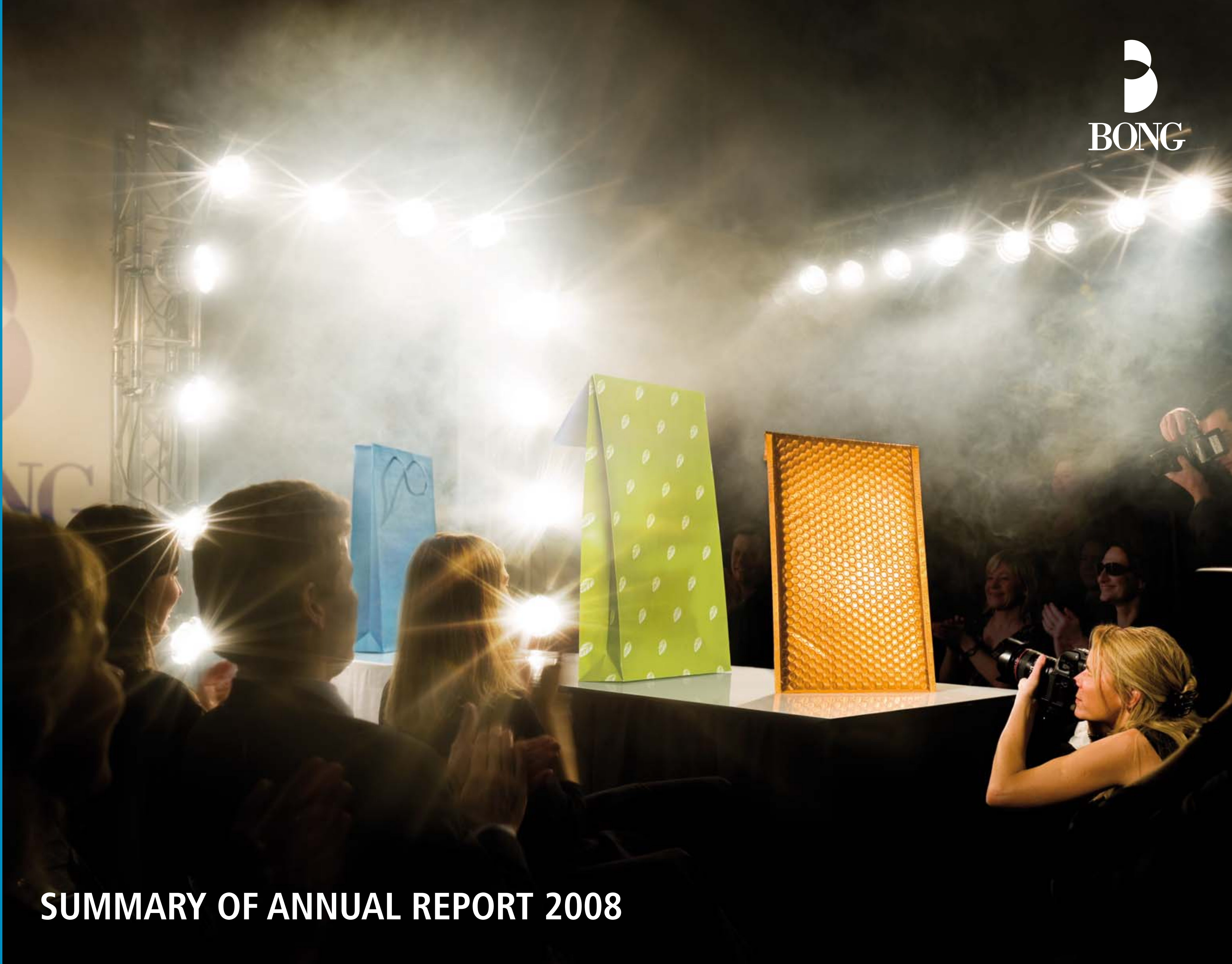


SUMMARY OF ANNUAL REPORT 2008

BONG 2008

Bong is a leading provider of speciality packaging and envelope products with Europe's perhaps widest range of solutions.

Bong has a strong position in the envelope market, particularly in Northern Europe. The company's growth areas are the ProPac packaging concept, Overprinting (printing on finished white envelopes) and Russia/Eastern Europe, which together accounted for a third of consolidated sales in 2008.

THE YEAR IN BRIEF

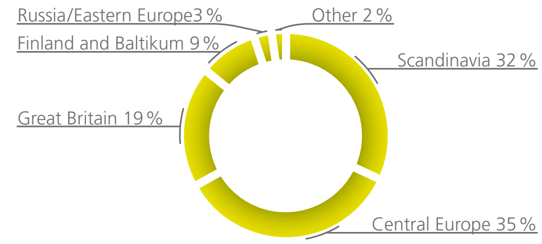
Robust development in Bong's growth segments offset the downturn in the Western European envelope market during 2008. A group-wide project to free up working capital led to a significant improvement in cash flow and the financial position

- Net sales reached SEK 1,937 million (1,991)
- Operating profit rose to SEK 74 million (60) and profit after tax was SEK 10 million (16). Diluted earnings per share amounted to SEK 0.78 (1.17)
- Cash flow after investing activities for 2008 amounted to a very strong SEK 144 million (1), mainly due to a reduction in the Group's working capital by SEK 108 million
- At the end of December, Bong increased its ownership stake in the envelope printer Lober from 50 percent to 70 percent.
- Bong's ProPac packaging line showed continued rapid growth and accounted for SEK 238 million (200) of the Group's total sales in 2008
- Bong joined the new pan-European environmental certification association Paper by Nature.
- Together with five other leading envelope makers, Bong formed a global alliance called the International Envelope Coalition
- The Board proposes a dividend of SEK 1 per share (1) for the financial year 2008

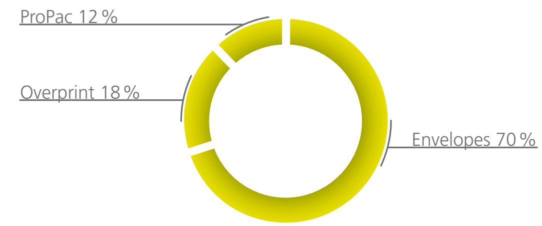
KEY FIGURES	2008	2007	2006	2005	2004
Net sales, SEKM	1,937	1,991	1,985	1,782	1,807
Operating profit, SEKM	74	60	40	71	52[1]
Cash flow after investments, SEKM	144	1	–7	105	77
Operating margin, percent	3.8	3.0	2.0	4.0	2.9[1]
Capital turnover rate, times	1.1	1.1	1.2	1.1	1.0
Return on equity, percent	1.8	2.8	neg	4.3	1.4[1]
Return on capital employed, percent	5.6	4.9	3.1	5.3	4.0[1]
Net debt/EBITDA ratio, times	4.4	5.4	5.7	4.1	5.1[1]
Average number of employees	1,241	1,346	1,379	1,280	1,391

[1] Exkluding effect of conciliation.

