

We are actively pushing paper products to replace plastics. This leads to a strong drop of Bong's sales in this product category. Our main focus which is high end Paper Carrier Bags continued to grow in the first six months at a rate of +87%.

## OPERATING PROFIT

Despite a 9% decrease in volume, the Group's currency-adjusted sales decreased by only 3% compared with the corresponding period in 2018. Due to passing on price increases to customers Bong's gross margin has stabilized and is at the same level as last year. Operating profit decreased to SEK 12 million (22). Operating profit 2018 was affected by capital gains of approximately SEK 9 million.

## IMPROVED CASH FLOW AND STABLE ADJUSTED NET DEBT/ADJUSTED EBITDA

Cash flow from operating activities amounted to SEK 38 million (-50). Adjusted for the impact of IFRS 16, the cash flow amounts to SEK 34 million. Adjusted net debt/adjusted EBITDA according to Bong's Bond loan amounts to 2.10, note 10.

## BREXIT

Since the decision of the Brexit was postponed and the approach of the future British government towards this issue is unclear, the UK economy is currently not stable. This leads to investment uncertainty and consumer

resistance. Bong's operations are also affected by that through a lower production volume in the second quarter and customers first using all the existing stock that was built up during the first quarter to prepare for the expected Brexit in end of March. The impact of this specific UK situation on other units of the Bong group is limited.

## FOCUS AND STRATEGY

I announced in the Q1 report that one focus will be on regaining profitability by running a factory efficiency program to reduce fixed costs. This goal is reflected in our decision in the second quarter to move one of our Light Packaging operations from Nybro, Sweden to Evreux in France. The second decision was to transfer the overprint production from Pirkkala in Finland to Kristianstad in Sweden.

In order to stay competitive Bong has also started two new subsidiaries during the second quarter. The first one is Bong Africa, based in Tunisia. There we will produce in a first step envelopes for the North African market and later on as well some Light Packaging products. Initial feedback from the market and the first large orders are quite promising and positive. To save costs and Capex this subsidiary was started almost without any investment. We transferred existing machines and equipment from other sites. The second one, operating as a pure sales subsidiary, is Bong Italy where also no investment was needed. The purpose here is to better grow Light Packaging through a local sales approach.

### Kai Steigleder

Chief Executive Officer



# Financial overview

## Sales and profit

January – June 2019

Consolidated sales for the period reached SEK 1,078 million (1,081). Exchange rate fluctuations had a positive impact on sales of SEK 31 million compared with 2018.

Operating profit decreased to SEK 12 million (22). The Group's gross margin has stabilized and is at the same level as previous year. During the period operating profit was affected positively by a realized capital gain of SEK 1 million attributable to the sale of machines. The effect of IFRS 16 had a positive impact on operating profit of SEK 5 million. Exchange rate fluctuations for the period had a positive impact on operating profit of SEK 0.4 million.

Net financial items for the period amounted to SEK -22 million (-33). The effect of IFRS 16 had a negative impact on the financial net of SEK -4 million.

Earnings before tax amounted to SEK -10 million (-12) and reported earnings after tax were SEK -14 million (-21). The effect of IFRS 16 had a positive impact on earnings before tax of SEK 1 million.

Bong's total light packaging sales amounted to SEK 211 million (201). Currency fluctuations had a positive impact on light packaging sales of SEK 6 million compared with the corresponding period in 2018.

## Sales and profit

April – June 2019

Consolidated sales for the period reached SEK 507 million (543). Exchange rate fluctuations had a positive impact on sales of SEK 19 million compared with 2018.

Operating profit decreased to SEK -3 million (10). The Group's gross margin has stabilized and is at the same level as previous year. The effect of IFRS 16 had a positive impact on operating profit of SEK 2 million. Exchange rate fluctuations for the period had no impact on operating profit.

Net financial items for the period amounted to SEK -11 million (-23). The effect of IFRS 16 had a negative impact on the financial net of SEK -2 million.

Earnings before tax amounted to SEK -15 million (-13) and reported earnings after tax were SEK -16 million (-17). The effect of IFRS 16 had a positive impact on earnings before tax of SEK 0.5 million.

