



Year-end Report 2010

Jan Johansson, President and CEO



Summary – Full year 2010



- EBIT increased 4%*
 - ◆ Higher volumes in all businesses
 - ◆ Higher prices in Packaging and Tissue
 - ◆ SEK 1bn in cost savings
 - ◆ Significant profit improvement in Packaging
 - ◆ SEK 5.2bn in increased raw material costs
 - ◆ Negative currency impact
- Profit before tax increased 10%*
- Cash flow from current operations: SEK 7.4bn
- Net debt decreased by SEK 6bn
- Debt payment capacity improved to 35%



* Excluding restructuring costs and adjusted for exchange rate movements

SCA Group Strategic Priorities



COST AND CASH FLOW	CAPITAL EFFICIENCY	INNOVATIONS	GROWTH
<ul style="list-style-type: none"> Cost reductions in all business areas of SEK 1bn Cash flow from current operations: SEK 7.4bn 	<ul style="list-style-type: none"> Efficiency programs in Packaging and Forest Products <ul style="list-style-type: none"> Closure/Divestment of 18 packaging units 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 	<ul style="list-style-type: none"> Personal Care <ul style="list-style-type: none"> Thin baby diaper Tena Ultra thins Strong Tena value assortment Tissue <ul style="list-style-type: none"> Tork Xpressnap Café Tork Performance Tempo ice Packaging <ul style="list-style-type: none"> Trueflo ZeoCool Forest Products <ul style="list-style-type: none"> Increased value added 	<ul style="list-style-type: none"> SCA Group 5%* Personal Care 2%** <ul style="list-style-type: none"> Emerging markets 10%** Tissue 2%** <ul style="list-style-type: none"> Emerging markets 6%** Packaging 20%* Forest Products 3%**

*Adjusted for exchange rate movements, divestments and closures

**Adjusted for exchange rate movements

Full year 2010 vs. 2009

SCA market update



■ Hygiene business

- ◆ Good volume growth in Incontinence care, Feminine care and AFH tissue
- ◆ Good sales growth in Emerging markets
 - ◆ Personal Care 10%*
 - ◆ Tissue 6%*

■ Packaging and Forest Products

- ◆ Increased demand for Packaging
 - Corrugated volumes increased 5%
 - Corrugated prices increased 6%
- ◆ Publication paper volumes increased 3%
- ◆ Solid-wood product volumes increased 8%

■ Significantly increased raw material prices

- ◆ Raw material costs increased SEK 5.2bn

■ Stronger SEK to other currencies

- ◆ Negative sales impact of SEK 7.2bn equivalent to 6%



* Adjusted for exchange rate movements

Q4 2010 vs. Q4 2009

SCA market update



■ Hygiene business

- ◆ Higher volumes in all product categories
- ◆ Strong sales growth in Emerging markets
 - ◆ Personal Care 16%*
 - ◆ Tissue 11%*

■ Packaging and Forest Products

- ◆ Increased demand for Packaging
 - Corrugated volumes increased 3%
 - Corrugated prices increased 15%
- ◆ Publication paper volumes increased 7%
- ◆ Solid-wood product volumes increased 11%

■ Significantly increased raw material prices

- ◆ Raw material costs increased SEK 1.7bn

■ Stronger SEK to other currencies

- ◆ Negative sales impact of SEK 2bn equivalent to 7%



* Adjusted for exchange rate movements

Full year 2010 results



SEK millions			Change,	Change,
unless otherwise stated	2010	2009	%	%**
Net sales	109,142	110,857	-2	5***
EBIT*	9,608	9,648	0	4
EBIT margin* (%)	8.8	8.7		
Profit before tax*	8,492	8,004	6	10
Earnings per share (SEK)	7.90	6.78	17	
Cash flow from current operations	7,399	11,490	-36	
Debt/Equity ratio	0.51	0.60		



* Excluding restructuring cost
 ** Adjusted for exchange rate movements
 *** Adjusted for exchange rate movements and divestments