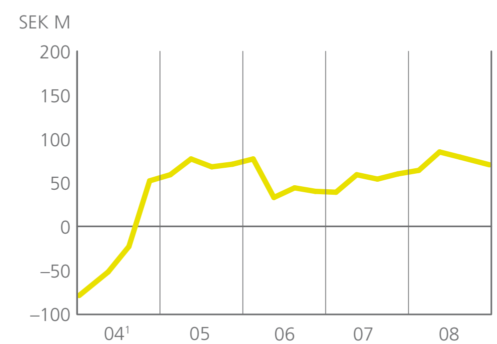
TURNOVER BY MARKET

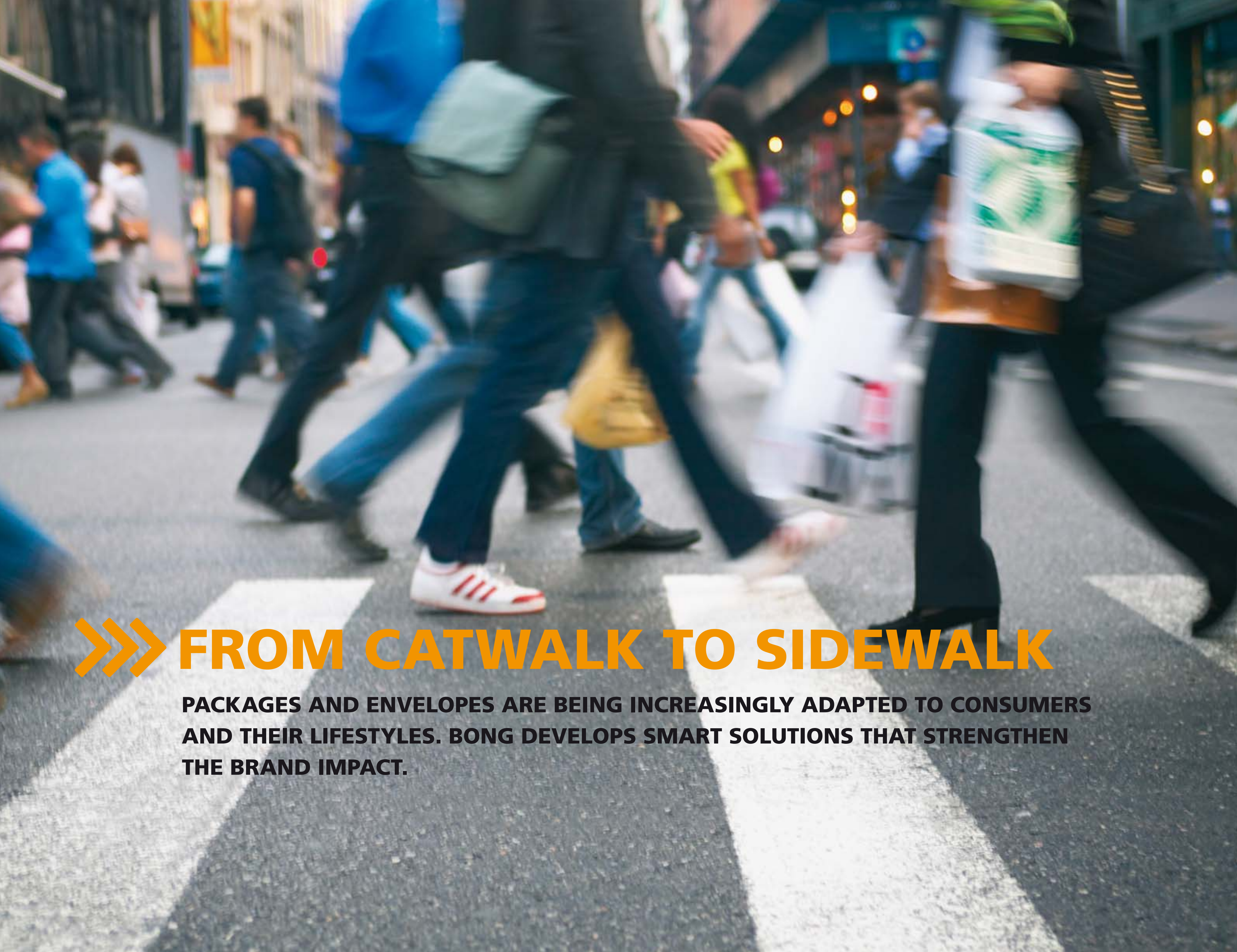


TURNOVER BY BUSINESS AREA



ROLLING OPERATING RESULT





FROM CATWALK TO SIDEWALK

PACKAGES AND ENVELOPES ARE BEING INCREASINGLY ADAPTED TO CONSUMERS AND THEIR LIFESTYLES. BONG DEVELOPS SMART SOLUTIONS THAT STRENGTHEN THE BRAND IMPACT.

FIXED COURSE ON A STORMY SEA

MESSAGE FROM THE CEO

Bong is continuing on its charted course of continuous adaptation and improvement in our mature envelope business, alongside the exciting development of our growth segments: ProPac, Overprinting and Russia/Eastern Europe.

Following a wave of structural rationalisations in recent years and an intensive effort to free up working capital, the Group is well equipped to endure and prosper in a tougher market climate.

DUAL STRATEGY CREATES BALANCE

Market conditions for our mature business differed widely from those in our growth segments during 2008, a situation that has clearly underlined the advantages of Bong's dual strategy. Overall, declining demand for envelopes had only a minor impact on sales. On a like-for-like basis and at fixed exchange rates, net sales fell by only 1.8 per cent compared to 2007. The explanation is that we compensated for lower demand in the mature envelope market with higher sales in our three growth segments – ProPac, Overprinting and Russia/Eastern Europe.

IMPROVED EARNINGS

Operating profit for 2008 improved from SEK 60 million to SEK 74 million, an impressive feat considering that we carried out major production transfers and changes in both Finland and Russia during the year and deliberately cut back production throughout the Group in order to trim our inventory levels. Through structural initiatives in the past few years we have reduced the number of factories and thereby lowered our fixed costs, which has enhanced the Group's competitiveness and contributed to growth in earnings. Should demand weaken further, we are prepared to further adapt our costs as a means for safeguarding future profitability.

STRONGER FOCUS ON GROWTH SEGMENTS

With the mature Western European envelope market as our base, Bong's growth strategy is to expand into closely-related product areas and geographical markets offering stronger growth and a higher level of value added. In 2008 Bong's growth segments accounted for around one third of consolidated sales and the goal is for these to make up an increasing share of Bong's total business.

ProPac

No slowing was noted in the specialitypackaging segment (ProPac). On the contrary, the increase in online and mail order shopping appears to be creating an even greater need for new products and solutions from Bong. ProPac sales rose by 19 per cent to SEK 238 million. We continued to recruit new sales staff, expanded our product range and stepped up our marketing activities, including the launch of a new website.