Bong's total light packaging sales amounted to SEK 105 million (104). Currency fluctuations had a positive impact on light packaging sales of SEK 4 million compared with the corresponding period in 2018.

## Cash flow and investments

The cash flow after investing activities increased to SEK 31 million (-46) compared to previous year. Cash flow from operating activities before changes in working capital amounted to SEK 40 million (-6). Working capital had a negative impact on the cash flow of SEK -2 million (-44). IFRS 16 is affecting the cash flow from operating activities with SEK 4 million.

Restructuring programs had negative impact on the cash flow of SEK -6 million (-7). Net investments in the period had a negative impact amounting to SEK -7 million (4).

## Financial position

Cash and cash equivalents at 30 June 2019 amounted to SEK 79 million (SEK 72 million at 31 December 2018, including the escrow account of SEK 1 million). The Group had unutilized credit facilities of SEK 16 million on the same date. Total available cash and cash equivalents thus amounted to SEK 95 million (SEK 85 million at 31 December 2018, including the escrow account of SEK 1 million). Consolidated equity at the end of June 2019 was SEK 549 million (SEK 570 million at 31 December 2018). The IFRS valuation had a one time effect on consolidated equity of SEK -16 million and impacted the groups profit after tax with SEK 0.8 million.

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 9 million. The interest bearing net loan debt amounted to SEK 539 million, whereof pension debt amounts to SEK 232 million and IFRS 16 leasing contracts amount to SEK 179 million (SEK 349 million at 31 December 2018, whereof pension debt amounts to SEK 217 million).

## Employees

The average number of employees during the period was 1,364 (1,443). The Group had 1,345 (1,449) employees at the end of June 2019. 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 1.7 million (1.7) and earnings before tax for the period were SEK -4.5 million (-11).

## 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. There has not been any change to significant risks and uncertain positions since Bong's annual report for 2018 was released. 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 2018 annual report and the interim report should be read along with those principles.

## Kristianstad 12 July 2019

### Christian Paulsson

Chairman of the Board

### Mikael Ekdahl

Member of the Board

### Stefan Lager

Member of the Board

### Christer Muth

Member of the Board

### Stéphane Hamelin

Member of the Board

### Eric Joan

Member of the Board

### Helena Persson

Member of the Board

### Kenth Jivetorp

Member of the Board

### Kai Steigleder

Chief Executive Officer

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

# Financial overview

## Additional information

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

### Financial Calendar:

- Interim Report January–September, 2019, 15 November 2019
- Year-end report 2019, 13 February 2020
- Interim Report January–March, 2020, May 2020
- Interim Report January–June, 2020, July 2020
- Interim Report January–September, 2020, November 2020

