



BONG

275 years in business

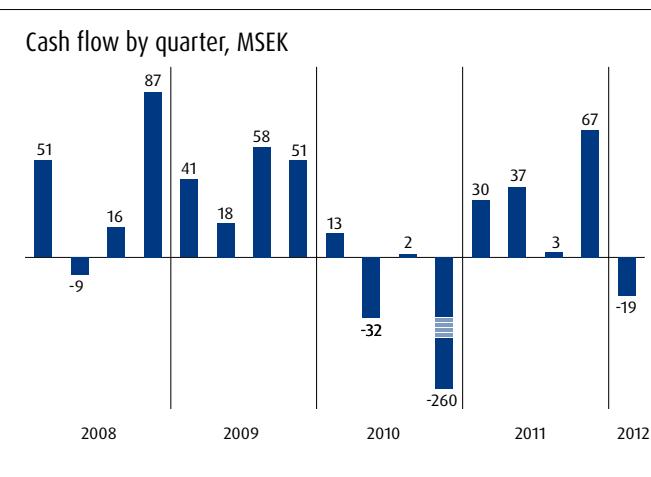
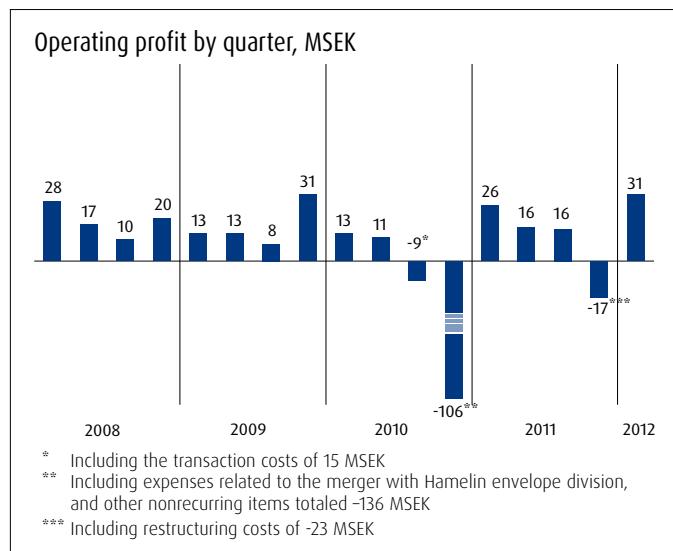


Interim Report
January – March 2012

“ The first quarter of 2012 was characterised by a strong recovery after the difficult fourth quarter of 2011. Improved margins and lower fixed costs contributed to a significant improvement in performance” says Bong President and CEO Anders Davidsson. “Now we are intensifying our efforts to raise productivity in order to ensure long-term competitiveness and profitability. ”

January–March 2012

- Net sales SEK 816 million (854)
- ProPac sales SEK 120 million (117)
- Operating income SEK 31 million (26)
- Profit after tax SEK 9 million (9)
- Cash flow after investments SEK -19 million (30)
- Earnings per share SEK 0.54 (0.46)
- Acquisition of remaining 55% stake in British company Packaging First Ltd and remaining 30% stake in Lober Druck & Kuvert GmbH



Bong is a leading provider of speciality packaging and envelope products in Europe, offering solutions for distribution and packaging of information, advertising materials and lightweight goods. Important growth areas in the Group are the ProPac packaging concept and Russia. The Group has annual sales of approximately SEK 3.2 billion and about 2,300 employees in 15 countries. Bong has strong market positions in the majority of key markets in Europe, and the Group sees interesting possibilities for continued expansion and development. Bong is a public limited company whose stock is quoted on the NASDAQ OMX Nordic Stock Exchange Stockholm (Small Cap).

Market and industry

The European envelope market continued to decline somewhat during the first quarter compared with the corresponding period in 2011. Bong's assessment is that volumes decreased most in Spain, France and the UK, while the trend in Germany and the Nordic region was less negative. Volumes in Russia and Eastern Europe are still expected to grow.

The consolidation of the industry continued. The major players in the market continued to reduce capacity and staffing at a rapid pace. Some smaller players in Italy and Germany declared bankruptcy and stopped production during the first quarter.