Demand in this segment is driven by growth in distance shopping and a need for attractive and efficient gift packages in the retail industry. Our strategy is to distribute products both through Bong's existing reseller network (paper wholesalers and the office supply trade) and through direct sales to whole new customer groups such as traditional and online retailers.

Overprinting

The trend toward smaller and more targeted mailings continued in 2008. Net sales in Bong's overprinting business (high quality printing in short runs on finished

ANDERS DAVIDSSON, VD OCH KONCERNCHEF

white envelopes) increased to around SEK 340 million thanks to a stronger focus and investments in the existing overprinting units. Ahead of 2009 we increased our holding in Lober to 70 per cent and established a new envelope printing operation in Hamburg. Bong's strategy is to build up a European network of small overprinters capable of supplying the local market with printed envelopes at short notice.

Russia and Eastern Europe

For several years Bong has conducted sales in countries like Russia, Poland and the Baltic states. Demand in Russia and Eastern Europe rose during the year and our sales in Russia alone grew by 23 per cent to SEK 66 million in 2008. We invested in a new, larger industrial property and moved all production to the new facility in the autumn of 2008.

Bong's strategy is to expand production capacity through the addition of machinery from operations in Western Europe and to boost productivity and quality in manufacturing. Without a doubt, recent years' positive development in our new growth segments has enabled Bong to handle a downturn in the traditional Western European envelope market better than before. The Group's competitiveness has been strengthened and earnings have improved.

A MORE CHALLENGING ENVELOPE MARKET

Statistics from the European Envelope Manufacturers Association (FEPE) show that the Western European envelope market shrank by around 8 per cent in volume for the full year 2008 compared to 2007 and by 12 per cent in the fourth quarter. Although a large share of the total volume is attributable to mail items that are relatively insensitive to the market cycle, such as monthly invoices, account statements, etc., the market has not been wholly unaffected by the recession. The volume decrease is mainly explained by curtailed marketing activity and subsequently fewer DM mailings.

All in all, the economic downturn has created a more challenging market situation than we faced one year ago. Demands on service, quality and efficiency will be higher than ever in the years ahead. Competition is intensifying and the companies that do not have their processes, costs and finances in order will find it difficult to keep up.

GOOD POTENTIAL TO WEATHER THE CRISIS

We are prepared for tougher times. Aside from developing our new growth segments, in the past year we worked determinedly and systematically to make Bong even stronger and better.

Healthy cash flow

The new group-wide project to free up working capital that was launched in 2008 contributed strongly to raising our cash flow after investing activities to SEK 144 million, of which SEK 108 million is attributable to reduced working capital.

Among other things, we have shifted to a more customer order-driven approach in production, we have reassessed and rationalised our range of standard articles and we have negotiated better payment terms. These steps have strengthened our financial position and at the same time increased our agility and resistance to unfavourable market conditions.

Stronger emphasis on sustainability

We have adopted a new environmental and sustainability policy and continued certifying our factories according to the ISO 14001 environmental standard. We have also joined the Paper by Nature Association, a new pan-European eco-label created through a joint initiative by several European companies in the paper and paper conversion industry. Bong is one of the association's first members and in 2009 will certify a large share of our factories according to the PBN criteria.

Strategic alliance for global coverage

In 2008 we joined five other envelope and packaging companies from around the world (including the USA, South America, Australia, Japan and China) in forming a strategic alliance called the International Envelope Coalition.

The intention is to offer global customers access to products and services through a consolidated global supply chain.

INTERESTING OPPORTUNITIES

It is clear that we are entering a period of recession and therefore also a less hospitable market for speciality packaging and envelopes. In spite of this, we feel confident that our chosen path and strategy are sound and intend to continue on our charted course. We will develop and strengthen Bong by expanding in our prioritised growth segments, by making ongoing cost rationalisations and by continuing to generate healthy cash flows.

Although the winds of economic turmoil are storming around us at present, I am convinced that the crisis will also bring interesting opportunities for Bong. We will stay our course and capture these opportunities as they arise.

Kristianstad, March 2009
Anders Davidsson
President and CEO

EXPRESS YOURSELF
Today's consumers expect entirely new ways of combining function and design. Expressing your personality through consumtion has become a more important. Bong responds by being more flexible.

MARKET TRENDS
INDIVIDUALISATION – E-COMMERCE – ENVIRONMENTAL AWARENESS

Bong works in a changing world where the ability to understand customers, drivers and dynamics in the market is vital for success in both the envelope and packaging market.

THREE MEGATRENDS
Demand for envelopes and packages is influenced by a number of factors and trends.

INDIVIDUALISATION AND IDENTITY
Today consumers regard themselves more as unique individuals with distinctive preferences, and less as members of a certain social group or professional category. Consumption is centred around the personal brand, lifestyle and experiences, which is placing new demands on companies and their marketing. Traditional market segments based on gender, income level, age and profession are losing importance. For example, consumers at all income levels have new priorities when it comes to highlighting their identities in "strategic" lifestyle choices. Another challenge for companies is that these underlying lifestyle trends are changing at an accelerating pace.

In this marketing environment, envelopes and packages have a unique capacity to contribute to the overall competitiveness of a company's offering. In certain cases the package and its design, rather than the product itself, have become decisive for the sales argument (as in the case of Absolut Vodka).

CONTINUED GROWTH FOR E-COMMERCE
Distance shopping is expanding rapidly in Sweden and the rest of Europe. According to the international market research company Gartner, e-commerce in Europe is expected to more than double over the period from 2006 to 2011.

Online sales in Sweden rose by 15 per cent in 2008 and exceeded SEK 20 billion, which is equal to around 4 per cent of the total retail trade.

Future confidence remains strong, above all among consumers, where eight of ten expect to purchase goods or services over the Internet in the next six months.

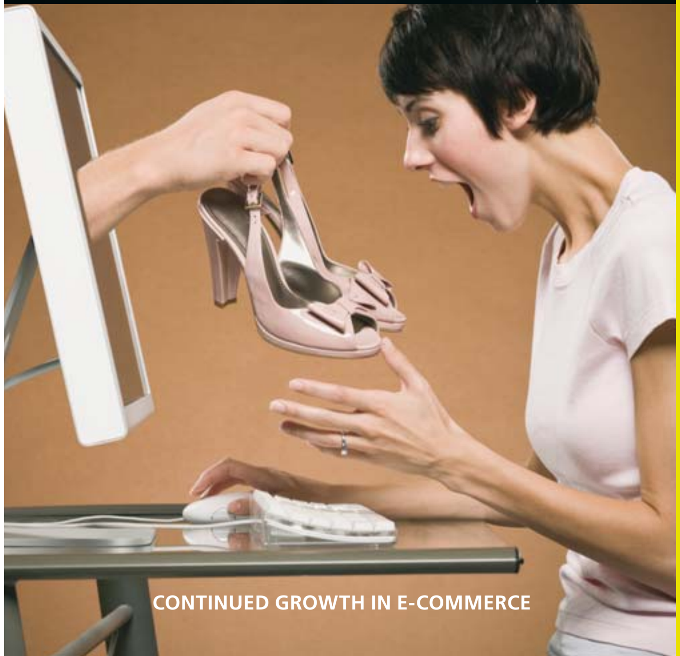
SUSTAINABILITY
Environmental aspects are important to the packaging and envelope industry. The environmental impact of an envelope or a package is judged on the basis of its effects during the entire product life cycle. So far, the main focus has been on recyclability, but a package's eco-friendliness is also determined by its design.