Q4 2010 results



SEK millions unless otherwise stated	Q4 2010	Q4 2009	Change, Q4/Q4,%*	Change, Q4/Q4,%**
Net sales	27,564	27,507	0	8***
EBIT*	2,567	2,568	0	5
EBIT margin* (%)	9.3	9.3		
Profit before tax*	2,274	2,280	0	5
Earnings per share (SEK)	2.38	1.72	38	
Cash flow from current operations	2,389	2,544	-6	



* Excluding restructuring cost

** Adjusted for exchange rate movements

*** Adjusted for exchange rate movements and divestments

Q4 2010 vs. Q3 2010

Summary



■ Group

- ◆ Sales increased 4%*
- ◆ EBIT increased 3%**
- ◆ Profit before tax increased 3%**

■ Business areas

- ◆ Personal Care, EBIT increased 10%**
 - Improved price/mix
 - Higher volumes
- ◆ Tissue, EBIT increased 9%*
 - Higher volumes and prices
- ◆ Packaging, EBIT increased 15%*
 - Higher prices and savings from restructuring program
- ◆ Forest Products, EBIT decreased 13%***
 - Higher raw material and energy costs
 - Lower prices
 - Negative currency impact of SEK 140m



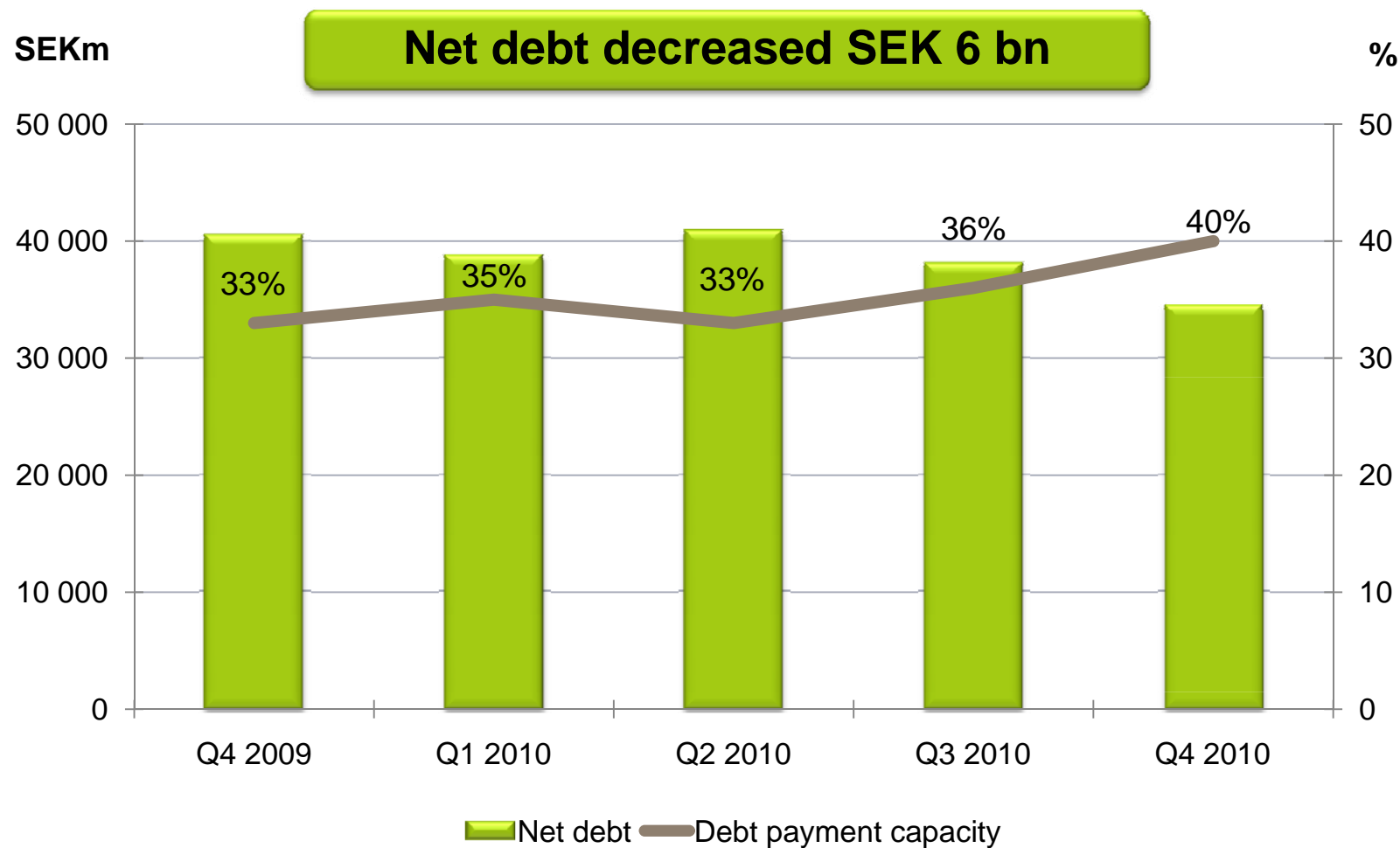
* Adjusted for exchange rate movements

** Excluding restructuring costs and adjusted for exchange rate movements

*** Excluding restructuring costs

Net debt

And debt payment capacity



