

# SCA

## Capital Market Day 2011

Jan Johansson, President and CEO





# Macro and economic outlook

## Uncertainty rules

### Standard & Poor's decision to downgrades US's credit rating to AA+



### Behind America's 'Jobless Recovery'

Increased manufacturing productivity and a dearth of qualified job applicants in sectors present an economic challenge for the U.S.

The  
Economist

The world economy

### Sticky patch or meltdown?

How politicians could carelessly turn a temporary softening of the global recovery into something worse



### Market's fear over the Euro

Measures to stabilize debt markets in the Eurozone



Inflation in China was  
reported at 6.4 percent  
in June of 2011





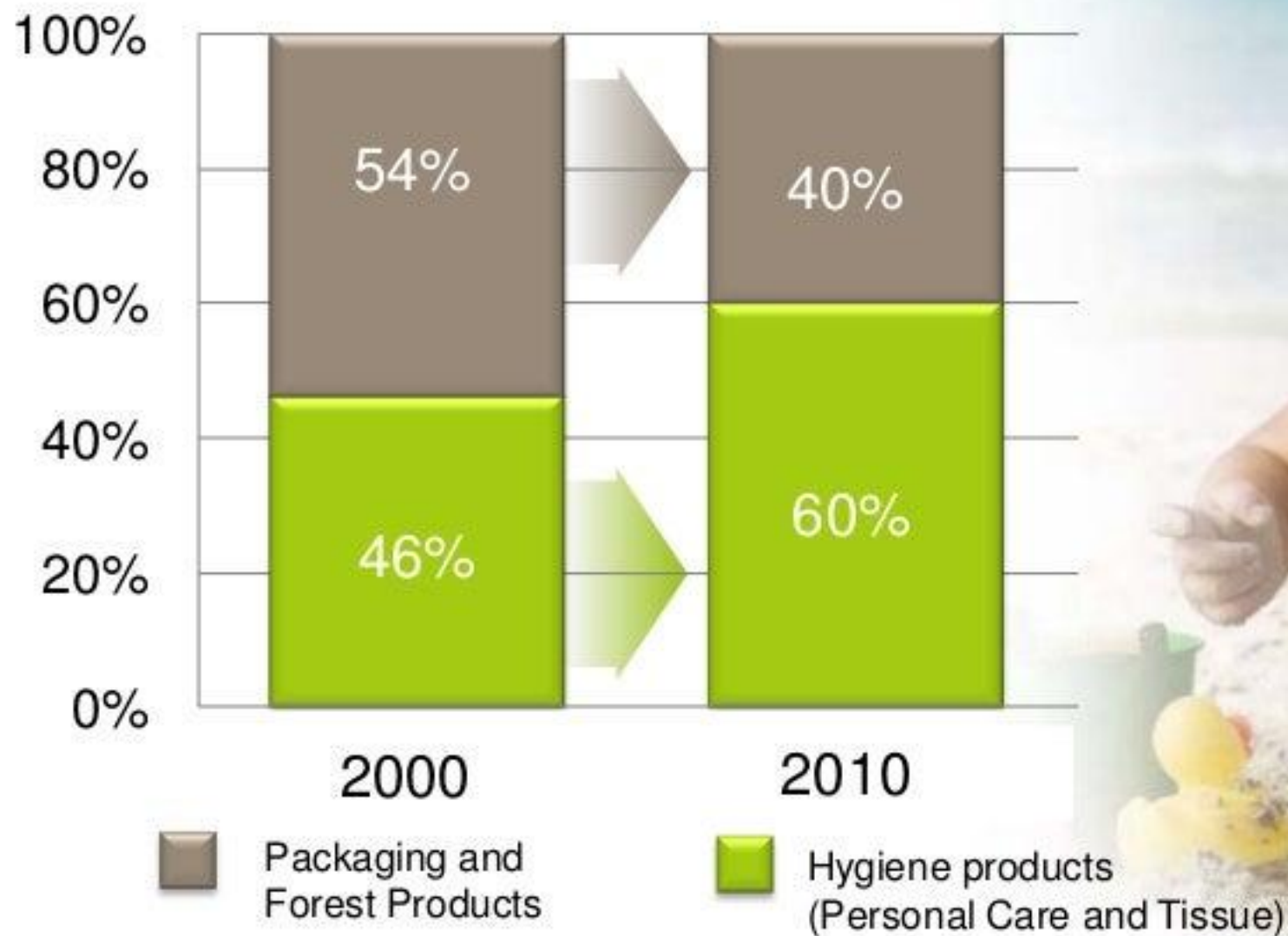
# SCA Group

## Sales split 2010



# Increasing hygiene sales

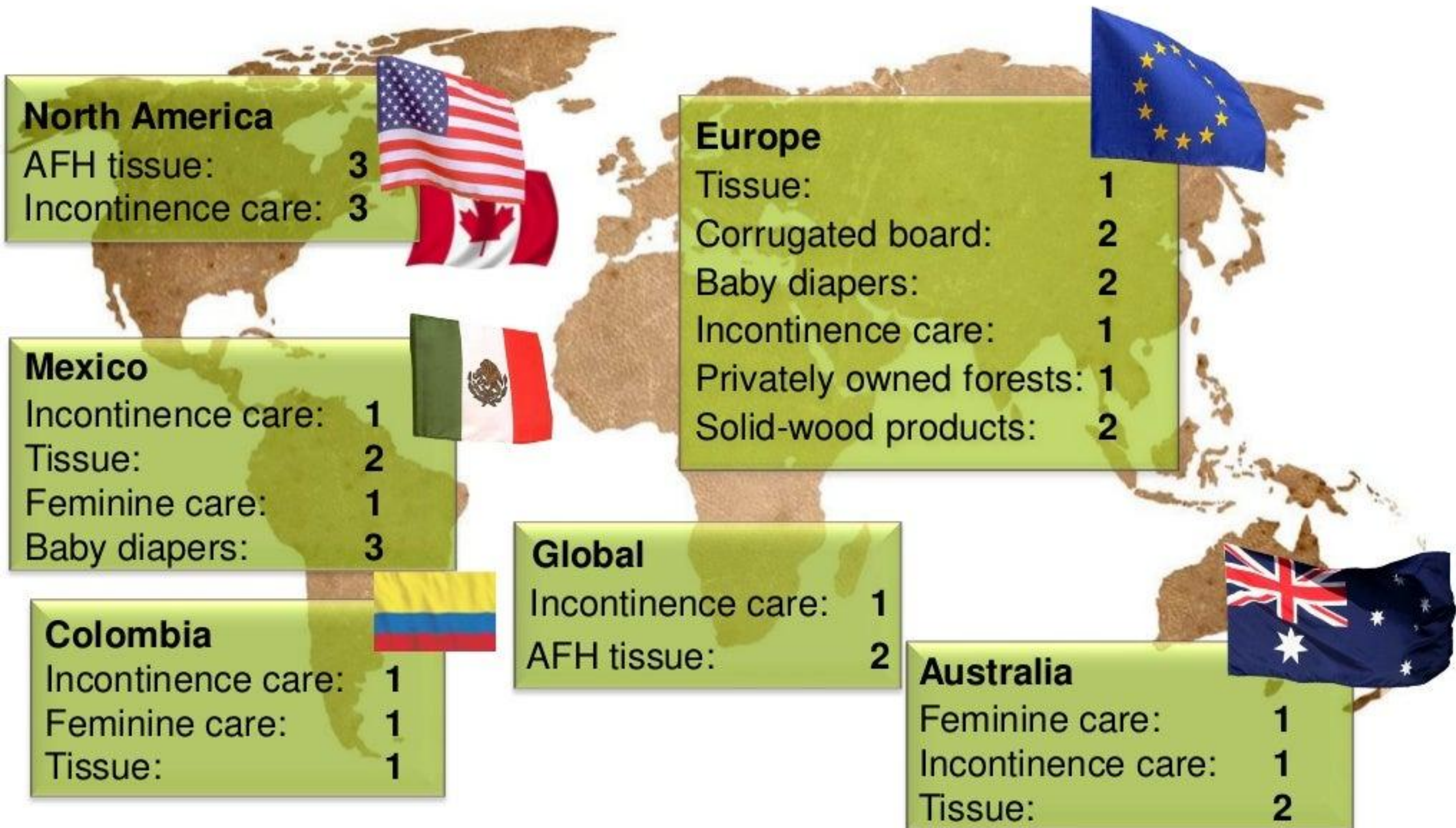
% of net sales





# Leading market positions

Global and regional

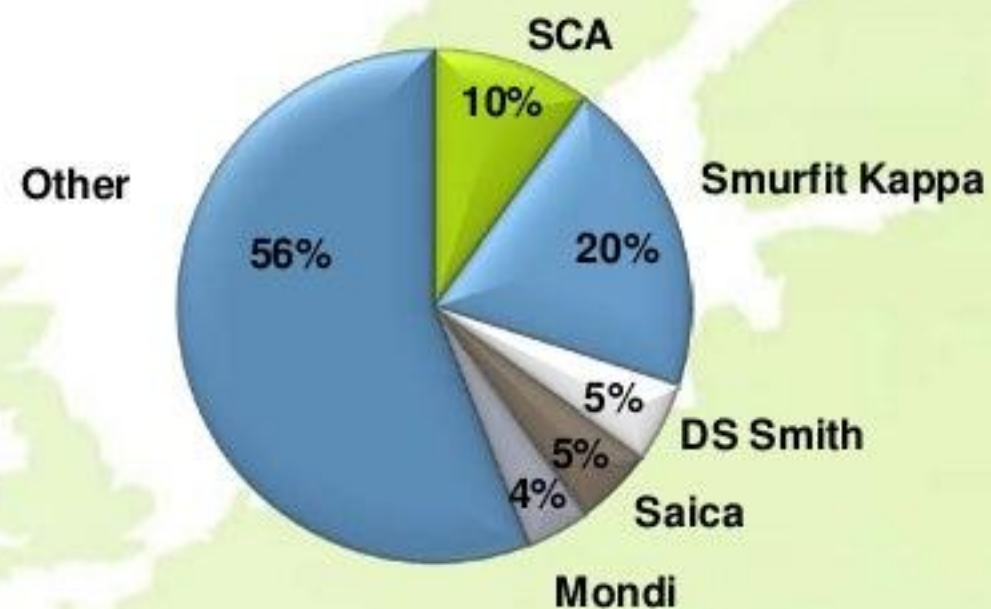




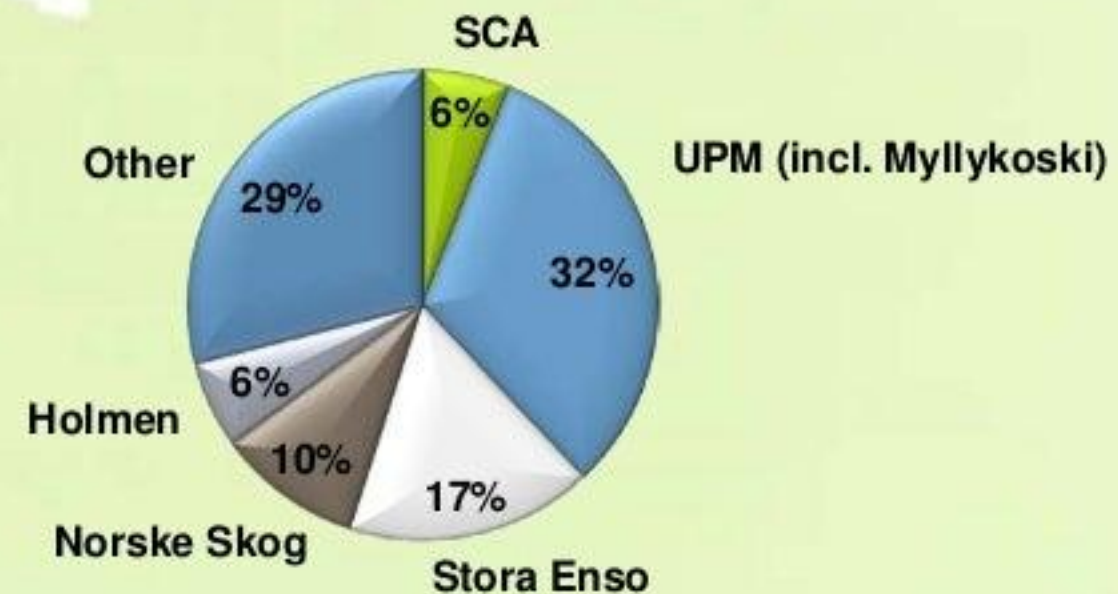
# Packaging and Publication papers

European market

## Corrugated board



## Publication papers

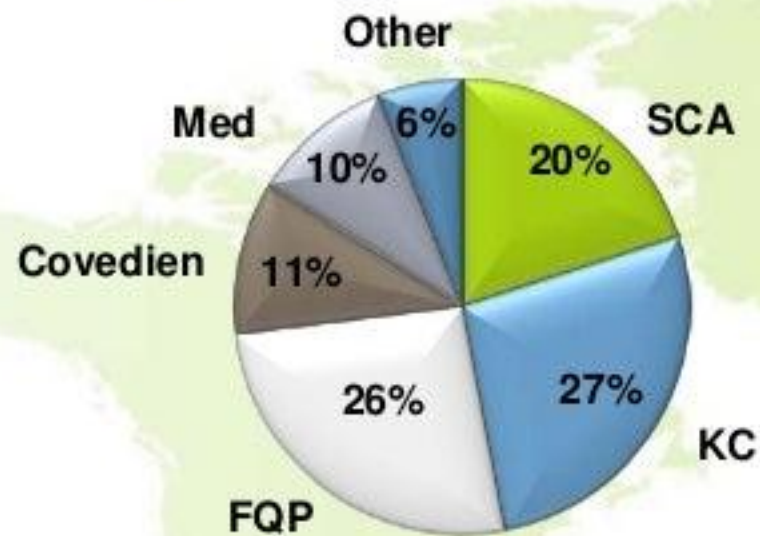