With the right design and structure, packages and envelopes can reduce the volume of transports from producers to wholesalers and retailers.

The environmental effects of a package are also influenced by its ability to protect and carry the contents. Packages and envelopes with good protective qualities minimise waste and thereby decrease the overall environmental impact.

Due to the effects throughout the package life cycle, suppliers of input materials, manufacturers, wholesalers and retailers, consumers and society are all becoming more committed to and involved in environmental issues.


UNIQUE ENVELOPES FOR UNIQUE INDIVIDUALS


CONTINUED GROWTH IN E-COMMERCE

PACKAGES AND ENVELOPES AS STRATEGIC TOOLS

Packages and envelopes are natural and central feature of modern life and are evolving in pace with changes in the world around us. Although the first packages essentially had the sole function of preserving and protecting their contents, today the communicative aspect is more prominent.

Envelopes and packages increasingly function as an integral part of companies' product offerings. The choice between these and other information-bearers is determined by their respective ability to fulfil specific tasks. For addressed DM, an envelope with high quality printing is the best alternative. And in today's traditional and distance retailing, it is vital that the package is functional and designed to enhance the buying experience

TECHNOLOGY SHIFT

Technological developments affect Bong in numerous ways. The emergence of e-mail and the Internet has led to reduced usage of envelopes for purposes such as business correspondence. At the same time, new technology has also enabled the emergence of e-commerce, which has revolutionised the retail trade and thereby also the use of value added packaging, a segment where Bong is well positioned. Technology shifts lead to a specialisation of roles for information bearers in which old and new information and distribution channels co-exist rather than compete with each other.

One interesting example relates to methods for online payment. Many consumers abandon online shopping carts before completing a purchase due to an unwillingness to pay with their credit or cash cards. The market research company Forrester estimates that cancelled purchases due to dissatisfaction with payment methods could be reduced by 81 per cent in Europe if customers had the option of being invoiced. In this way, growth in online shopping is also driving envelope usage.

DIRECT MARKETING MORE INDIVIDUALISED

In the envelope area, the use of modern database management to direct targeted messages and offers to selected customer groups is fuelling structural growth for addressed direct marketing (DM). DM is often used together with other advertising channels such as the Internet and TV to achieve greater impact. Several surveys in Sweden and abroad indicate that consumers are more receptive to DM advertising than other marketing channels such as telephone sales, e-mail or radio/TV. In the mature economies of Europe, DM currently accounts for 30 per cent of total advertising expenditure through traditional channels (DM, TV, newspapers and magazines). To a large extent, DM functions as a complement to fast-growing online advertising.

Recent technological developments have made it possible to print documents and envelopes with a microchip (Radio Frequency Identification, RFID) tag that is woven into the paper. The tag carries information that can be used to track documents or transmit electronic information over a reader to a computer, etc. This technology has the potential to stimulate demand for DM, which is increasingly based on individualised communication.

DM THE KEY DRIVER FOR ENVELOPE USAGE

The success of DM has meant that this type of advertising now makes up over 30 per cent of the total letter volume in Northern and Western Europe. According to the investment bank UBS, addressed DM accounts for more than 20 billion mail items per year in France, Ireland, the Netherlands, Germany, the UK, Sweden and Austria. DM has not yet reached the same penetration in Southern and Eastern Europe, where only 10–20 per cent of the total envelope volume consists of addressed DM.

In markets where DM is a relatively mature channel, its usage tends to grow in pace with total advertising spending. In countries where DM is still in an earlier stage of development, on the other hand, DM is expected to capture a larger share of total advertising expenditure if the pattern from Western and Northern Europe can be expected to repeat itself.

Packages are gaining importance as a strategic tool for business-to-consumer communication.

E-COMMERCE GROWING IN EUROPE

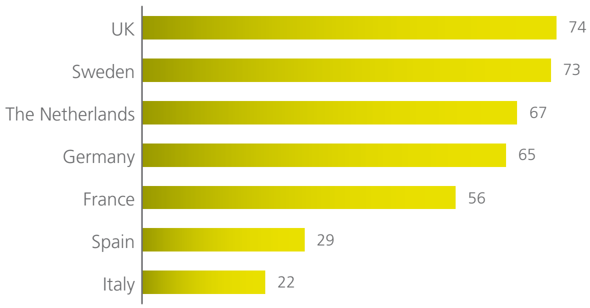
E-commerce is continuing to grow throughout Europe as the online offering becomes increasingly sophisticated with a wider selection and more attractive product categories, more peripheral services and better payment methods. Bong is developing a number of new concepts targeting e-commerce solutions.

The market research company Forrester has estimated that Western European consumers spent SEK 200 billion online during the 2008 Christmas season, an increase of 25 per cent compared to the same period of last year.

The prevalence of e-commerce in Western Europe varies from country to country, with the highest rates in the UK and Sweden. At mid-year 2008, 74 per cent of the adult population in the UK and 73 per cent in Sweden stated that they had purchased goods or services over the Internet in the past three months. The lowest rates are found in Spain and Italy, where the corresponding figures were 29 per cent and 22 per cent, respectively. The average in Western Europe was 56 per cent.

Measured in terms of volume, Germany and the UK are the largest online retail markets and are home to nearly 60 per cent of all Europeans who shop online.

SHARE OF ADULT POPULATION THAT SHOP ONLINE, %



According to the research firm Forrester more than half of the adult population in Europe had shopped online in the first quarter of 2008.

OPPORTUNITIES FOR BONG

Online retailing is expanding in many ways, not only in quantitative terms. From having long been a favoured channel for books and CDs, the number of product categories has grown exponentially and today virtually anything can be purchased over the Internet, from groceries to high-end fashion, cosmetics and expensive collector items. Peripheral services such as ordering of gift packaging, better payment routines, etc., are contributing significantly to the rise and spread of e-commerce.

The fast-growing online retailing industry offers enormous business opportunities for Bong and its extensive ProPac range, such gift packages for e-shopping. Customers can now buy products online and have them attractively wrapped and sent to themselves or another recipient as a gift – most often featuring a highly visible brand logo on the package. In the near future it will be possible for customers to order gift packaging with the press of a button.

According to the Swedish Post Office, online sales in the 2008 Christmas season reached new record levels. During the period from 1 to 19 December, postal agents distributed more than 1,500,000 parcels to Swedish households. This is an increase of over 5 per cent compared to the previous record Christmas of 2007.