The packaging market, where Bong markets the ProPac range, is much bigger than the envelope market. The market is also much more multifaceted. Market statistics for the niches where Bong is active are lacking or difficult to obtain. In Bong's assessment, demand for packages used in sectors including e-commerce, mail order and retail is still growing and strong growth potential is expected over time.

Sales and earnings January – March 2012

Consolidated sales during the first quarter totaled SEK 816 million (854). Bong advanced its positions and captured market share during the quarter, while the positive trend for ProPac sales continued.

Bong's new business unit for the production and sale of ProPac, Bong Packaging Solutions, is working hard to promote continued strong organic growth in speciality packaging. Interest in Bong's new machinery concept (packaging machines and cold seal technology for e-commerce and mail order businesses) is strong. In addition, the marketing campaign for gift bags appears promising for the second half of the year.

Although volumes were lower than in 2011, operating income improved to SEK 31 million (26) driven by lower fixed costs achieved through previously initiated structural measures, continuous productivity improvements and recovery of the gross margin. Net financial items during the quarter totalled SEK -17 million (-14), earnings before tax totalled SEK 13 million (12) and reported profit after tax was SEK 9 million (9).

Compared with Q4 2011, the first quarter of 2012 represented a clear improvement attributable to lower fixed costs and recovery, to a certain extent, of margins that subjected to heavy pressures during a challenging 2011.

Rising paper prices

All of Bong's key suppliers of fine paper have announced and implemented price increases during the spring. In response, Bong has already begun implementing price increases to customers, which is necessary to restore margins to an acceptable level.

Cash flow and investments January – March 2012

Cash flow after investing activities was SEK -19 million (30). Investing activities during the quarter had an impact on cash flow of SEK -15 million, of which acquisitions comprised SEK -3 million and other investments SEK -12 million.

Financial position

Cash and cash equivalents at 31 March 2012 amounted to SEK 135 million (151 at 31 December 2011). Undrawn credit facilities amounted to SEK 191 million on 31 March 2012. This brought total available liquidity to SEK 326 million.

Consolidated equity at 31 March 2012 was SEK 502 million (SEK 496 million at 31 December 2011). Translation of the net asset value of foreign subsidiaries to Swedish krona, profit for the period, and changes in the fair value of derivative instruments increased consolidated equity by SEK 6 million.

The interest-bearing net loan debt increased during the period by SEK 10 million to SEK 957 million (SEK 947 million at 31 December 2011). Translation of net debt in foreign currency to SEK reduced consolidated net debt by SEK 6 million.

Employees

The average number of employees during the period was 2,296 (2,507). The Group had 2,293 (2,479) employees at the end of March 2012. The large reduction is the result of restructuring measures taken in 2011. Bong is working continuously to increase productivity and adjust the workforce to current demand.

Parent company

The parent company's business extends to management of operating subsidiaries and Group management functions. Net sales were SEK 9 million (6) and earnings before tax for the period were SEK -10 million (-13).

Acquisitions

Acquisition of 30% of Lober

As of 1 January 2012, Bong acquired the remaining 30% interest in the German company Lober Druck & Kuvert as of the first of January 2012. Domiciled outside Augsberg, Lober is one of the leading offprinting operations in southern Germany. As Lober has already been consolidated as a subsidiary, the acquisition of the outstanding equity interest had no effect on Bong's earnings.

Acquisition of 55% of Packaging First

On the first of February 2012, Bong exercised its option to acquire the remaining 55% stake in the British company Packaging First Ltd. Packaging First, with annual sales of approximately GBP 3 million, is a packaging wholesaler established northeast of London. The acquisition strengthened Bong's position on the UK market and Bong now has a wholly-owned channel for sales of ProPac products. Packaging First Ltd has been consolidated as a subsidiary in the Group beginning on 1 February 2012. The transaction is expected to have an immediate and positive impact on Bong's earnings.

Events after the end of the reporting period

New Business Unit Manager Nordics recruited

Mr. Christer Wahlquist has been recruited to the position of Business Unit Manager Nordic and Russia. Mr Wahlquist will join Bong from the Swedish Company Nolato where he for a number of years successfully

has managed the business area "Medical". Christer Wahlquist will be part of Bong's Group Management and is set to join Bong sometime during the autumn of 2012.