Personal Care

Initiatives 2010



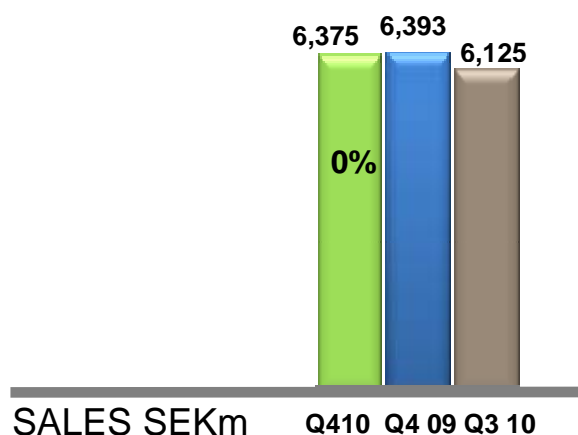
- Restructuring program in baby diapers in Europe
 - ◆ Annual savings of EUR 15m with full effect in Q3 2011
- Investment in local production in Russia
- Acquisition of Copamex baby diapers business
 - ◆ No. 3 in Mexico
- Growth
 - ◆ Tena has increased market share
 - ◆ Market test of incontinence care products in China expanded
 - ◆ Feminine care products launched in Malaysia and tampons in Sweden and the Netherlands
 - ◆ Extended range of Libero baby care products
 - ◆ Emerging market sales increased 10%*
- Innovation
 - ◆ Tena Ultra thins
 - ◆ Thin baby diaper
 - ◆ Strong Tena value assortment



* Adjusted for exchange rate movements

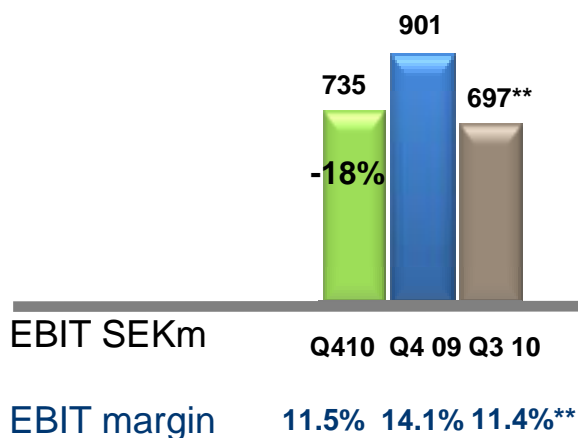
Personal Care

Q4 2010 vs. Q4 2009



■ Sales flat (+6%*)

- ◆ Incontinence care increased 4%*
- ◆ Feminine care increased 5%*
- ◆ Baby diapers increased 8%*
- ◆ Emerging markets increased 16%*
 - ◆ Incontinence care 10%*
 - ◆ Baby diapers 21%*
 - ◆ Feminine care 12%*



■ EBIT decreased by 18% (-12%*)

- ◆ Higher volumes
- ◆ Higher raw material cost
- ◆ Increased investment in market activities



