



# Press release

## Information to our business partners

Babyland and Barnens Hus to merge!

The leading Swedish retail juvenile chains Babyland and Barnens Hus have agreed to a merger of the chains. The result is a retail operation with 26 stores and circa 80 MUSD in annual turnover.

Babyland with its 10 retail stores is one of Scandinavia's largest chains for nursery products, with focus on strollers and accessories. Most of the stores are in the greater Stockholm metropolitan area, but during the last 24 months Babyland has opened superstores in Malmö, close to Copenhagen, and Helsingborg, in the southernmost part of Sweden.

Barnens Hus, with its combination of toy store and nursery products has outlets in a belt from Luleå near the Arctic Circle to Stockholm and Karlstad in the middle of Sweden. With its 16 stores Barnens Hus is a leading actor in the northern half of the country.

"This merger is an exciting move forward for us" says Bengt Östlund, who founded the Babyland chain twenty years ago. Östlund is chairman of the board of the new merged company. "We been in touch with Barnens Hus for some time now and know that they are professional and competent. We think we complement each other, not least geographically."

The merger produces a group that will be Scandinavia's largest chain for nursery and toy products. Babyland and Barnens Hus have declared that they plan further growth. Volume is the key to economical supply and logistics, and cost savings can be passed on to consumers in terms of better service and more attractive pricing. Consumers will also benefit from improved security, nationwide service and a broader choice of products for their nursery and toy needs.

In the longer term, the group sees opportunity for growth outside Sweden. In the near term, the group envisions continued expansion within Sweden. "We want a better presence in the southern and central parts of the country", says Rolf Eriksson from Barnens Hus, now the president of the new company. "We have consumers calling us every week asking when we will open a store in their area. This tells us we have a winning concept."

Babyland and Barnens Hus have two of the industry's strongest brand names for retail trade in nursery and toy products. The majority of the stores in both groups are large stores with a floor space of 1500 m<sup>2</sup> or more. The number of large stores will increase in the future, but the group plans to refine a store format for in-city and mall venues.

”The group will combine fully owned outlets and franchised stores, going forward” says Stefan Stjernberg, now vice president in the new company.

The new joint management is launching a series of projects, for consolidation and coordination. Suppliers and other partners can stay in touch with their respective contact persons in the old companies, and as the new joint structure emerges they will be fully informed.

Both the current head offices will be merged in a new organisation that will be in place during 2006. The current Barnens Hus office in Sundbyberg will close and the new joint headquarters will build on the current Babyland office in Kungs Kurva, south of Stockholm.

The new company has a capitalization of circa 3 MUSD. The ownership is held in equal proportions, 50% by Barnens Hus Invest and 50% by Babyland Invest respectively.

The merger will strengthen the new group’s competitiveness in the future. The business plan is to become northern Europe’s leading retail chain for nursery and toy products.

For further information, please contact:

Rolf Ericsson	070 572 88 55	rolf(a)ericssonkarlstrom.se
Bengt Östlund	08 680 60 60	bengt.ostlund(a)babyland.se