The previous Business Unit Manager Nordic and Russia, Mr. Morgan Bosson, is as of April 2012 focusing 100% on the new Business Unit Bong Packaging Solutions with the aim of accelerating growth for the ProPac assortment (Bong's product range for speciality packaging).

Opportunities and risks

Business risks for the Bong Group are primarily related to market development and various types of financial risks. For further information, please refer to Bong's annual report and website www.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 2011 annual report and the interim report should be read along with those principles. Please refer to Bong's 2011 annual report for a specification of the new amendments, interpretations and standards that took effect 1 January 2012.

Malmö 15 May 2012

Anders Davidsson
President and Chief Executive Officer

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

Presentation of the report

The report will be presented at a teleconference on 16 May at 8:00 a.m. The telephone number for the conference is +46 (0) 8 5052 0110. Pictures for the teleconference will be available on our website, www.bong.com in conjunction with publication of this report.

For further information, please contact:

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Scheduled reports:

- Interim Report January-June 2012, 13 July 2012
- Interim Report January- September, 15 November 2012
- Year-end Report 2012, February 2013

Interim Report 31 March 2011

INCOME STATEMENT IN SUMMARY				
SEK M	Jan-Mar 2012 3 months	Jan-Mar 2011 3 months	Apr 2011- Mar 2012 12 months	Jan-Dec 2011 12 months
Revenue	816.3	854.4	3,164.6	3,202.7
Cost of goods sold	-651.7	-697.3	-2,568.3	-2,613.9
Gross profit	164.6	157.1	596.3	588.8
Selling expenses	-74.1	-68.6	-290.2	-284.6
Administrative expenses	-67.7	-64.8	-258.3	-255.3
Other operating income and expenses	7.8	2.3	-3.2	-8.7
Operating profit	30.6	26.1	44.6	40.1
Net financial items	-17.2	-13.7	-66.2	-62.7
Result before tax	13.4	12.4	-21.6	-22.6
Income tax	-4.0	-3.8	6.1	6.3
Net result for the year	9.4	8.6	-15.5	-16.3
Total comprehensive income attributable to:				
Share holders in Parent Company	9.5	8.0	-16.7	-18.2
Non-controlling interests	-0.1	0.6	1.2	1.9
Basic earnings per share	0.54	0.46	-0.95	-1.04
Diluted earnings per share	0.51	0.44	-0.95	-1.04
Average number of shares, basic	17,480,995	17,480,995	17,480,995	17,480,995
Average number of shares, diluted	18,727,855	18,727,855	18,727,855	18,727,855
STATEMENT OF COMPREHENSIVE INCOME				
SEK M	Jan-Mar 2012	Jan-Mar 2011	Apr 2011- Mar 2012	Jan-Dec 2011
Net result for the year	9.4	8.6	-15.5	-16.3
Other comprehensive income				
Cash flow hedges	0.3	2.3	-0.5	1.5
Exchange rate differences	13.5	6.8	10.4	3.7
Revaluation reserve on acquisitions of shares in subsidiaries	-13.5	-13.1	-3.3	-2.9
Income tax relating to components of other	-3.5	-2.5	-2.1	-1.1
Other comprehensive income after tax	-3.2	-6.5	4.5	1.2
TOTAL COMPREHENSIVE INCOME	6.2	2.2	-11.0	-15.1
Total comprehensive income attributable to:				
Share holders in Parent Company	6.3	2.2	-12.8	-17.0
Non-controlling interests	-0.1	0.0	1.8	1.9

CONSOLIDATED BALANCE SHEETS IN SUMMARY		31 March 2012	31 March 2011	31 Dec 2011
SEK M				
Assets				
Intangible assets ¹⁾	598.1	572.8	586.3	
Tangible assets	568.4	691.3	579.2	
Financial assets	134.3	114.0	128.1	
Inventories	347.8	382.1	329.5	
Current receivables	563.2	653.2	592.5	
Cash and cash equivalents	134.5	157.4	151.4	
Total assets	2,346.2	2,570.9	2,366.9	
Equity and liabilities				
Equity ²⁾	502.1	533.4	495.9	
Non-current liabilities ³⁾	1,016.5	1,133.2	1,029.0	
Current liabilities ⁴⁾	827.7	904.3	842.0	
Total equity and liabilities	2,346.2	2,570.9	2,366.9	
¹⁾ Of which, goodwill	564.0	538.8	550.6	
²⁾ Of which, non-controlling interests	0.6	2.7	1.3	
³⁾ Of which, interest-bearing	970.8	1,011.9	980.5	
⁴⁾ Of which, interest-bearing	120.5	171.6	118.0	