# Incontinence care

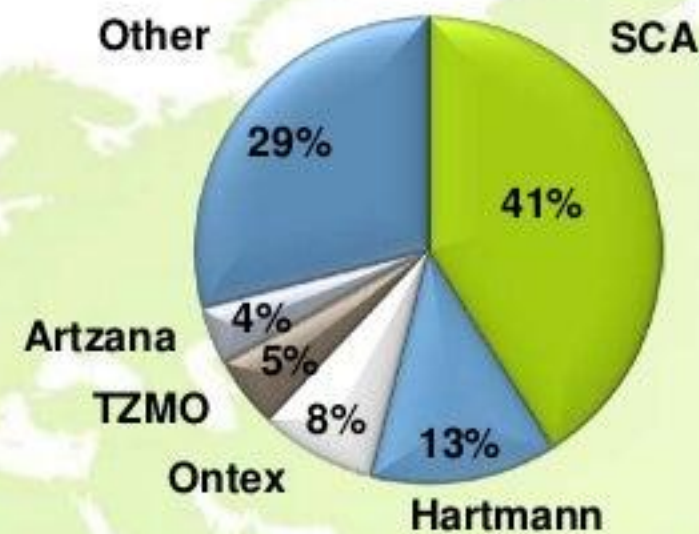
## Market shares



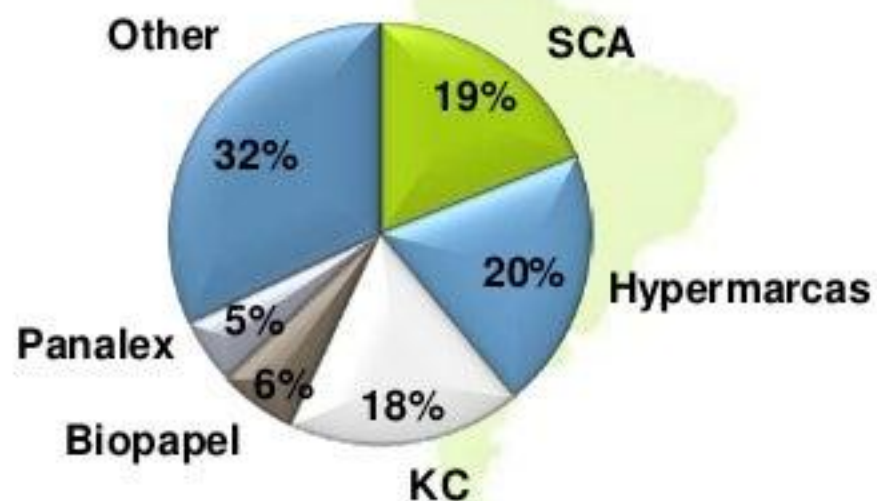
### North America



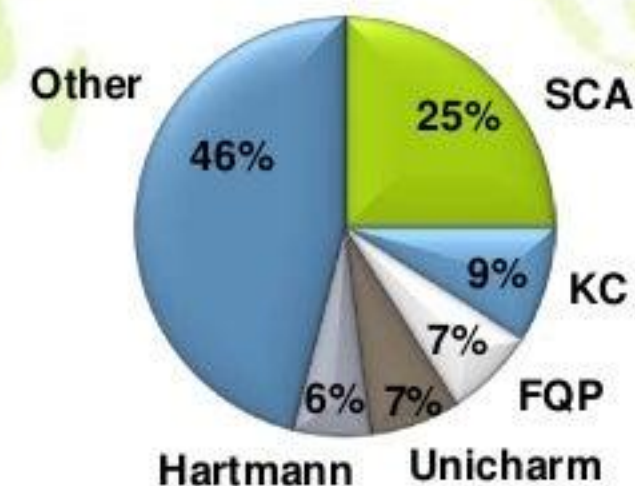
### Europe



### Latin America



### Global



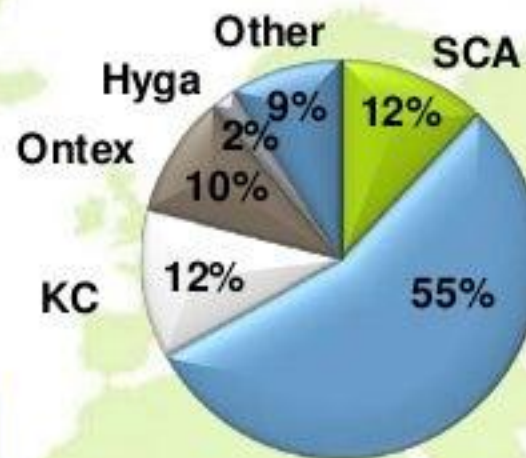


# Baby diapers and Feminine care

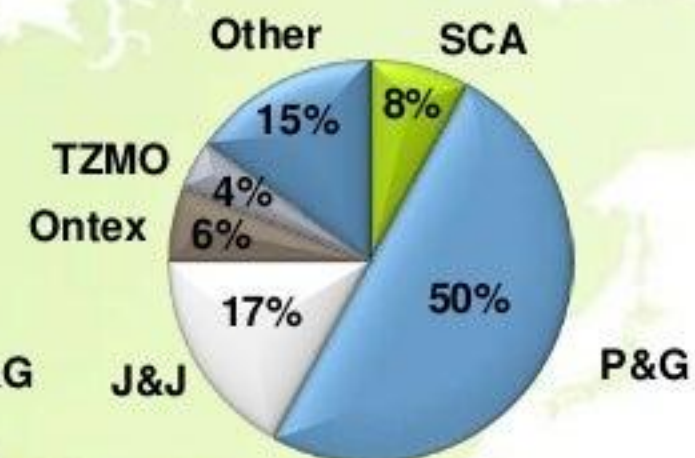
## Market shares

### Europe

#### Baby diapers

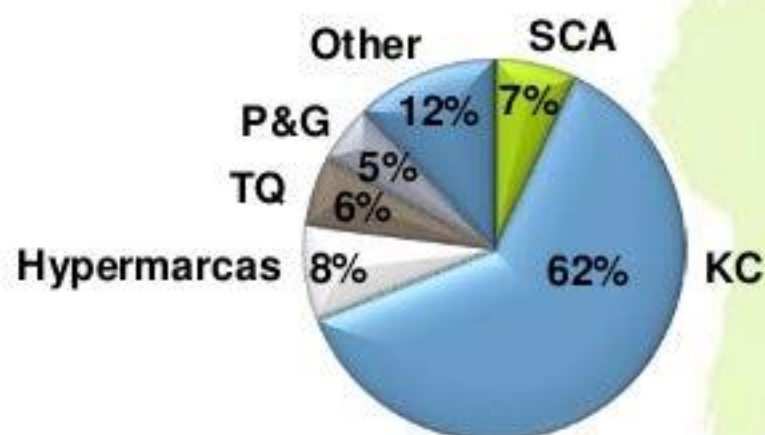


#### Feminine care

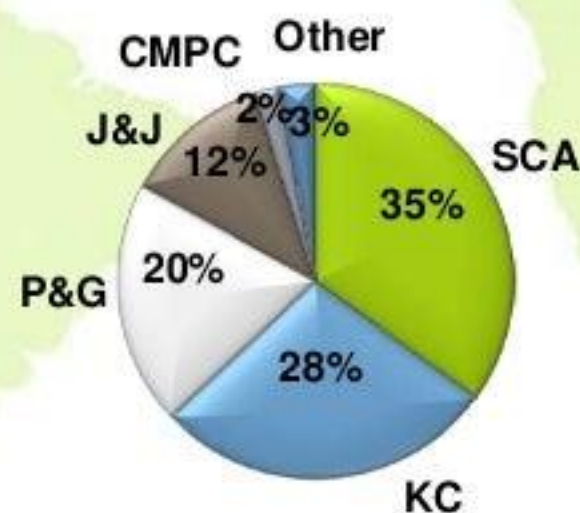


### Latin America\*

#### Baby diapers\*



#### Feminine care\*



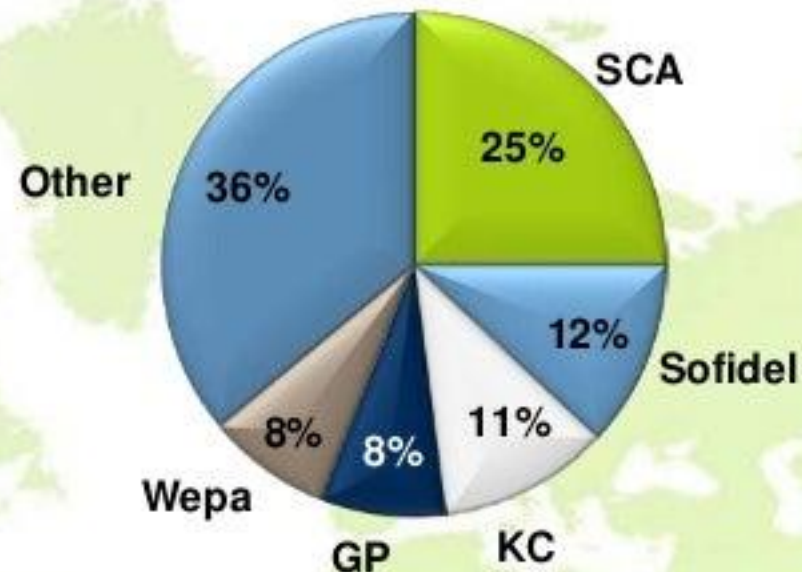