"It appears that the year's Christmas sales have given us further proof that more and more Swedes appreciate the convenience of buying Christmas gifts via the Internet and mail order and having them delivered to a local postal agent or directly home to their mail box," says Andreas Falkenmark, Managing Director of Posten Messaging.

"Nowadays the postman comes bearing not only holiday greetings in the weeks before Christmas, but also many gifts such as books, CDs, computer games and other top-selling online goods."

HIGH-LEVEL INNOVATION

Paper revolutionised the packaging industry. The first packages were leaves that were rolled around the food to be protected or kept. Hides were also used as packaging in the ancient times. Only one hundred years ago moss and straws were used to protect glass during transport.

A GIGANTIC MARKET FOR PACKAGING

Bong is part of the packaging business, which has grown into one of the largest industries in the world. Annual sales in the industry amount to over SEK 3,000 billion, which is equal to 1–2 per cent of total global GDP. Consumer packaging account for around 80 per cent of the total and industrial packaging for the remainder.

THE GLOBAL PACKAGING MARKET

Asia, the USA and Europe each account for between 25 per cent and 30 per cent of the global packaging market. In mature markets, growth in packaging consumption is relatively slow. Dynamic economic development in the emerging markets – primarily China and India – is responsible for pushing up annual growth at the global level to between 4 per cent and 5 per cent.

EUROPEAN PACKAGING MARKET

The European market for consumer packaging is worth approximately SEK 1,000 billion. In the past ten years growth has averaged at just over 1 per cent annually. Germany, the UK and France account for close to 60 per cent of the market. Eastern Europe, with Russia and Poland as its main locomotives, has been the most expansive market in recent years with growth of around 15 per cent annually from the millennium shift onward.

Food and beverages, pharmaceuticals and cosmetics dominant

Food and beverages are the largest area of use for consumer packages, making up 60 per cent of the total market. Packages for pharmaceuticals and cosmetics account for 25 per cent.

Major potential for Bong

Bong is active in the remaining segment of the European market for consumer packages ("Other purposes") which currently makes up 15 per cent of the market, or around SEK 150 billion. Bong's packaging operations have annual sales of around SEK 250 million, which gives Bong a market share of just under 0.2 per cent.

PROPAC

The packaging market is evolving continuously in response to trends in the retail and mail order/e-business trades, and the border between envelopes and packages is gradually fading. Major multinational manufacturers compete not only with each other but also with smaller specialists to satisfy the widely varying needs of customers.

Bong's customers are typically companies, while the end-users and recipients are consumers. The ProPac line consists primarily of consumer packages.

Own manufacturing and purchasing

The ProPac line has its roots in envelope manufacturing and most of the packages are made from paper raw materials. However, today Bong's offering also includes a large number of solutions and products that have been developed by subcontractors. Bong had already established in-house expertise in sourcing of externally produced packages before taking over the packaging wholesaler VOET, and this knowhow has been further enhanced by the acquisition.

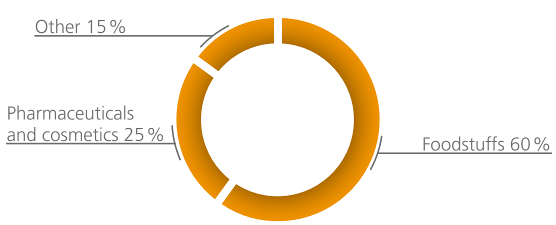
With certain modifications, envelope machines can also be used to manufacture packages. The existing machinery, together with Bong's experience and knowledge in the printing area, gives the company capacity to meet increasingly demanding specifications. This applies not least to the expanding range of gift packages made in several formats by Bong.

In 2008 Bong invested further in new machinery for packaging production at the factory in Nybro.

Own sales organisation for ProPac

On the marketing side, ProPac has had a dedicated sales organisation for the past couple of years. Around 50 per cent of packaging sales go directly to end-customers rather than via wholesalers. ProPac currently accounts for 12 per cent of Bong's total sales and is growing by between 20 and 30 per cent annually.

CONSUMER PACKAGING BY USE



ENVELOPES AND OVERPRINTING

Bong is a leading manufacturer in the European envelope industry, which is worth around EUR 2 billion annually and has a total volume of around 100 billion envelopes. The UK, German and French markets account for nearly 70 per cent of the total European envelope market.

As for overprinting, Bong's goal is to build a network of operations in Europe through organic growth and acquisitions.

ENVELOPES

Envelope usage varies widely between different regions of Europe. In the Scandinavian countries and the rest of Western and Northern Europe, envelope consumption is around 300 per person and year, while the corresponding number in Eastern Europe varies between 20 and 70 depending on the country.

The largest users of envelopes are companies in the financial, telecom and energy sectors. The business sector in general accounts for between 90 per cent and 95 per cent of total envelope usage in Western Europe.

Large volumes

Manufacturing of standard envelopes with long lead times and large volumes – often 100,000 or more – provides base capacity utilisation in the factories. Large-volume printing on standard envelopes is carried out as an integral part of the manufacturing process.

Here, the time aspect is often secondary. Delivery precision and the ability to manufacture long runs with high quality at a low cost are the decisive competitive factors. The typical customers are large companies, international office supply chains and paper wholesalers. Standard envelopes with or without printing are used for administrative mass mailings and DM. For manufacturers of standard envelopes, the margins are relatively small and efficiency at every stage is critical.

Approximately 67 per cent of the Group's total sales revenue comes from administrative envelopes in Western Europe, a market where future growth is expected to be low.

The Russian / Eastern european markets

Eastern Europe, including Russia, makes up close to 10 per cent of the total European market. Because envelope consumption in Russia and the Baltic countries is only between 20 and 30 per capita and year, compared to 200-300 in Western Europe, the growth potential in these countries is considerable.

Since 2006 Bong has its own manufacturing and distribution in Russia. Sales of administrative envelopes in Eastern Europe, the Baltic countries and Russia account for approximately 3 per cent of the Group's total sales. The dynamic growth previously seen in these markets is expected to drop to just under 10 per cent annually over the next few years as a result of the economic recession. In a longer perspective, envelope consumption in Eastern Europe is forecast to grow by around 20 per cent per year.

OVERPRINTING

Overprinting means that the envelope producer or an independent printer prints something on it after it has been manufactured. Overprinting is mostly used for Direct Marketing, but is also used to give identity to conventional mail through logotypes, addresses etc.

Dm demands high flexibility

Overprinting is most often used when a sender wants to make small individualised mailings targeting a well defined group of recipients. Orders for envelopes of this type are placed at short notice for high frequency mailings. These runs – sometimes no more than a couple thousand envelopes – are printed in a separate process by an envelope printer that is either independent or affiliated with an envelope manufacturer. For both envelope manufacturers and printers, the importance of flexibility and printing technology has further increased as more customers seek high quality overprinting for fast-turnaround short-run mailings.

Bong caters to customers in all size categories that have exacting demands on availability, printing quality, flexibility and fast delivery. Because each customer need and situation is unique, and schedules are often tight, price is a typically a less important aspect. As a result, the average margin in this segment is higher than for the envelope market in general.