# Income statements in summary

MSEK	Note	Apr-Jun 2019 3 month	Apr-Jun 2018 3 month	Jan-Jun 2019 6 month	Jan-Jun 2018 6 month	Jul 2018- Jun 2019 12 month	Jan-Dec 2018 12 month
Revenue	1	507.1	543.0	1,078.1	1,081.2	2,217.4	2,220.4
Cost of goods sold		-425.6	-459.0	-896.9	-904.0	-1,846.5	-1,853.5
Gross profit		81.5	84.0	181.2	177.2	370.9	366.9
Selling expenses		-48.2	-47.2	-98.6	-94.6	-200.7	-196.8
Administrative expenses		-32.7	-36.2	-68.3	-74.1	-221.8	-227.6
Other operating income and expenses		-4.0	9.2	-2.5	13.3	-10.0	5.8
Operating profit		-3.4	9.8	11.8	21.8	-61.6	-51.7 <sup>1)</sup>
Net financial items		-11.2	-22.6	-21.8	-33.5	-45.0	-56.6
Result before tax		-14.6	-12.8	-10.0	-11.7	-106.6	-108.3
Income tax		-1.5	-4.2	-4.3	-9.3	-34.3	-39.3
<b>Net result</b>		<b>-16.1</b>	<b>-17.0</b>	<b>-14.3</b>	<b>-21.0</b>	<b>-140.9</b>	<b>-147.6</b>
1) Including non-recurring items of SEK -82 million							
<b>Total comprehensive income attributable to:</b>							
Share holders in Parent Company		-16.1	-17.0	-14.3	-22.4	-140.9	-149.1
Non-controlling interests		0.0	0.0	0.0	1.4	0.1	1.5
Basic earnings per share		-0.08	-0.08	-0.07	-0.11	-0.66	-0.71
Diluted earnings per share		-	-0.08	-	-	-0.66	-0.71
Basic earnings per share, excluding non recurring items		-	-0.03	-	-0.06	-0.18	-0.22
Diluted earnings per share, excluding non recurring items		-	-0.03	-	-	-0.18	-0.22
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		211,205,058	251,205,058	211,205,058	251,205,058	228,538,533	211,205,058
<b>STATEMENT OF COMPREHENSIVE INCOME</b>							
MSEK		Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jul 2018- Jun 2019	Jan-Dec 2018
Net result for the year		-16.1	-17.0	-14.3	-21.0	-140.9	-147.6
<b>Other comprehensive income</b>							
Items that will not be reclassified to profit or loss:							
Actuarial loss on post employment benefit obligations		-8.6	-4.6	-14.9	-6.2	-15.0	-6.3
		-8.6	-4.6	-14.9	-6.2	-15.0	-6.3
Items that may be reclassified subsequently to profit or loss:							
Cash flow hedges	2	0.0	0.0	0.1	0.0	0.0	-0.1
Impact of extended equity		-0.8	-4.4	-3.4	-18.5	2.6	-12.5
Exchange rate differences		7.3	13.8	23.3	59.6	2.6	38.9
Income tax relating to components of other comprehensive income		2.4	1.3	4.4	4.3	3.7	3.7
		8.9	10.7	24.4	45.4	8.9	30.0
Other comprehensive income for the period, net of tax		0.3	6.0	9.5	39.2	-6.1	23.7
<b>Total comprehensive income</b>		<b>-15.9</b>	<b>-11.0</b>	<b>-4.8</b>	<b>18.2</b>	<b>-147.0</b>	<b>-123.9</b>
<b>Total comprehensive income attributable to:</b>							
Share holders in Parent Company		-15.9	-11.0	-4.8	16.8	-147.1	-125.4
Non-controlling interests		0.0	0.0	0.0	1.4	0.1	1.5

## Balance sheet in summary

MSEK	Note	30 Jun 2019	30 Jun 2018	31 Dec 2018
<b>Assets</b>				
Intangible assets	3,4	543.9	626.5	535.5
Tangible assets		334.2	190.0	179.2
Financial assets	5	121.5	149.5	111.2
Inventories		219.2	217.6	195.4
Current receivables	6	348.2	414.1	388.0
Cash and cash equivalents	7	78.6	86.2	72.4
<b>Total assets</b>		<b>1,645.7</b>	<b>1,683.9</b>	<b>1,481.8</b>
<b>Equity and liabilities</b>				
Equity		548.6	712.8	569.6
Non-current liabilities	8	590.9	453.8	451.0
Current liabilities	9	506.1	517.3	461.2
<b>Total equity and liabilities</b>		<b>1,645.7</b>	<b>1,683.9</b>	<b>1,481.8</b>

### CHANGES IN EQUITY

MSEK	Note	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Opening balance for the period		569.6	696.2	696.2
Change in accounting principles- IFRS 16 Lease		-16.1	-	-
Bond loan / Convertible loan		-	-1.7	-3.2
Non-controlling interests		0.0	-	0.5
Total comprehensive income		-4.8	18.2	-123.9
<b>Closing balance for the period</b>		<b>548.6</b>	<b>712.8</b>	<b>569.6</b>