CHANGES IN CONSOLIDATED EQUITY, GROUP		Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
SEK M				
Opening balance for the period		495.9	531.2	531.2
Dividends paid		-	-	-20.2
Total comprehensive income		6.2	2.2	-15.1
Closing balance for the period		502.1	533.4	495.9

QUARTERLY DATA, GROUP													
SEK M	1/2012	4/2011	3/2011	2/2011	1/2011	4/2010	3/2010	2/2010	1/2010	4/2009	3/2009	2/2009	1/2009
Net Revenue	816.3	849.7	751.2	747.3	854.4	938.8	417.7	468.4	501.3	512.9	424.5	457.3	520.1
Operating expenses	-785.7	-866.8	-736.3	-731.1	-828.4	-1,045.1	-426.5	-457.4	-488.1	-482.2	-416.4	-443.9	-507.0
Operating profit	30.6	-17.1	14.9	16.3	26.1	-106.3	-8.8	11.0	13.2	30.7	8.1	13.4	13.1
Net financial items	-17.2	-17.4	-13.8	-17.8	-13.7	-16.9	-9.2	-8.2	-6.7	-10.2	-8.1	-7.6	-8.9
Profit before tax	13.4	-34.5	1.1	-1.6	12.4	-123.2	-18.0	2.7	6.5	20.4	0.0	5.8	4.2

CONSOLIDATED CASH FLOW STATEMENTS	Jan-Mar 2012	Jan-Mar 2011	Apr 2011- Mar 2012	Jan-Dec 2011
SEK M				
Operating activities				
Operating profit	30.6	26.1	44.6	40.1
Depreciation, amortisation and impairment	25.3	28.4	107.7	110.9
Financial items	-17.2	-13.7	-66.2	-62.7
Tax paid	-6.3	-7.7	-32.4	-33.7
Other non-cash items	-6.4	-5.0	-48.6	-47.2
Cash flow from operating activities before changes in working capital	25.9	28.2	5.1	7.4
Changes in working capital	-30.3	51.2	60.1	141.7
Cash flow from operating activities	-4.3	79.4	65.2	149.1
Cash flow from investing activities	-15.2	-49.7	22.7	-12.0
Cash flow after investing activities	-19.5	29.7	87.9	137.1
Cash flow from financing activities	2.6	-20.0	-112.0	-134.6
Cash flow for the period	-16.9	9.7	-24.1	2.5
Cash and cash equivalents at beginning of period	151.4	149.4	157.4	149.4
Exchange rate difference in cash and cash equivalents	0.0	-1.7	1.2	-0.5
Cash and cash equivalents at end of period	134.5	157.4	134.5	151.4

KEY RATIOS	Jan-Mar 2012	Jan-Mar 2011	Apr 2011 – Mar 2012	Jan-Dec 2011
Operating profit, %	3.7	3.1	1.4	1.3
Profit margin, %	1.6	1.4	-0.7	-0.7
Return on equity, %	-	-	neg	neg
Return on capital employed, %	-	-	neg	neg
Equity/assets ratio, %	21.4	20.7	21.4	21.0
Gearing ratio, times	1.91	1.92	1.91	1.91
Net loan debt/EBITDA	-	-	6.3	6.3
Capital employed, SEK M	1,593.3	1,716.9	1,593.3	1,594.4
Interest-bearing net loan debt, SEK M	956.7	1,026.1	956.7	947.0
DATA PER SHARE	Jan-Mar 2012	Jan-Mar 2011	April 2011 mars 2012	Jan-Dec 2011
Basic earnings per share, SEK	0.54	0.46	-0.95	-1.04
Diluted earnings per share, SEK ¹⁾	0.51	0.44	-0.95	-1.04
Basic equity per share, SEK	28.72	30.51	28.72	28.37
Diluted equity per share, SEK	27.47	29.15	27.47	26.48
Basic number of shares outstanding at end of period	17,480,995	17,480,995	17,480,995	17,480,995
Diluted number of shares outstanding at end of period	18,727,855	18,727,855	18,727,855	18,727,855
Average number of shares, basic	17,480,995	17,480,995	17,480,995	17,480,995
Average number of shares, diluted	18,727,855	18,727,855	18,727,855	18,727,855

