

BJÖRN BORG

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Press release

New clothing venture established in the Netherlands – Björn Borg Sport

Björn Borg is forming a new subsidiary in January 2011 to produce fashionable athletic and functional wear together with its Dutch distributor. The creation of a separate operation based in the Netherlands is another element in Björn Borg's strategy to focus on its core business, underwear, based in Stockholm.

The new company, Björn Borg Sport, is founded on Björn Borg's clothing concept in the Netherlands, with established operations and an extensive experience from successfully managing the licensed womenswear company for about ten years in Holland. The collections, both men's and women's, will primarily include sports fashion and functional sports wear. The products will be sold to distributors in Björn Borg's current markets, with an initial focus on larger markets.

"To further concentrate on being a world leader in underwear, we have decided to streamline our Stockholm operations and manage Björn Borg's apparel operations in a separate company in the Netherlands. We do this with our Dutch distributor, which has proven successful in the development of a growing apparel business. This new initiative will create better opportunities for our clothing business to grow and allow us to more clearly emphasize our main product, underwear, in the rest of organization," says President Arthur Engel.

Björn Borg will be the majority owner with 51 percent of the new company, while the remainder will be owned by the current Dutch distributor, Dutch Brand Management BV (or by a company in the same group), and to a lesser extent by the clothing company's management and board of directors. The CEO of Björn Borg Sport will be Sander van Gelder, the former CEO of Puma's Benelux operations. Björn Borg AB Director Fabian Månsson will serve as chairman. Björn Borg CEO Arthur Engel and Vice President and International Sales Director Henrik Fischer will be members of the board. The company will be based in Amsterdam.

During 2011, Björn Borg Sport will handle some billing regarding shipments from the former Dutch apparel operations. This will slightly increase consolidated sales in 2011, in the product company segment, but without affecting earnings. The new venture is expected to raise the Group's operating expenses by about SEK 7 million in 2011. The new clothing operation is estimated to entail a good financial potential.

In early 2010 the footwear product area was licensed out to an established international shoe company. Because the apparel product area will now be managed and developed as a separate company in the Netherlands, Björn Borg can concentrate on its core product area, underwear, in line with its strategy.

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The Group owns the Björn Borg trademark and its core business is underwear. It also offers clothes and, through licensees, footwear, bags, eyewear and fragrances. Björn Borg products are sold in around fifteen markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores. Total sales of Björn Borg products in 2009 amounted to almost SEK 1.9 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 520 million as per December 31, 2009, with 92 employees. The Björn Borg share has been listed on NASDAQ OMX Nordic in Stockholm since 2007.