Bong investing in digital printing

Most overprinting is still carried out using conventional printing processes. However, new advances in digital printing technology are enabling cost-effective production of small print runs. Bong has invested in digital printing technology in order to offer its customers this option.

Bong's strategy

Bong will continue advancing its position in the European overprinting market and will supplement its existing units in Germany and the UK with overprinting operations in countries and regions where the company is not currently active. The goal is to build a network of overprinting operations in Europe through organic growth and acquisitions.

Bong focuses on customers with high demands on availability, delivery capacity and printing quality. Overprinting accounts for 18 per cent of Bong's net sales. Over time, the company anticipates annual growth of around 5 per cent in this segment.

A CHANGING CUSTOMER LANDSCAPE

CUSTOMERS IN THE RETAIL AND ONLINE TRADES GROW IN IMPORTANCE

Bong's customers include some of Europe's largest office supply chains and paper wholesalers. Direct-buying customers in the packaging area are also emerging as an increasingly important customer category.

PROPAC CUSTOMERS OFTEN BUY DIRECTLY

Traditional envelope buyers in the office supply trade and paper wholesalers are still the largest customer group in the ProPac segment, and account for approximately 50 per cent of sales. But sales directly to end-users are rising steadily in pace with the growing strength of the ProPac concept. This large and varied group of end-users include independent retailers and retail chains, e-businesses, mail order companies and distributors – each of which has a need for packages in multiple areas of use.

WHOLESALERS THE LARGEST CUSTOMERS

Bong has a total of around 8,000 customers, of which the 25 largest account for around 47 per cent of sales. Envelope customers can be grouped in the following main categories:

- The office supply trade
- Direct-buying customers
- Mail management companies
- Paper wholesalers
- Envelope printers
- The retail trade

Customers in the office supply trade include large international chains, domestic office supply wholesalers and purchasing partnerships.

Sales are increasingly concentrated among major international players like Lyreco, Viking/Office Depot/Guilbert and Staples/Corporate Express. Consolidation among the major office supply chains is contributing to a corresponding trend among the suppliers. For example, Bong has forged an alliance with Hamelin to provide envelope solutions for pan-European customers in most European markets.

A large share of Bong's sales in Western Europe go to direct-buying customers, consisting of companies with large mail streams such as banks, utilities and telecom providers.

Paper wholesalers are a significant category of customers that stock and sell a wide range of paper products, mainly to printing companies.

In recent years, Antalis, Papyrus and Paper Linkx have grown rapidly through acquisitions. Antalis is dominant in European fine paper market.

Two vital competitive advantages in Bong's relationship with paper wholesalers are delivery precision and breadth of range.

Envelope printers are typically small local companies that purchase a share of envelopes directly from manufacturers. The envelopes are often used for DM purposes, where deliveries in short runs and at short notice are critical factors.

Bong has its own envelope printing facilities in all markets and collaborates with external partners when appropriate. Customers in the retail trade buy consumer-packaged envelopes via agents or directly from manufacturers. These include domestic and international grocery and office supply chains like ICA, Carrefour and Svanströms.

Cost-efficiency and price are the decisive factors in this segment. Bong manufactures consumer-packaged envelopes at its factory in Estonia, which is specialised in production of this type.

LOBER A FAST AND FLEXIBLE PARTNER

ACCORDING TO GERT KÖLZER AT KARL TREBBAU, A CUSTOMER OF LOBER

In Germany, Trebbau is a well known full service DM company with more than 70 years of experience. The current offering includes services in printing and production of advertising materials, individualisation and lettershop. Thanks to ongoing investments in the latest process technology, Trebbau's customers have access to the market's top expertise and modern, technically optimised equipment. For nearly 25 years the company has had a successful partnership with Lober, which meets around 90 per cent of Trebbau's demand for overprinting.

Lober, in which Bong has a 70 per cent holding, is an envelope printer in Gersthofen, Bavaria, with annual sales of SEK 85 million. Today Lober is operated and managed by Stephan Lober, son of the company's founder.

What are your views on the role of overprinting in direct marketing?

"Overprinting is a central component of direct marketing. Since the envelope is the first thing the recipient sees, it is vital in creating the first impression. Other methods either do not result in the same high quality or are too expensive," says Gert Kölzer.

What does Trebbau value most in Lober?

"Lober is a reliable and flexible partner that can quickly adapt and respond to customer needs. But above all, we have an excellent partnership with them. When dealing with other companies you often end up talking to "someone at the office" – but at Lober we work with colleagues who are always actively committed to achieving the best results," according to Gert Kölzer.

"The founder's entrepreneurial spirit was what first attracted us to begin collaborating with Lober. Then, and now, Lober has the same passion for quality, innovation and professional production of advertising materials."

Tell us about a problem that Lober has solved!

"We needed to quickly find envelopes for a DM campaign one of our major customers was planning to carry out in several countries. In connection with this, we discovered that the outer envelope delivered by customer could not be outside Germany due to the placement of the window. In a very short span of time, we were able to offer the customer a suitable envelope to purchase," says Gert Kölzer.

What was Lober's role?

"In this situation, Lober reacted in the best way imaginable. The envelopes were manufactured the same night and were delivered so quickly that it was possible to complete the customer's order in time," says Gert Kölzer.

SOLUTIONS FOR INDIVIDUAL NEEDS

NEW GENERATION OF GIFT PACKAGING

In today's sophisticated marketing climate, the package, envelope or gift box functions as an intergral part of a company's offering. Bong provides a continuously evolving range of products for businesses seeking to strengthen their customer relationships through effective and communicative packaging solutions. For the retail trade, for example, Bong is developing a total concept consisting of gift and carrier bags, wrapping paper and ribbon.

Bong's customers are characterised by widely varying needs and preferences. For some customers, access to Europe's most comprehensive range of envelopes is the top priority, while others choose Bong for its size, availability and extensive international coverage. In pace with customer demand for new packaging solutions, flexibility and innovation have increasingly emerged as decisive success factors.

The needs vary not only between markets but also between individual customers. Regardless of whether a customer is seeking advanced overprinting at short notice, gift packages or large volumes of standard envelopes, Bong's ambition is to be an efficient and reliable partner.

A WIDE OFFERING

Bong's total offering consists of envelopes, value added packaging and overprinting. These three segments accounted for 70 per cent, 12 per cent and 18 per cent, respectively, of the Group's net sales in 2008.

LOCAL PRESENCE

Bong ensures accessibility to all customers by maintaining its own sales organisation in each market. Direct contact takes place through local representatives who have longstanding relationships with the customers. This gives Bong in-depth knowledge of local conditions, whether they apply to envelopes, packages or overprinting.

Aside from an ambition to grow with the customers, Bong is committed to improving its knowledge of customer needs, current and future trends and end-user preferences. In many cases this means providing inspiration and demonstrating Bong's ability to deliver custom concepts and solutions for its customers – to join forces in creating maximum value for the end-user.

