



## Correction of previous press release regarding Bong having reached a principle agreement with its lending banks

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Press release 11 December 2015

***In the description in the previous press release of the effects of the proposed transactions, see under "Illustrative effect of proposed transactions", a few numbers are incorrect. The information regarding the increase in equity shall be approximately SEK 570 million instead of SEK 500 million and the information regarding the decrease in interest-bearing debt shall be around SEK 500 million instead of SEK 430 million. A revised press release with correct numbers is attached to this correction.***

### Background

Over the past two years, Bong has successfully carried out a restructuring plan, significantly reducing the number of production facilities from 37 to 23 and decreasing the number of full time employees from over 2,000 to 1,685 as per Q3 2015.

As a result of the measures taken in the restructuring of the Company, Bong's annual cost base has been reduced by approximately SEK 223m and Bong generated an EBITDA of SEK 97m before restructuring costs for the twelve month period ending in September 2015. With the operational restructuring largely complete and significant costs having been eliminated, the Company is on track to achieve its stated target of positive earnings before tax in 2016.

In order to complete the turn-around for Bong it has been deemed necessary by the Board of Directors to significantly reduce and change the nature of the Company's indebtedness since the current financing is not viable. Such actions would, if successfully completed, free up cash flow and provide Bong with increased operational and financial flexibility. The measures described in this press release outline the Company's plan for refinancing and the aforementioned agreement signed with the Banks. It is the Board's view that the necessary steps towards a sound capital structure are being taken through the outlined transactions. The details of the proposed transactions are outlined below.

### Acquisition of the current bank facilities

- On 10 December 2015, the Company and the Banks signed an agreement in principle, subject to primarily completion of the bond issue and conversion of outstanding convertible bonds, stipulating the terms for the Company's acquisition of the Banks' claims under the current bank facilities
- Payment for the above acquisition will be made through a cash consideration of SEK 195m and, further, the Banks will subscribe for approximately 27m shares in Bong by way of set-off against part of the claims
- The Banks will commit to transfer the shares currently held by the Banks, approximately 23m, for free to the bond holders in the contemplated bond issue
- The Banks will be entitled to subscribe for 10m shares in Bong through a directed issue at a subscription price of SEK 1.00 per share

### Convertible bonds

- The Company has received undertakings from the convertible bond holders representing more than 75 per cent of the outstanding convertible bonds, which under the terms of the convertible bonds should be sufficient to ensure full conversion to refinance the convertible bonds
- According to the undertakings, the convertible bond holders will accept conversion of the convertible bonds to approximately 27m shares in Bong assuming full conversion
- The convertible bond holders will be entitled to subscribe for 10m shares in Bong through a directed issue at a subscription price of SEK 1.00 per share

### Bond issue

- The Company is currently in the process of raising up to SEK 200m through a senior secured bond issue in order to finance the repurchase of the Banks' claims under the current bank facilities
- The final terms for the bond issue are still to be settled, but the contemplated terms assume a unit where the bond holders, in addition to the bonds, will be entitled to receive the shares from the Banks as described above and an additional 40 million subscription warrants issued by the Company entitling to subscription for a corresponding number of shares at SEK 1.15 and will also include a restriction on dividend payments to the shareholders for the duration of the bond

### EGM

- Provided that the bond issue is completed, the Company will convene an EGM as soon as possible in order to carry out, among others, the contemplated issues of shares
- Such EGM will tentatively be held in January 2016

## **Illustrative effect of proposed transactions**

The various measures described above would increase equity by approximately SEK 570 million, of which nearly SEK 70 million is raised through the various issues of shares and subscription warrants, if fully subscribed for by all parties (assuming full subscription of shares through exercise of subscription warrants). The remaining equity increase is attributable to the debt reduction. The Company's interest-bearing debt would decrease by around SEK 500 million, whereby a reasonable balance between indebtedness and operating profit is achieved. An additional positive effect of the measures is that the borrowing costs are decreased as a result of the lower debt burden.

## **Financial advisors**

ABG Sundal Collier AB is acting as financial advisor to the Company in conjunction with the proposed transactions.

## **About Bong**

Bong is a leading provider of specialised packaging and envelope products in Europe, offering solutions for distribution and packaging of information, advertising materials and lightweight goods. Important growth areas in the Group are packaging within retail and e-commerce and the envelope market within Eastern Europe. The Group has annual sales of approximately SEK 2.3 billion and about 1,685 employees in 16 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 Stockholm (Small Cap).

Bong AB (publ) discloses the information in this press release pursuant to the Securities Markets Act. The information was provided for public release on 11 December, 2015 at 10:10 am CET.

## **Important information**

This press release does not constitute an offer of any securities of Bong. Neither the directed share issues nor any other transaction described in this press release is directed to shareholders or other investors domiciled in the United States, Australia, Hong Kong, Japan, Italy, Canada, Singapore, South Africa or New Zealand, or in any other country where any such transaction would require additional prospectuses, registration or other measures other than those pursuant to Swedish law or would conflict with regulations in such country. No shares, interim shares, subscription rights, convertibles or other securities issued by Bong have been or will be registered in accordance with the United States Securities Act of 1933, or in accordance with any securities legislation in any state of the United States or any province in Canada. Accordingly, no new shares, interim shares or other securities issued by Bong may be transferred or offered for sale in the United States or Canada, other than in such exceptional cases that do not require registration. The transactions described in this press release are directed only at (i) persons who are outside the United Kingdom; (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended); or (iii) persons to whom they can otherwise lawfully be directed at.

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