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

Financial overview

KEY RATIOS	2011	2010	2009	2008	2007
Revenue sales, SEK M	3,203	2,326	1,915	1,937	1,991
Operating profit loss, SEK M	40	-91	65	74	60
Profit after tax, SEK M	-16	-97	24	10	16
Cash flow after investing activities, SEK M	137	-277	169	144	1
Operating margin, %	1.3	-3.9	3.4	3.8	3.0
Profit margin, %	-0.7	-5.6	1.4	1.0	0.6
Capital turnover rate, times	1.3	1.2	1.1	1.1	1.1
Return on equity, %	neg	neg	3.6	1.8	2.8
Return on capital employed, %	neg	neg	5.5	5.6	4.9
Equity ratio, %	21	21	36	34	33
Net loan debt, SEK M	947	1,062	589	745	829
Net debt/equity ratio, times	1.91	2.00	0.98	1.18	1.45
Net loan debt/EBITDA, times	6.3	42.7	3.8	4.4	5.4
EBITDA/net financial items, times	2.4	0.6	4.5	3.1	3.2
Average number of employees	2,431	1,538	1,220	1,270	1,346
Data per share					
Number of shares					
Basic number of shares outstanding at end of period	17,480,995	17,480,995	13,128,227	13,128,227	13,128,227
Diluted number of shares outstanding at end of period	18,727,855	18,727,855	13,230,227	13,332,227	13,428,227
Average basic number of shares	17,480,995	14,216,419	13,128,227	13,128,227	13,079,425
Average diluted number of shares	18,727,855	14,528,134	13,230,227	13,332,227	13,379,425
Earnings per share					
Basic, SEK	-1.04	-6.97	1.65	0.80	1.19
Diluted, SEK	-1.04	-6.97	1.63	0.78	1.17
Equity per share					
Basic, SEK	28.37	30.39	45.56	47.91	43.54
Diluted, SEK	26.48	28.37	45.77	48.22	43.98
Cash flow from operating activities per share					
Basic, SEK	8.53	3.01	13.98	15.27	5.15
Diluted, SEK	7.96	2.81	13.87	15.04	5.04
Other data per share					
Dividend, SEK	0.00	1.00	1.00	1.00	1.00
Quoted market price on the balance sheet date, SEK	18	32	21	12	42
P/E ratio, times	neg	neg	13	15	36
Price/book value after dilution, %	63	105	46	25	96
Price/equity after dilution, %	68	113	46	25	96

PARENT COMPANY PROFIT AND LOSS ACCOUNTS IN SUMMARY		Jan-Mar 2012	Jan-Mar 2011
SEK M			
Revenue	9.1	5.5	
Gross profit	9.1	5.5	
Administrative expenses	-19.5	-17.0	
Other operating income and expenses	2.6	2.5	
Operating profit/loss	-7.8	-9.0	
Net financial items	-2.3	-4.0	
Result	-10.1	-13.0	
Income tax	0.0	0.0	
Net result	-10.1	-13.0	

PARENT COMPANY BALANCE SHEETS IN SUMMARY G		31 Mar 2012	31 Dec 2011
SEK M			
Assets			
Intangible assets	19.9	20.7	
Tangible assets	8.8	3.6	
Financial assets	1,802.9	1,803.5	
Current receivables	281.6	327.6	
Cash and cash equivalents	38.0	58.6	
Total assets	2,151.2	2,214.0	
Equity and liabilities			
Equity	704.6	714.2	
Provisions	11.7	11.8	
Non-current liabilities	1,164.5	1,171.6	
Current liabilities	270.4	316.4	
Total equity and liabilities	2,151.2	2,214.0	

STATEMENT OF COMPREHENSIVE INCOME		Jan-Mar 2012	Jan-Mar 2011
SEK M			
Profit after tax	-10.1	-13.0	
Other comprehensive income			
Income and expense recognised directly in equity			
Cash flow hedges	0.7	3.5	
Income tax relating to components of other comprehensive income	-0.2	-0.9	
Other comprehensive income after tax	0.5	2.6	
Total comprehensive income	-9.6	-10.4	