## Cash flow statement

MSEK	Note	Apr-Jun 2019 3 month	Apr-Jun 2018 3 month	Jan-Jun 2019 6 month	Jan-Jun 2018 6 month	Jul 2018- Jun 2019 12 month	Jan-Dec 2018 12 month
<b>Operating activities</b>							
Operating profit/loss		-3.4	9.8	11.9	21.8	-61.6	-51.7
Depreciation, amortisation, and impairment losses		22.2	10.8	43.9	22.1	145.0	123.1
Interest received		0.0	0.0	0.0	0.1	0.0	0.1
Interest paid		-7.8	-0.3	-15.2	-0.6	-32.1	-17.5
Financial expenses		-1.6	-2.2	-2.6	-3.3	-10.2	-10.9
Tax paid		8.5	-5.8	7.7	-8.1	4.5	-11.2
Other items not affecting liquidity		-1.0	-28.8	-6.0	-37.8	-10.0	-41.8
<b>Cash flow from operating activities before changes in working capital</b>		<b>16.9</b>	<b>-16.5</b>	<b>39.7</b>	<b>-5.8</b>	<b>35.6</b>	<b>-9.9</b>
<b>Changes in working capital</b>							
Inventories		-7.7	-7.7	-18.9	-26.5	-0.4	-8.0
Current receivables		67.9	-23.9	63.7	-28.3	93.1	1.1
<b>Current operating liabilities</b>		<b>-83.6</b>	<b>-0.8</b>	<b>-46.8</b>	<b>10.4</b>	<b>-98.9</b>	<b>-41.7</b>
<b>Cash flow from operating activities</b>		<b>-6.5</b>	<b>-49.0</b>	<b>37.7</b>	<b>-50.2</b>	<b>29.4</b>	<b>-58.4</b>
<b>Cash flow from investing activities</b>							
Acquisition of intangible and tangible assets incl. advanced payments to suppliers		-4.7	-6.5	-9.0	-8.4	-20.3	-19.7
Disposal of intangible and tangible assets		0.0	6.9	1.8	12.4	3.0	13.5
<b>Cash flow from investing activities</b>		<b>-4.7</b>	<b>0.4</b>	<b>-7.2</b>	<b>3.9</b>	<b>-17.3</b>	<b>-6.2</b>
<b>Cash flow after investing activities</b>		<b>-11.2</b>	<b>-48.5</b>	<b>30.5</b>	<b>-46.3</b>	<b>12.1</b>	<b>-64.7</b>
<b>Cash flow from financing activities</b>							
Amortization of loan		0.2	0.0	-	-	0.2	-
Change in credit facilities		-0.3	3.7	-0.1	5.0	-5.1	0.2
Change in other long-term debt		-0.2	-0.1	-0.2	-0.3	10.0	10.0
IFRS-16 lease payment		-12.8	-	-25.2	-	-25.2	-
<b>Cash flow from financing activities</b>		<b>-13.1</b>	<b>3.6</b>	<b>-25.5</b>	<b>4.8</b>	<b>-20.1</b>	<b>10.2</b>
<b>Cash flow for the period</b>		<b>-24.4</b>	<b>-44.9</b>	<b>5.0</b>	<b>-41.5</b>	<b>-8.0</b>	<b>-54.5</b>
Cash and cash equivalents at beginning of period		103.0	127.5	72.4	124.1	86.2	124.1
Exchange rate difference in cash and cash equivalents		0.0	3.7	1.2	3.7	0.4	2.8
<b>Cash and cash equivalents at end of period</b>		<b>78.6</b>	<b>86.2</b>	<b>78.6</b>	<b>86.2</b>	<b>78.6</b>	<b>72.4</b>



# Notes

(MSEK)

## Note 1 - Segment Information

Net sales	Apr-Jun 2019		Apr-Jun 2018		Jan-Jun 2019		Jan-Jun 2018		Jul 2018-Jun 2019		Jan-Dec 2018	
	Envelope	Light Packaging	Envelope	Light packaging	Envelope	Light packaging	Envelope	Light packaging	Envelope	Light packaging	Envelope	Light packaging
Sweden	37	13	44	12	79	24	75	22	149	55	146	53
Nordic and Baltics	37	9	52	11	82	21	99	19	169	46	186	45
Central Europe	138	35	141	35	299	69	289	68	606	164	597	163
South Europe	97	25	101	20	205	49	203	41	426	97	424	90
UK	75	17	82	19	162	37	161	36	325	78	324	78
Russia	0	0	3	1	0	0	18	3	0	0	17	3
Other	18	6	15	7	40	11	34	12	80	21	73	21
<b>Total</b>	<b>402</b>	<b>106</b>	<b>439</b>	<b>104</b>	<b>867</b>	<b>211</b>	<b>879</b>	<b>202</b>	<b>1,755</b>	<b>462</b>	<b>1,767</b>	<b>453</b>

## Note 1 - Segment Information, cont'd

Assets	2019-06-30	2018-06-30	2018-12-31
Sweden	174	168	169
Nordic and Baltics	61	120	52
Central Europe	267	210	203
South Europe	231	231	221
UK	136	86	70
Russia	-	-	-
Other	1	1	-
<b>Total</b>	<b>870</b>	<b>817</b>	<b>715</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.