\* Market share in SCAs markets



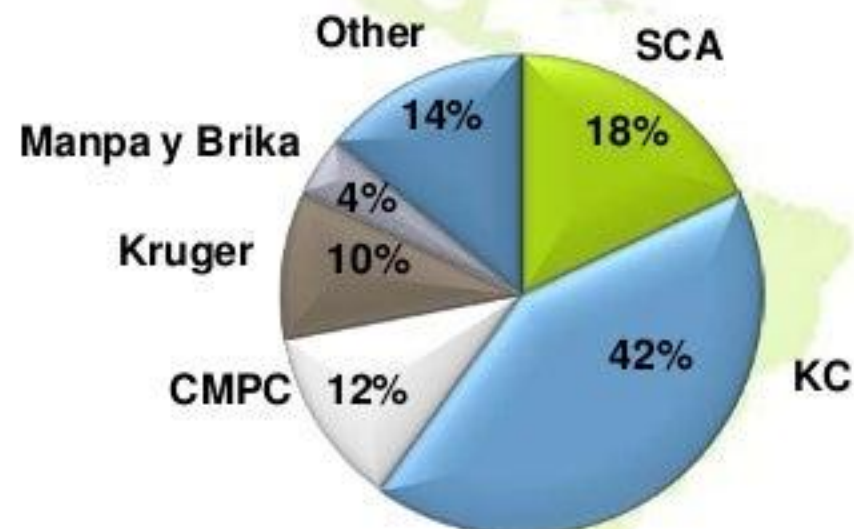
# Consumer tissue

## Market shares

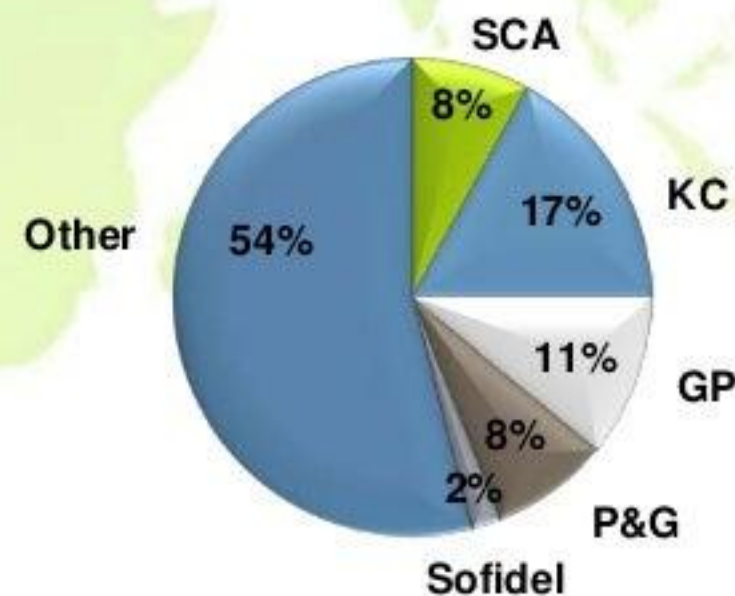
### Europe



### Latin America\*



### Global



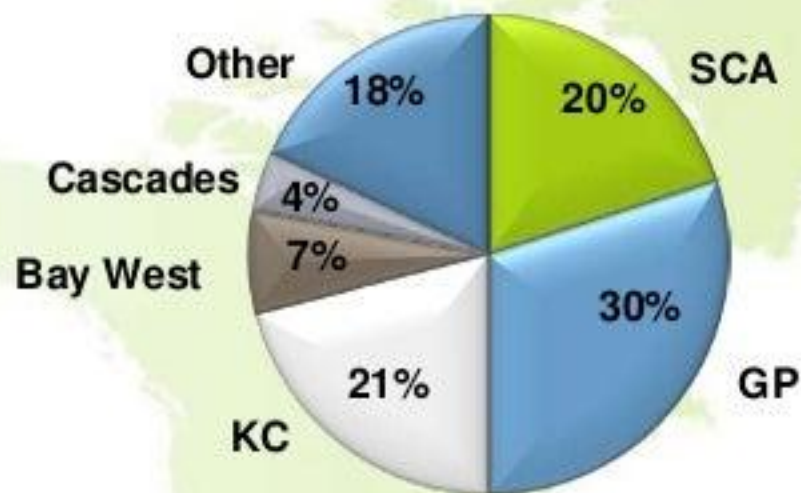
\* Market share in SCAs markets



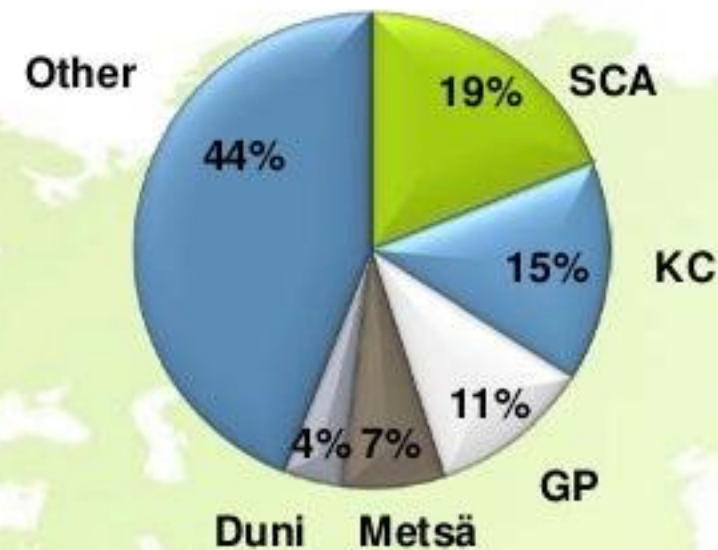
# AFH tissue

## Market shares

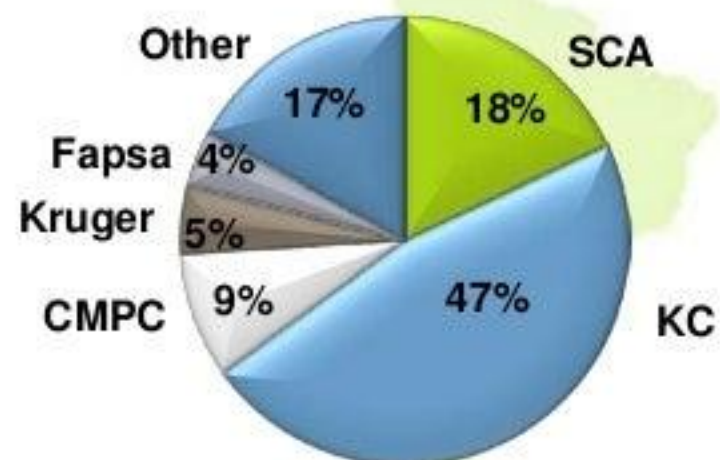
### North America



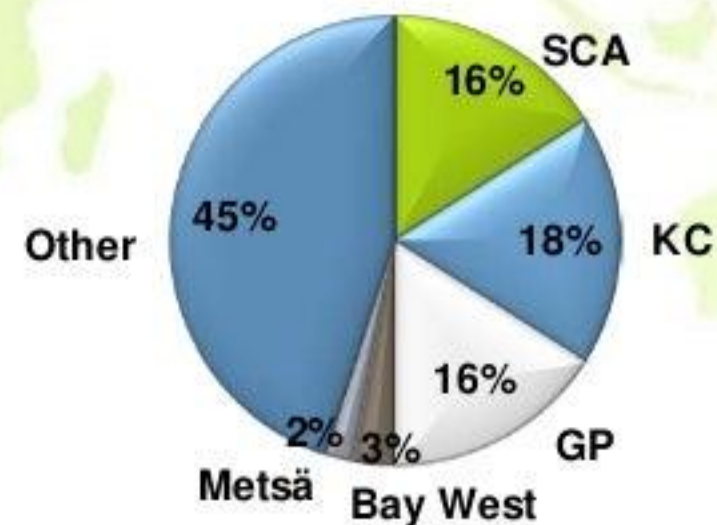
### Europe



### Latin America\*



### Global



\* Market share in SCAs markets



