

FINANCIAL REVIEW

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HD **Morphet joins for Asaleo float**
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Sue Morphet, the former chief executive of Pacific Brands, will be part of a six-person board to oversee Asaleo Care, which is about to embark on an \$800 **million**-plus public float.

The business, which will change its name from SCA Hygiene Australasia when it lists on the ASX, is also set to have a much larger free float of shares, with Swedish parent Svenska Cellulosa set to sell down its current 50 per cent **stake** to 30 per cent.

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The other 50 per cent owner, private **equity firm** Pacific **Equity** Partners, is likely to exit completely.

The newly rebadged Asaleo makes toilet paper and tissues brands Sorbent and Pura, Libra feminine hygiene products and Handee paper towels.

The six-person board has been finalised. Sources said Ms Morphet, who in January this year became a director of New Zealand-based appliance maker Fisher & Paykel, will be joined by JoAnne Stephenson, who is also a director of financial services group Challenger.

Harry Boon, who is currently chairman of lotteries **company** Tatts Group, will be chairman.

The Swedish parent will have two representatives, Mats Berencreutz and Nils Lindholm, both high-ranking executives with Svenska Cellulosa.

Asaleo Care's chief executive Peter Diplaris will be the sixth member.

The float has been prompted by the exit of private **equity firm** PEP, which originally acquired a 50 per cent **stake** in November 2011.

But Svenska Cellulosa, which bought the entire Australasian business in 2004 from Carter Holt Harvey for \$890 **million**, and was expected to retain its 50 per cent **stake** after the looming ASX listing, is now thought to be cutting that back to 30 per cent.

Ms Morphet was chief executive of Pacific Brands from 2008 to 2012 when it was undergoing heavy restructuring, and she received a barrage of criticism in 2009 for announcing plans to cull 1800 jobs and shift manufacturing of many **company** brands to **China**.

Asaleo declined to comment on its plans or the make-up of the board. Strong position

The **company**'s most well-known brand is Sorbent, but it is the strong market position in feminine hygiene and incontinence products that has piqued most interest among fund managers who have been part of road shows in Asia and Australia under pre-float marketing.

The Australasian incontinence hygiene products market is estimated to be worth about \$225 **million** by industry players and has grown by 12 per cent a year in the past 10 years, driven in part by an ageing population.

This demographic trend is set to gain momentum.

The **company**'s TENA brand is the market leader with around 46 per cent market share.

The Australasian feminine hygiene products market has a retail value of around \$335 **million** and the **company**'s Libra brand is at the top, with a market share of 41 per cent. Joint **lead** managers on the float are Citi, Macquarie and Bank of America Merrill Lynch. A prospectus may be lodged in the first week of June.

Citi pre-marketing research by analysts Gino Rossi and Craig Woolford said Asaleo was "well-placed to deal with competitive threats, and its margins are supported by strong brands".

While other segments in consumer products have been hit hard by private label products pushed by supermarket giants Woolworths and Coles, feminine hygiene products have a low level of private label competition, which sits at around 6 per cent and which is expected to stay at low levels because of the importance of trust in quality brands for customers in this segment.

CO peprt : Pacific Equity Partners | scahlD : Svenska Cellulosa Aktiebolaget

IN i471 : Paper Mills | i81502 : Trusts/Funds/Financial Vehicles | i8150203 : Private Equity | ialtinV :
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