2019-06-30	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>

2018-06-30	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>

2018-12-31	Assets	Liabilities
Interest rate swaps - cash flow hedges	0.0	0.0
Currency forwards - cash flow hedges	0.0	0.1
Currency forwards - held for trading	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.1</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	2019-06-30	2018-06-30	2018-12-31
Goodwill	531.4	604.4	518.4
Other intangible assets	12.6	22.1	17.1
<b>Total</b>	<b>543.9</b>	<b>626.5</b>	<b>535.5</b>

Note 4 - Goodwill	2019-06-30	2018-06-30	2018-12-31
Opening costs	518.4	574.6	574.6
Purchase/acquisition	0.0	0.0	0.0
Write-down	0.0	0.0	-75.7
Exchange rate differences	12.9	29.8	19.5
<b>Closing costs</b>	<b>531.4</b>	<b>604.4</b>	<b>518.4</b>

Since the group follows estimated values in the impairment test for 2018 no further impairment is required.

Note 5 - Financial assets	2019-06-30	2018-06-30	2018-12-31
Deferred tax	119.9	146.9	110.1
Other financial assets	1.7	2.6	1.1
<b>Total</b>	<b>121.5</b>	<b>149.5</b>	<b>111.2</b>

Note 6 - Current assets	2019-06-30	2018-06-30	2018-12-31
Receivables	250.4	293.5	288.6
Other current assets	97.8	120.6	99.4
<b>Total</b>	<b>348.2</b>	<b>414.1</b>	<b>388.0</b>

Note 7 - Cash and cash equivalent	2019-06-30	2018-06-30	2018-12-31
Cash/Bank	77.2	84.8	71.0
Cash/Bank escrow account	1.4	1.4	1.4
<b>Total</b>	<b>78.6</b>	<b>86.2</b>	<b>72.4</b>

Note 8 - Non-current liabilities	2019-06-30	2018-06-30	2018-12-31
Interest-bearing loans	205.4	192.4	204.4
Leasing contracts - IFRS 16	124.2	0.0	0.0
Pension debt	232.4	222.1	217.1
Deferred tax	13.9	23.2	14.0
Other liabilities	15.1	16.1	15.5
<b>Total</b>	<b>590.9</b>	<b>453.8</b>	<b>451.0</b>

The Bond loan 2018 is booked to amortised cost which means that the nominal value of the loan has been reduced for related accrued expenses which will adjust the booked value of the loan at each end of the reporting period till the due date of the loan year 2021 when the booked value will be the same as the nominal value.

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. The loan was replaced by a new bond loan during the fourth quarter 2018.

<b>Note 9 - Current liabilities</b>	2019-06-30	2018-06-30	2018-12-31
Interest-bearing loans	0.0	5.2	0.1
Leasing contracts - IFRS 16	55.2	-	-
Payables	190.1	248.5	221.4
Other liabilities	260.8	263.6	239.7
<b>Total</b>	<b>506.1</b>	<b>517.3</b>	<b>461.2</b>

#### **Note 10 - Adjusted interest bearing net loan debt/Adjusted EBITDA**

<b>Adjusted interest bearing net loan debt</b>	2019-06-30	2018-12-31
Interest bearing loans, non-current liabilities	562.0	420.9
Interest bearing loans, current liabilities	55.2	0.1
Cash and cash equivalent	-78.6	-72.4
<b>Net Debt</b>	<b>538.6</b>	<b>348.6</b>
Pension debt	-232.4	-217.1
Leasing contracts - IFRS 16	-179.5	-
<b>Adjusted net debt</b>	<b>126.7</b>	<b>131.5</b>