# Strategic focus areas

## COST AND CASH FLOW

- Cost reductions in all business areas of close to SEK 1bn\*\*\*
- Cash flow from current operations SEK 7.4bn\*\*\*

## CAPITAL EFFICIENCY

- Efficiency programs in Packaging and Forest Products
- Supply Chain excellence and asset utilization programs in Tissue Europe
- Restructuring program in baby diapers in Europe
- New tissue plant in Mexico
- New personal care plant in Russia
- Further tissue investments in Kostheim and Sovetsk
- Investment in Bollsta sawmill

## INNOVATIONS

- Personal Care
  - Thin baby diaper
  - Tena Ultra thins
  - Strong Tena value assortment
- Tissue
  - Tork Xpressnap Café, Tork Performance
  - Tempo ice, Zoo Boxes
- Packaging
  - Trueflo
  - ZeoCool
- Forest Products
  - Increased value added

## GROWTH

- SCA Group 5%\*
  - Personal Care 2%\*\*
    - Emerging Markets 10%\*\*
  - Tissue 2%\*\*
    - Emerging Markets 6%\*\*
  - Packaging 20%\*
  - Forest Products 3%\*\*
- Acquisitions:
- Mexico- Copamex
  - Turkey- 95% San Saglik
  - Turkey- 50% Komili
  - Brazil – Pro Descart
- 
- SCA and Fred.Olsen Renewables to construct wind farms