CUSTOMER-DRIVEN PRODUCTION

Today, more than 70 per cent of Bong's products are tailored to specific customer needs. Through local presence in a large number European envelope markets, Bong can offer international customers flexibility and unique expertise about local products.

PROPAC FOR TOTAL SOLUTIONS

ProPac is Bong's packaging concept and a brand name. The basic idea behind the concept is that a package is more than a shell – it is an interface for highlighting what the sender stands for. Formats, materials and printing can be combined endlessly to create a communicative whole in which the contents and bearer work together to enhance the sender's brand and the customer's buying experience. Ultimately, ProPac represents an idea for how packaging solutions can strengthen the customers' business.

The ProPac line is divided into application areas group according to the end-customer's needs.

Everyday consists of packages for day-to-day use that are a staple of virtually all businesses, such as mail order bags, board bags, etc. These are often sold via wholesalers.

Smart consists of shock-absorbent packages that provide intelligent protection (such as bubble bags, foam-padded bags and CD mailers) and are used primarily by online retailers and mail order companies.

Security keeps the contents confidential and tamper-free (security bags, transparent plastic bags, zip-lock bags, transfer bags, etc.) and protects value documents, etc.

Show-off adds a value-enhancing feeling of luxury and glamour (metallic bubble bags, accessory bags, receipt pockets, gift bags, trend boxes, etc.). Articles in this segment are often used as gift packages.

RAPID PRODUCT DEVELOPMENT

INTERVIEW WITH NICO VOET,
MD VOET INTERNATIONAL

The specialised packaging area is undergoing rapid development and products that were state-of-the-art just three or four years ago are the standard today. In this market climate, continuous development is critical to attract and retain customer interest.

A FOCUS ON SHOW-OFF

In the second half of 2008, Bong's subsidiary VOET focused its sales efforts on solutions in the ProPac Show-off segment, primarily gift packages. The success of ProPac's gift packages for the retail industry gave ProPac the idea of putting together an offering based on a total gift packaging concept – gift packages, carrier bags, wrapping paper, ribbon, etc.

"When we presented our gift packages to the major retail chains in the Benelux region, they also asked for related products like wrapping paper and bags to carry the packages in", says Nico Voet, Managing Director of VOET. In response to this interest, ProPac has developed a total concept for closely-related and complementary products that we now offer our customers.

CONVENIENCE A KEY DRIVER

An individual product doesn't solve any problems. The key to successful sales is to create a concept in which everything is harmoniously integrated: Packages, design, in-store efficiency. It is important to save time for both personnel and customers.

"We talk about how much time it takes for the store staff or customers to wrap gifts. Our solutions are simple, attractive and very convenient," says Nico Voet.

NEW CUSTOMERS CALL FOR A NEW APPROACH

In late 2008 and early 2009 this concept was launched in the Benelux countries, which make up VOET's home markets. If the results are favourable, the concept can then be exported to the rest of Europe.

Both physical and Internet retailers throughout Europe represent a huge potential market for gift packages.

The driver for success among the major chains is a new and individualised approach to marketing ProPac.

"In order develop new solutions with a high degree of customisation in aspects like design, we need to sit down and talk face-to-face with the customers," says Nico Voet.

Bong caters both to the major chains and independent retailers. For small retailers, Bong has also developed a boxed solution containing a selection of ProPac's standardised gift packages that can be purchased at cash-and-carry outlets.

INTERNET RETAILERS NEXT IN LINE

Next in line are the Internet retailers. In Belgium alone, some 80 new e-businesses are launched every month. These include both established physical retailers that are expanding their offering to the Web and newly started enterprises, often with products for professionals and people with special requirements. One thing they all have in common is a need for packages, mainly of the traditional type whose primary function is to protect the goods, but also gift packages.

One very promising application for ProPac consists of e-business solutions that not only save time for consumers at the time of purchase, but also ensure that the goods are attractively packaged when they arrive at the recipient. ProPac is in the early stages of developing an e-business solution. With the push of a button and for an extra charge, e-shoppers can order their goods for delivery in a gift package from ProPac.

VOET International Packaging Solutions

Bong owns 88 per cent of the Dutch packaging company VOET International Packaging Solutions.

VOET is a packaging wholesaler that spearheads Bong's venture into Propac speciality packaging in Benelux and surrounding markets. With its contacts with suppliers and experiences of wholesaling VOET functions as a mentor for other units in the Bong Group as regards speciality packaging.

BONG IS CONTRIBUTING TO SUSTAINABLE DEVELOPMENT

NEW ENVIRONMENTAL CERTIFICATION – PAPER BY NATURE

Bong's goals are to be the preferred choice of customers and to create the highest possible value, above all for its customers, shareholders and employees. At the same time, Bong strives to conduct itself as a good corporate citizen that takes long-term responsibility for a sustainable social and environmental development.

ENVIRONMENT

Environmental policy

Bong's goal is to contribute to sustainable long-term development by manufacturing products that have the smallest possible impact on the environment during their life cycle. At present, Bong is working actively to protect the environment by:

- improving its production methods in order to minimise environmentally harmful emissions,
- striving to eco-label the largest possible share of the project range,
- influencing its suppliers and customers to steer the design of their products so that ecocycle thinking and conservation of natural resources are prioritised,
- increasing knowledge and awareness about environmental issues among all employees.

BONG AND THE ENVIRONMENT

Bong's environmental management system ensures that the environmental policy is realised in practical terms through a systematic process. Aside from setting requirements for its own operations, the environmental management system enables Bong to constructively influence its suppliers, freight carriers, etc., to address environmental aspects in their own activities.

MANUFACTURING

Group-wide programme

Bong is working actively to meet the environmental requirements to which the company is subject in each country. The factories in Wuppertal, Germany, Kristianstad, Sweden, and Tønsberg and Skjetten, Norway, are already certified according to ISO 14 001:2004.

Paper-by-Nature

In 2008 the paper industry took the initiative for the establishment of a new pan-European environmental standard. In 2009 Bong will begin efforts to obtain certification of its products according to the Paper-by-Nature eco-label. Converted paper products have an impact on the environment throughout their life cycle – from raw materials (forest management) to manufacturing and as recycled waste.

Paper-by-Nature is the first pan-European environmental standard for eco-labelling of products made from converted paper. The labelling criteria have been developed in cooperation with leading environmental organisations.

Criteria

The Paper-by-Nature eco-label applies to converted paper products such as envelopes, books and pads, filing products, etc., and takes into account the potential environmental impacts of both the raw materials and converting process. PBN guarantees that the raw materials come from sustainably managed forests and that the products have been manufactured in certified facilities.

The Paper-by-Nature eco-label includes environmental impacts from the conversion process, such as energy consumption, emissions into the water and air and the use of environmentally hazardous substances.