<b>Adjusted EBITDA 12 month rolling</b>	2019-06-30	2018-12-31
Profit/Net result	-140.9	-147.6
Financial charges	37.3	43.8
Tax	34.3	39.3
Depreciations	145.0	123.1
Restructuring cost	6.1	5.2
Transaction cost	7.7	12.8
Gains/losses outside ordinary business	-0.2	-3.9
Minority result	0.0	-1.8
Acquired/divested companies	-	-1.7
IFRS 16, lease payments	-28.9	-
<b>Adjusted EBITDA</b>	<b>60.3</b>	<b>69.2</b>

<b>Adjusted interest bearing net loan debt/Adjusted EBITDA</b>	<b>2.10</b>	<b>1.91</b>
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## QUARTERLY DATA. GROUP

MSEK	2/2019	1/2019	4/2018	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
Net Revenue	507.1	571.0	603.2	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
Operating expenses	-510.6	-555.7	-689.5	-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
Operating profit	-3.5	15.3	-86.3	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
Net financial items	-11.2	-10.6	-11.6	-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
<b>Profit before tax</b>	<b>-14.7</b>	<b>4,7</b>	<b>-98.0</b>	<b>1.3</b>	<b>-12.8</b>	<b>1.1</b>	<b>6.4</b>	<b>-8.2</b>	<b>-4.2</b>	<b>7.2</b>	<b>0.2</b>	<b>-22.0</b>	<b>-17.7</b>	<b>432.4</b>	<b>-15.3</b>	<b>-9.2</b>

## KEY RATIOS

Note	Jan-Jun 2019	Jan-Jun 2018	Jul 2018-Jun 2019	Jan-Dec 2018
Operating margin, %	1.1	2.0	-2.8	-2.3
Return on equity, %*	-	-	neg	neg
Return on capital employed, %* 1)	-	-	neg	neg
Equity/assets ratio, %*	33.3	42.3	33.3	38.5
Net debt/equity ratio times*	0.66	0.47	0.66	0.62
Net loan debt/EBITDA*	-	-	4.32	4.91
Adjusted interest bearing net loan debt/adjusted EBITDA	10		2.10	1.91
Capital employed, MSEK*	986.3	1,134.9	986.3	990.6
Interest-bearing net loan debt, MSEK*	360.5	337.3	360.5	350.6
1) Return on capital employed				
Earnings after financial revenues			-62.7	-51.5
Average capital employed			1,060.6	1,041.6

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 12. Key ratios has been affected by IFRS-16 "leases" as of January 2019, comparative figures have not been restated.

## DATA PER SHARE

	Jan-Jun 2019	Jan-Jun 2018	Jul 2018-Jun 2019	Jan-Dec 2018
Basic earnings per share, SEK	-0.07	-0.11	-0.66	-0.71
Diluted earnings per share, SEK 2)	-0.07	-0.11	-0.66	-0.71
Basic earnings per share, excluding non recurring items, SEK	-	-	-0.18	-0.22
Diluted earnings per share, excluding non recurring items, SEK	-	-	-0.18	-0.22
Basic equity per share, SEK	2.60	3.37	2.60	2.70
Diluted equity per share, SEK	2.60	2.84	2.60	2.70
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	211,205,058	251,205,058	211,205,058	211,205,308
Average number of shares, basic	211,205,058	211,205,058	211,205,058	211,205,058
Average number of shares, diluted	211,205,058	251,205,058	228,538,533	211,205,058

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 6 December 2018. Upon subscription, the price per share is 1.15 SEK. Bongs average share price during the year 2018 was below 1.15 SEK which is why no dilution effect is taken into consideration. Data per share has been affected by IFRS-16 "leases" as of January 2019, comparative figures have not been restated.