\* 2010 adjusted for exchange rate movements and divestments

\*\* 2010 adjusted for exchange rate movements

\*\*\* 2010

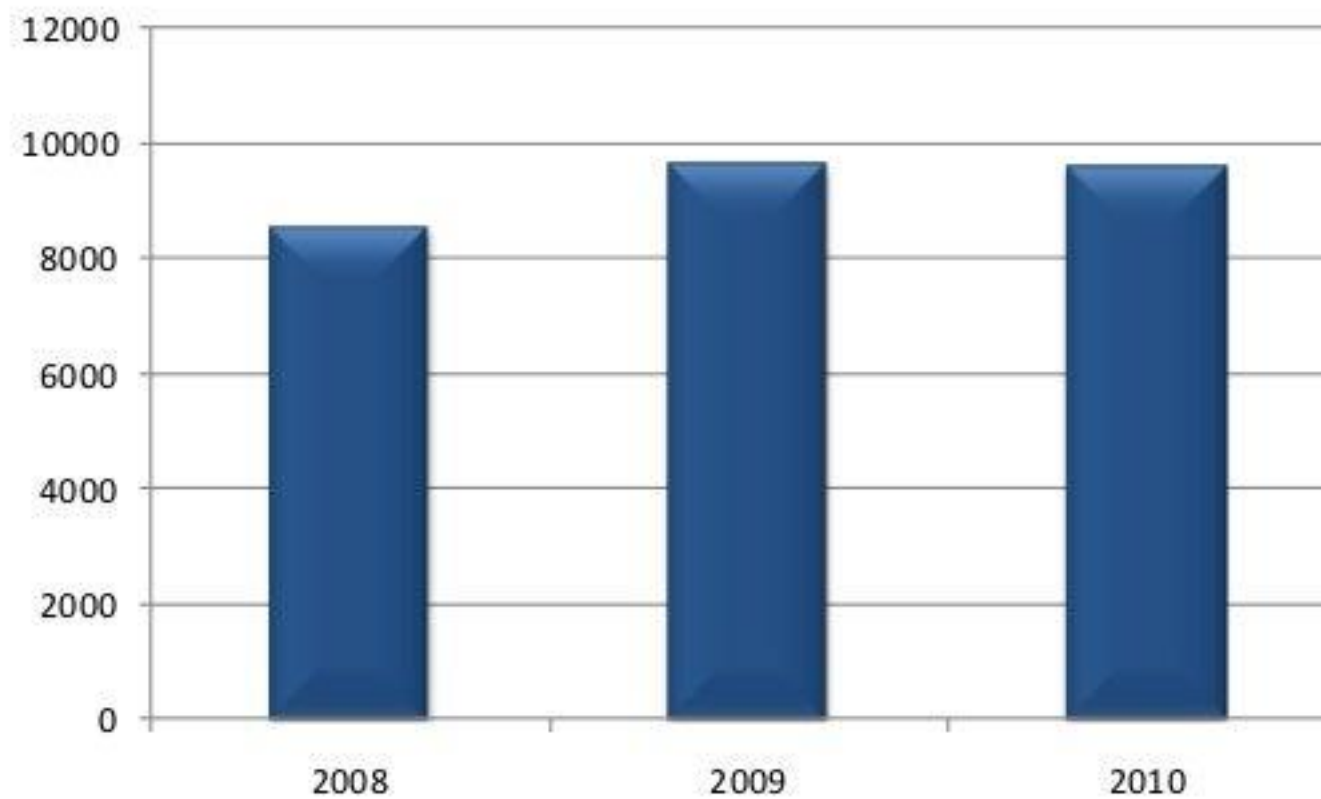


# Strategic focus

Yielding results



## Operating profit\*

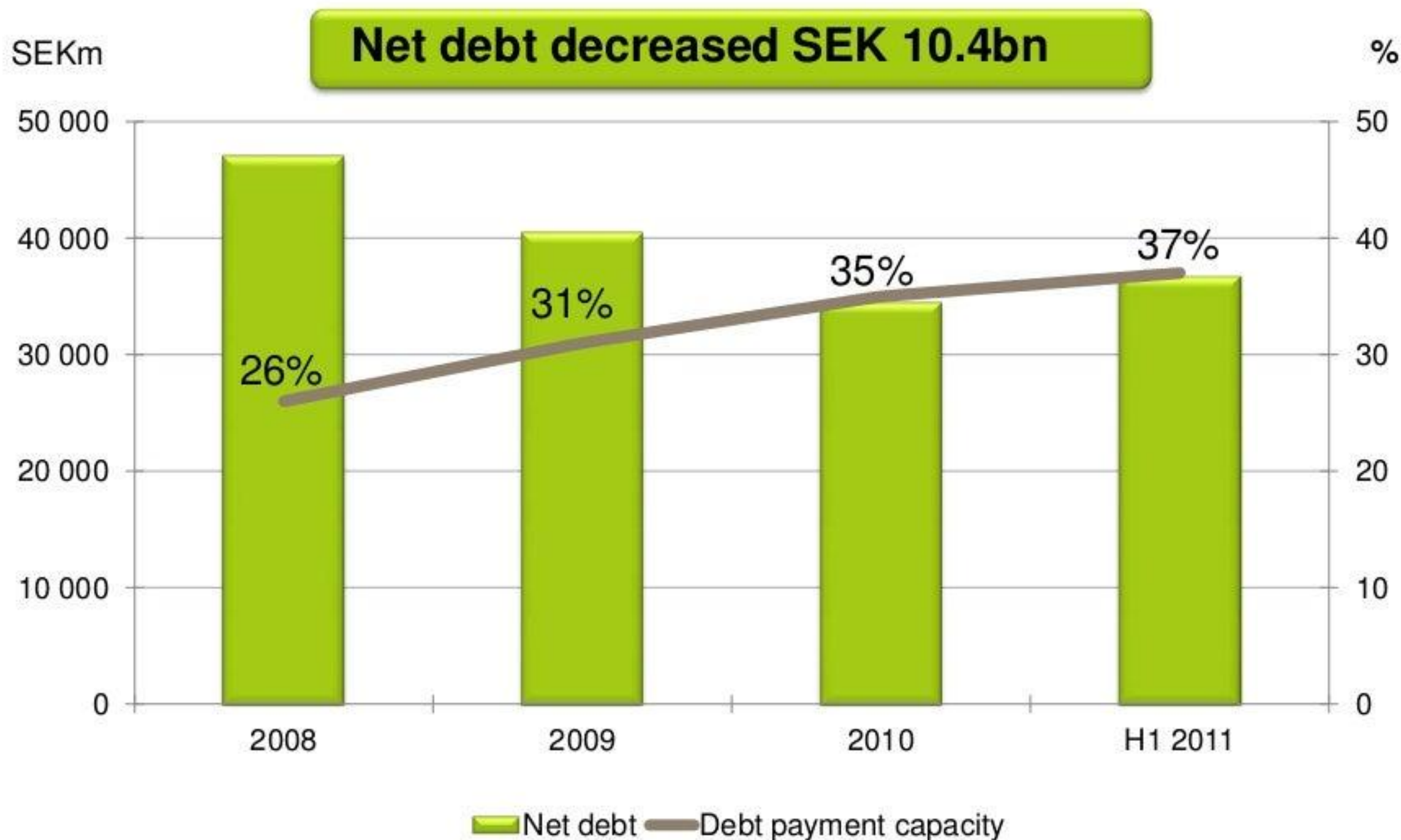


\* Excluding extraordinary items



# Decreased net debt

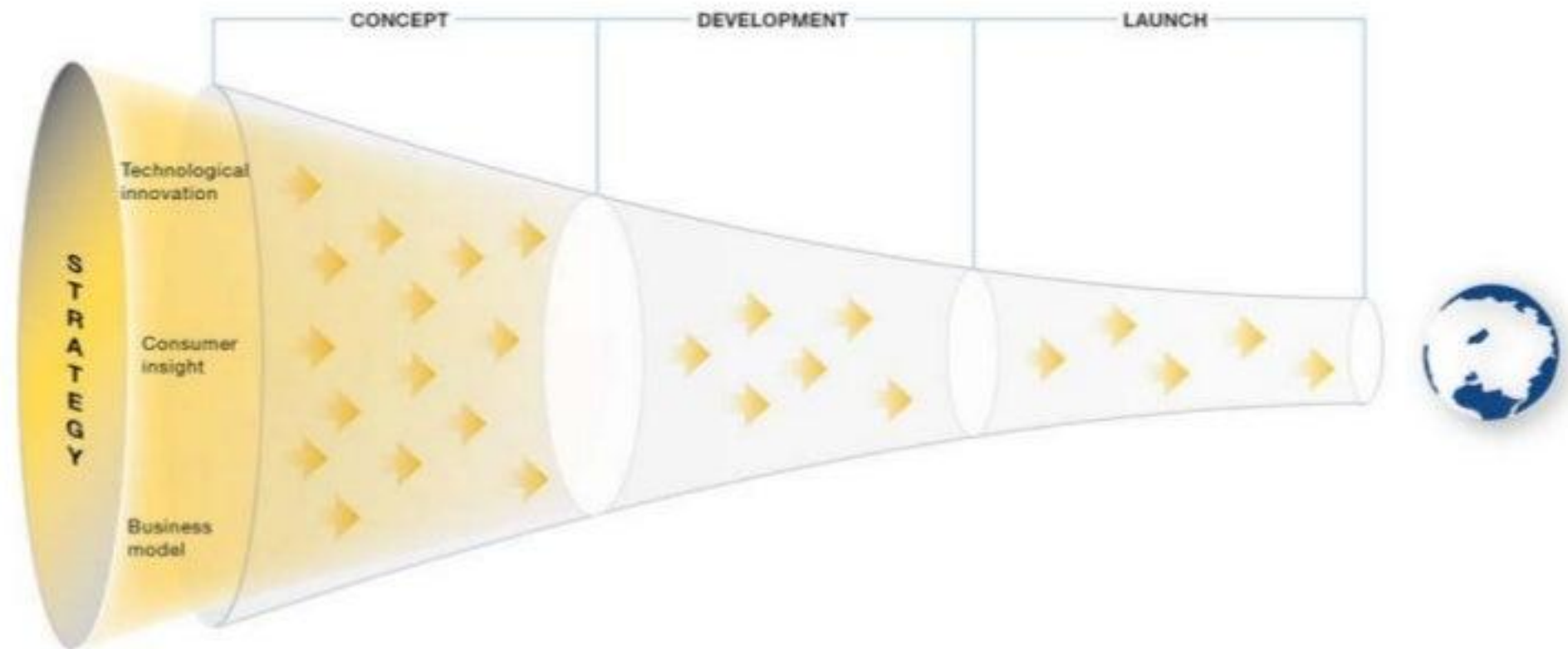
And improved debt payment capacity





# Innovation for profitable growth

- Meet changing demands and requirements
- Create long-term, profitable differentiation
- Strengthen market positions
- Build stronger brands
- Drive growth





# Growth

## SCA's growth markets

Latin America

South East Asia

Eastern Europe  
/Russia

- ✓ Strong SCA positions
- ✓ Good market growth
- ✓ Favourable socio-demographics

Middle East

- ✓ Good market growth
- ✓ Favourable socio-demographics

China

- ✓ Incontinence care products





# Growth

## High growth in Emerging markets

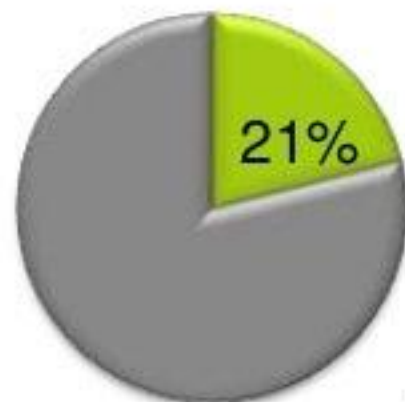
H1 2011

Emerging markets hygiene sales growth:

Personal Care: +9%\*

Tissue: +9%\*

% of Hygiene sales in 2010



Emerging markets

Mature markets

\* Adjusted for exchange rate movements





# Sustainability as a business driver



- Reduced cost
  - ◆ ESAVE = SEK 600m in annual cost savings
- Improved competitive edge
  - ◆ Sustainability credentials generate good business
  - ◆ Great growth potential through customized offerings in D&E markets
  - ◆ Renewable energy, wind power, biofuels
  - ◆ World's largest producer of FSC-certified products
- Attract investors
  - ◆ 23% of investors in SCA shares make sustainability screening
- Reduced risk level
- Attract top talents
- Strengthen the brand

# Financial targets

Remain unchanged

	ROCE*	Sales growth**
Personal Care	30%	5-7%
Tissue	13%	3-4%
Packaging	10%	
Forest Products	11%	
<b>Group</b>	<b>13%</b>	



\* Return on capital employed, over a business cycle

\*\* Annual organic sales growth



# Strategic focus areas

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**COST AND  
CASH FLOW**

**CAPITAL  
EFFICIENCY**

**INNOVATION**

**GROWTH**

# SCA Packaging

Michael Cronin, President