Certification

Applications for eco-label certification can only be submitted by companies that are members of the Paper-by-Nature Association. The Paper-by-Nature eco-label is awarded by accredited certification bodies which audit each applicant company according to the eco-label's criteria. From then on eco-label certification is regularly reviewed and monitored according to a strict process. Every three years, a global review is held that covers all criteria.

Membership

The European Envelope Manufacturers Association (FEPE), to which Bong belongs, is one of the founders and a member of the Paper-by-Nature Association.

PAPER BY NATURE®

FINANCIAL OVERVIEW

PROFIT AND LOSS ACCOUNTS IN SUMMARY, SEK M	2008	2007	2006	2005	2004
Net sales	1 937,1	1 991,4	1 985	1 782,1	1 807,4
Depreciation/amortisation	–94.7	–92.4	–102.4	–100.7	–100.1
Net financial items	–54.2	–47.8	–37.6	–36.9	–42.2
Reported profit before tax	20.1	12.3	1.9	33.7	71.4
Tax	–9.6	3.6	–2.5	–10.4	–19.0
Reported profit after tax	**10.5**	**15.9**	**–0.6**	**23.3**	**52.4**

BALANCE SHEETS IN SUMMARY, SEK M					
Goodwill	426.0	353.1	342.9	326.3	313.1
Other intangible assets	2.7	3.2	3.7	4.6	4.0
Tangible assets	642.8	621.2	645.7	642.7	704.1
Financial assets	99.0	111.7	62.0	57.2	62.9
Total non-current assets	1,170.5	1,089.2	1,054.3	1,030.8	1,084.1
Inventories	258.9	279.9	284.5	227.0	242.4
Current receivables	345.0	362.6	354.5	308.4	306.8
Cash and cash equivalents	99.1	24.2	38.4	69.2	38.6
Total current assets	702.9	666.7	677.4	604.6	587.8
Total assets	**1,873.4**	**1,755.9**	**1,731.7**	**1,635.4**	**1,671.9**
Equity	628.8	571.6	537.8	561.4	510.2
Convertible debentures	–	–	20.2	20.6	20.2
Interest-bearing provisions and liabilities	843.8	853.4	827.5	756.5	796.4
Interest-free provisions and liabilities	400.8	330.9	346.2	296.9	345.1
Total equity and liabilities	**1,873.4**	**1,755.9**	**1,731.7**	**1,635.4**	**1,671.9**

CASH FLOW STATEMENTS IN SUMMARY, SEK M					
Operating profit before depreciation/amortisation	169,0	152,5	141,9	171,3	213,6
Non-cash items	–76,8	–71,8	–72,8	–63,9	–70,0
Changes in working capital	108,2	–12,9	–35,7	–13,5	15,2
Cash flow from operating activities	**200,5**	**67,7**	**33,4**	**93,9**	**158,8**
Cash flow from investing activities	**–56,2**	**–66,7**	**–40,2**	**11,6**	**–82,2**
Cash flow after investing activities	**144,3**	**1,1**	**–6,8**	**105,5**	**76,6**

SENIOR EXECUTIVES

Elmar Schätzlein
Born in 1962. M.Sc. Engineering.
Employed since 2004.
Managing Director of Bong Central Europe
Previous positions: Schneidersöhne Munich/Italy 1995–2003.

Shareholding in Bong: 116,100.
Subscription warrants corresponding to 34,000 shares.

Morgan Bosson
Born in 1958. M.B.A.
Employed since 2005.
Managing Director Bong Scandinavia and ProPac International AB.
Previous positions: Managing Director of Icopal AB 2002–2004. Marketing and Sales Director for Saint Gobain Isover AB 1997–2002.

Shareholding in Bong: 168,000.
Subscription warrants corresponding to 34,000 shares.

Anders Davidsson
Born in 1970. M.B.A.
Employed since 2002.
President and CEO.
Previous positions: Vice President/ Sales and Marketing Director for Bong Ljungdahl AB 2002–2003.
Management Consultant and Project Manager at McKinsey & Company 1998–2002.
Other board assignments: Board member of AarhusKarlshamn AB.

Shareholding in Bong: 182,600.
Subscription warrants corresponding to 34,000 shares.

Mark Cooper
Born in 1964. M.B.A.
Employed since 2007.
Managing Director Bong UK
Previous positions: Vice President of Avery Dennison, Europe.

Shareholding in Bong: 100,000.
Subscription warrants corresponding to 6,800 shares.

Ulf Zenk
Born in 1963. M.B.A.
Employed since 2004.
CFO
Previous positions: CFO of MalacoLeaf Scandinavia 2000–2004.
Group Controller for Coca-Cola Nordic Beverages 1997–2000.

Shareholding in Bong: 51,000.
Subscription warrants corresponding to 34,000 shares.

BOARD OF DIRECTORS

Mikael Ekdahl
Born in 1951. Attorney.
Board member since 2001 and Chairman of the Board since 2003.
Partner in Mannheimer Swartling Advokatbyrå.
Other board assignments
Vice chairman of Melker Schörling AB, chairman of Marco AB, board member of Absolent AB, AarhusKarlshamn AB, KonstruktionsBakelit AB and Börje Jönsson Åkeri AB.

Shareholding in Bong: 40,000.

Anders Davidsson
Born in 1970. M.B.A.
Board member since 2004.
President and CEO of Bong Ljungdahl AB.
Other board assignments
Board member of AarhusKarlshamn AB.

Shareholding in Bong: 182,600.
Subscription warrants corresponding to 34,000 shares.

Ulrika Eriksson
Born in 1969. M.B.A.
Board member since 2008.
Managing director of pharmacy franchise within Apoteket AB.

Shareholding in Bong: 20,000.

Patrick Holm
Born in 1962. Diploma from Grafiska Institutet in Stockholm.
Board member since 2008.
President and CEO of Elanders AB.
Other board assignments
Board member of Elanders AB.
Shareholding in Bong: 3,000.

Peter Harrysson
Born in 1958. Repairman.
Board member since 1997.
Representative for Grafiska Personalklubben.
Shareholding in Bong: 0.

Christian W. Jansson
Born in 1949. M.B.A.
Board member since 2007.
Managing Director of KappAhl Holding AB.
Other board assignments
Board member of Kontanten AB.

Shareholding in Bong: 745,246.

Christer Muth
Born in 1954.
Board member since February 2009.
Representative for PTK.

Shareholding in Bong: 0.

Alf Tönnesson
Born in 1940. Director.
Board member since 1989.
Other board assignments
Chairman of International Masters Publishers A/S (IMP A/S), Cydonia AB, National encyklopedin AB, Bra Böcker AB, Stabenfeldt A/S, Fyrklövern AB, Fleur de Santé AB and Postpac AB.

Shareholding in Bong: 3,825,339 (via company).

Substitute members

Peder Rosqvist
Born in 1965.
Substitute member since 2008.
Representative for PTK.

Shareholding in Bong: 0.

Mats Persson
Born in 1963.
Substitute member since 2001.
Representative for Grafiska Personalklubben.

Shareholding in Bong: 0.

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