* Adjusted for exchange rate movements

** Excluding restructuring costs

Tissue

Initiatives 2010



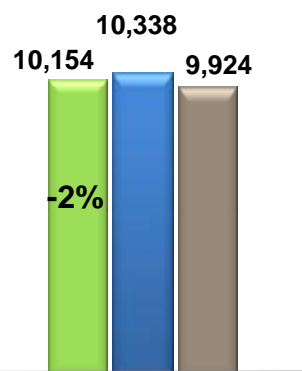
- Implementation of price increases
- Investment in new tissue plant in Mexico
- European brand migration project
- Growth
 - ◆ Tork has gained market share in Europe and North America
 - ◆ Emerging market sales increased 6%*
- ◆ Innovation
 - ◆ Tork Xpressnap Café
 - ◆ Tork Performance
 - ◆ Tempo Ice
 - ◆ Tempo Kids
 - ◆ Tempo toilet tissue



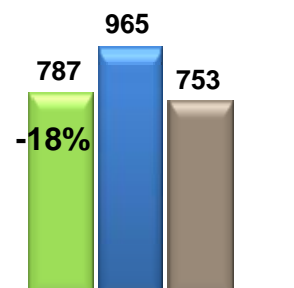
* Adjusted for exchange rate movements

Tissue

Q4 2010 vs. Q4 2009



SALES SEKm Q410 Q4 09 Q3 10



EBIT SEKm Q410 Q4 09 Q3 10

EBIT margin 7.8% 9.3% 7.6%

■ Sales decreased by 2% (+5%*)

- ◆ Consumer tissue increased 6%*
- ◆ AFH tissue increased 4%*
- ◆ Emerging markets increased 11%*
 - ◆ Consumer tissue increased 14%*
 - ◆ AFH tissue increased 3%*

■ EBIT decreased by 18% (-14%*)

- ◆ Higher raw material costs
- ◆ Higher volumes
- ◆ Higher prices
- ◆ Lower other production and energy costs



* Adjusted for exchange rate movements

Packaging

Initiatives 2010

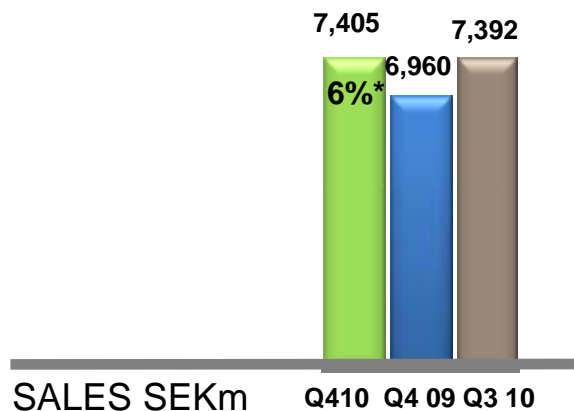


- Finalized restructuring program
 - Annualized savings of SEK 1,070m
- Divestment of the Asian packaging operation
 - Annual sales of USD 250m
- Price increases
- Innovation
 - ♦ Trueflo
 - ♦ ZeoCool