# Five-year summary

Key ratios	2018	2017	2016	2015	2014
Net sales, MSEK	2,220	2,095	2,135	2,345	2,533
Operating profit/loss, MSEK	-52	45	9	-5	-123
Extraordinary items, financial net. MSEK	-11	-	430	-	-
Profit/loss after tax, MSEK	-148	-9	297	-64	-150
Cash flow after investing activities, MSEK	-65	40	30	-75	94
Operating margin, %	-2.3	2.2	0.4	-0.2	-4.8
Capital turnover rate, times	1.4	1.3	1.3	1.2	1.3
Return on equity, %	neg	neg	neg	neg	neg
Average capital employed, MSEK	1,042	1,095	1,159	1,343	1,375
Return on capital employed, %	neg	0.2	1.8	neg	neg
Equity ratio, %	38.5	43	43	16	19
Net loan debt, MSEK	349	294	315	837	790
Net loan debt/equity, times	0.61	0.42	0.45	2.64	2.09
Net debt/EBITDA, times	5.0	3.2	5.2	11.9	neg
Average number of employees	1,446	1,459	1,556	1,763	1,873
<b>Number of shares</b>					
Basic number of shares outstanding at end of period	211,205,058	211,205,058	211,205,058	156,659,604	156,659,604
Diluted number of shares outstanding at end of period	211,205,308	251,205,058	251,205,058	183,932,331	183,932,331
Average basic number of shares	211,205,058	211,205,058	207,417,179	156,659,604	156,659,604
Average diluted number of shares	211,205,058	251,205,058	246,533,341	183,932,331	183,932,331
<b>Earnings per share</b>					
Before dilution, SEK	-0.71	-0.06	1.42	-0.41	-0.96
After dilution, SEK	-0.71	-0.06	1.42	-0.41	-0.96
Earnings per share. before dilution, excluding non-recurring items	-0.22	-0.06	-0.64	-	-
Earnings per share. after dilution, excluding non-recurring items	-0.22	-0.06	-0.64	-	-
<b>Equity per share</b>					
Before dilution, SEK	2.70	3.30	3.30	2.02	2.41
After dilution, SEK	2.70	3.30	3.30	1.95	2.27
<b>Cash flow from operating activities per share</b>					
Before dilution, SEK	-0.28	0.25	0.26	-0.95	0.62
After dilution, SEK	-0.28	0.25	0.26	-0.81	0.53
<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	1.0	0.95	0.9	1.3	1.1
P/E-ratio, times	neg	neg	0.61	neg	neg
Adjusted P/E-ratio, times	neg	neg	neg	-	-
Price/Equity before dilution, %	35	29	27	62	46
Price/Equity after dilution, %	35	29	27	65	49

1) Proposal by the board  
For definitions see page 12

# 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 EBITDA

Operating income before depreciation and amortization adjusted for restructuring cost up to 10% of adjusted EBITDA, transaction cost, gains/losses outside ordinary business, minority result, acquired/divested companies and IFRS 16, lease payments.

## ADJUSTED INTEREST BEARING NET LOAN DEBT

Net debt less pension liabilities and leasing contracts - IFRS 16

## ADJUSTED INTEREST BEARING NET LOAN DEBT/ADJUSTED EBITDA, TIMES

Adjusted interest bearing net loan debt divided by Adjusted EBITDA is a measure of the groups financial strength.

## 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 EMPLOYED

Equity plus interest-bearing liabilities

## 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 European 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-Jun 2019	Jan-Jun 2018
Revenue	1.7	1.7
Gross profit	1.7	1.7
Administrative expenses	-8.3	-9.2
Operating profit/loss	-6.6	-7.5
Non-recurring items finance net	-	-
Net financial items	2.2	-3.7
Result	-4.5	-11.2
Income tax	0.0	-0.3
<b>Net result</b>	<b>-4.5</b>	<b>-11.5</b>

## STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan-Jun 2019	Jan-Jun 2018
Net Result for the year	-4.5	-11.5
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>-4.5</b>	<b>-11.5</b>

## BALANCE SHEET IN SUMMARY

MSEK	30 Jun 2019	31 Dec 2018
Assets		
Financial assets	968.7	968.7
Current receivables	6.5	4.6
Cash and cash equivalents	1.6	1.4
<b>Total Assets</b>	<b>976.8</b>	<b>974.7</b>
Equity and liabilities		
Equity	540.3	544.7
Non-current liabilities	204.6	203.4
Current liabilities	231.9	226.6
<b>Total equity and liabilities</b>	<b>976.8</b>	<b>974.7</b>