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Duni intends to discontinue part of the business within its Rexcell subsidiary

Duni has decided to enter into trade union negotiations with the intention to close one of the three production units of its subsidiary Rexcell Tissue & Airlaid AB. The unit, which produces and sells material focused on the hygiene products sector, is not profitable and the assessment has been made that acceptable profitability also cannot be achieved in the foreseeable future. The decision concerns approx. 110 employees at its Rexcell subsidiary.

The closure of the production unit entails a one-off cost of SEK 83 m, which was incurred in the fourth quarter of 2012. However, it is calculated that Duni's net debt will fall in the long-term as a consequence of the decision. Sales from the production unit primarily comprise external sales for the Tissue business area. The reduction in sales is not expected to have any negative impact on the Duni Group's operating income. It is estimated that the unit will be fully closed during the first quarter of 2014.

“Duni's core business comprises products which enhance the atmosphere around the set table and it is there that the company shall grow. The new Evolin® tablecovering material, for which we have made significant investments in production within Rexcell in recent years, provides a good example. The consequence of the decision is that, after having attempted to develop the business, Duni will no longer continue to invest in the production of input materials for the hygiene products sector. The decision is a difficult one since it affects many people, but it is important for Duni to follow the strategy and focus on the business which provides the best return for the future.”

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About Rexcell

Rexcell Tissue & Airlaid AB is a wholly owned subsidiary of Duni AB. Rexcell manufactures tissue and airlaid material for both Duni and external customers. Operations are conducted at three plants located in Skåpafors and Dals Långed in Dalsland. Read more on www.rexcell.se.