Packaging

Q4 2010 vs. Q4 2009

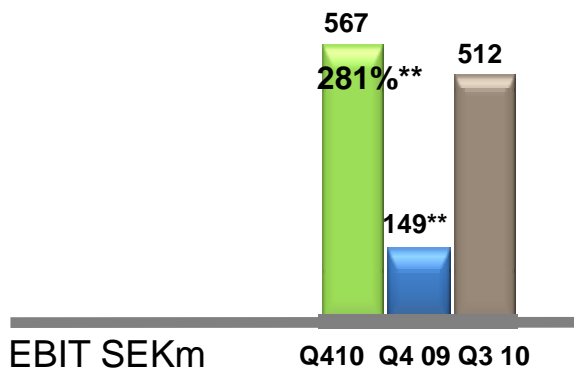


- **Sales increased 6% (+25%*)**

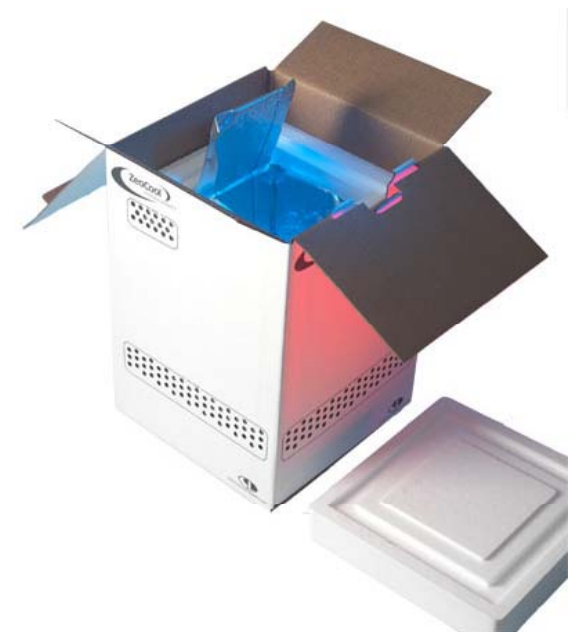
- ◆ Higher prices and volumes

- **EBIT increased to 567 MSEK (149 MSEK**)**

- ◆ Higher prices and volumes
- ◆ Savings from restructuring program
- ◆ Higher raw material costs



EBIT margin 7.7% 2.1%** 6.9%



* Adjusted for exchange rate movements, divestments and closures

** Excluding restructuring costs

Forest Products

Initiatives 2010

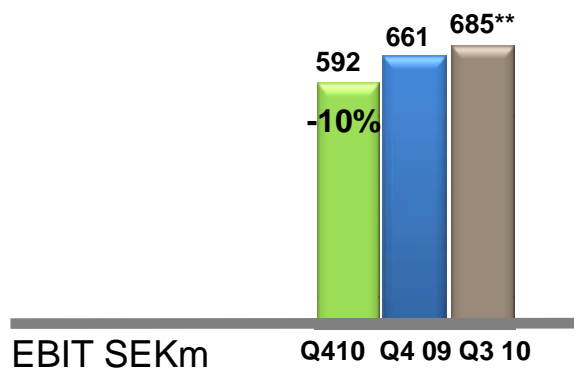
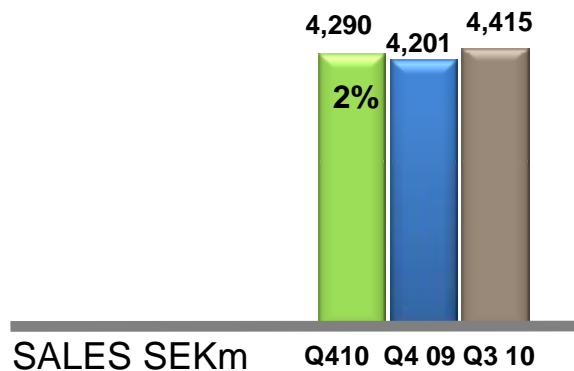


- Efficiency project at Ortviken paper mill
 - Annual savings of SEK 45m when fully realized
- Creation of Gällö timber AB
- SCA Energy, new business unit
- SCA's deliveries of FSC certified publication paper increased 35%



Forest Products

Q4 2010 vs. Q4 2009



EBIT margin 13.8% 15.7% 15.5%**

- **Sales increased 2% (+4%*)**

- ◆ Higher volumes
- ◆ *Publication papers*
 - Lower prices
- ◆ *Solid-wood products and Pulp*
 - Higher prices

- **EBIT decreased 10%**

- ◆ Higher volumes
- ◆ Higher raw material and energy costs
- ◆ Negative currency impact of SEK 260m
- ◆ *Publication papers*
 - Lower prices
- ◆ *Solid-wood products and Pulp*
 - Higher prices



* Adjusted for exchange rate movements

** Excluding restructuring cost

Dividend



- Proposed 8% increase of the dividend to SEK 4.00 (3.70) per share



Outlook 2011



- Good demand for all businesses
- Good growth in Emerging markets for Hygiene businesses
- Continued high raw material costs
- Increasing corrugated prices
- Price increases on publication papers





Q & A

c/o Life Because our products make life easier for you and for millions of people around the world. Because our resources and the way we work are natural parts of the global lifecycle. And because we care.

