Good afternoon and welcome to the presentation of SCA’s full year 2010 report. To start with, some reflections on the year. From a global perspective, we have seen a recovery in the economy, even if it’s coming from a low level and you see a slow recovery. We still believe that will continue during this year. We have seen improvements in our businesses, we have seen increased demand in all our product areas and, if we look at our two major brands, TENA and Tork, which both are billion Euro brands, we are gaining market shares.

We have also seen the total growth in the company adjusted for currency effects with some 4%. We have seen significant increases in raw materials and also a negative impact from the stronger Swedish currency. We have been able to offset that internally in the company.

We have also focused quite a lot on innovation and we have new products coming out on the market all the time. That will of course strengthen our competitiveness and increase our sales. At the same time, we have reduced the debt in the company; we have strengthened the balance sheet and we have strengthened our debt payment capacity and the board has also proposed an increase of dividend; so that’s a very short summary of 2010.

Going a little bit more in detail, you can see that we have been working quite a lot with price increases; we have managed to increase prices in tissue and packaging and partly also in the Personal Care business. We have worked very hard in cutting costs in the company and that has also been quite successful. But the overall challenge has been the increase in raw materials where we’ve been hit by SEK5.2 billion in raw materials during 2010. On top of that, the currency impact is almost 1 billion, if we include the impact on the forest operations, and in spite of that we have been able to end in the same result that we had last year.

Cashflow from current operation is still strong. It is a little bit lower than last year and that’s mainly due to the increase of raw materials, so the number of days is still the same but of course when raw materials are going up, we get hit on the working capital.

The priorities we have and that we have been communicating, I think now for three years, is cost cashflow, capital efficiency, innovation and growth, and this is just to show some examples of what we have achieved during the year. And of course the cashflow and growth, the savings are 1 billion and a cashflow of more than 7 billion. Capital efficiency, we have closed or sold about 18 units in packaging; we have a major restructuring program in tissue, particularly consumer tissue where we invested in a new plant in Mexico. We have efficiency in the European operations. We also do that but in a smaller scale within Personal Care.
Looking at innovations, we have quite a lot of new products introduced to the market this year and the pace of innovation is much higher and the products we launch are more precise than they used to be, due to the change in the innovation process that we have been implementing for the past one or one and a half years. And we also have a reasonable growth momentum in the company; I will come back to that a bit later.

If we look at the full year compared to the full year 2009, we do have a good volume growth in incontinence, in feminine and in Away From Home. We have a growth globally of 4% in incontinence, 6% in feminine and 4.2% in Away From Home, and that is without the currency impact.

We also have good growth in emerging markets, as you can see, with 10% in Personal Care and 6% in tissue, and of course the major change is within packaging where we do get help from the improved economy, but also from the cost cutting that we have in Packaging restructuring. So we have been able to increase volume and also increase the price during the year.

But then again the raw material and the currency impact, and of course the currency impact mainly is the translation, as we use to say, when we translate the sales in different countries into SEK, but also transaction when it comes to forest, since forest is exporting almost 70% of what is produced, that is impacted in transaction.

Looking at Q4 to Q4, we also have higher volumes in all our product categories, continuing good growth in emerging markets, and you also see that we have a continued growth in packaging and in forest. But even in Q4, compared to Q4, we have significantly higher raw material costs: it’s about 1.7 billion higher costs, and a negative currency impact.

Looking at the full year results, as I said, we have growth if we exclude the currency and the units we have sold. We had an increased EBIT during the year and the most significant improvement is of course earnings per share which has increased by 17%, and that is including the restructuring costs; it’s not excluding the restructuring costs.

We have strength in our balance sheet, we have a gearing debt to equity of 0.51 now. As you know, we have a target over a cycle of 0.7 so there's room up to that level. And Q4, you would see the same developments, a good growth if you take your currency and sales into consideration, and also an increase in EBIT and even a higher increase in profit earnings per share of 38%.

Cashflow changes are the same, both for Q4 to Q4, year to year; it’s only raw material increases that have a negative impact on working capital.

Then if we look at Q4 to Q3, we have continued a good growth in our business; we have improved profitability in all business units except Forest, but then on the other hand Forest was hit by the currency and if we take that into consideration, even forest improved their profitability during Q4.

This is also something we discussed with you every quarter and that is of course the net debt and the debt payment capacity, and we have said that we need to be above 35% in
debt payment capacity. On a yearly base now we’re on 35% but in Q4 we are up to 40% and the net debt has been reduced by SEK6 billion during the year.

Coming into Personal Care, we have the restructuring program that we have communicated previously and that will give an annual saving of some €15 million when it’s done in Q3 this year. We have also started to build up a position in Russia and when we have a strong enough position we invest, as we did in tissue. Now we have invested in local production in Russia, which over time will absolutely improve the profitability, since now we import with import duties and transportation, etc.

We have also made a small but very important acquisition in Mexico, so now we have a baby category in Mexico. If we look at the growth we have been growing market share in the important category, inco, which is the most important category for personal care. So in Europe we have now increased from 39% to 41% market share and globally from 24% to 25% market share. So this is a trend shift. We had lost, from a global point of view, market share for the past two years, but now we’ve changed that and we’re starting to gain market share again.

The market test for incontinence in China has developed better than we anticipated so we are broadening that now, going into more regions in China and continuing to establish ourselves as an inco player in China. We have also launched new feminine products in the Nordic countries, in Holland, the tampons. We introduced feminine in Malaysia as a first step, and then of course the whole of Southeast Asia will be markets for that category.

We are expanding on the brands, on the Libero brand, by new baby products like soap, wet wipes, etc, oil, in a very successful way. We use the strong brand, we use the infrastructure, we have the customers, we have the consumers and we have the trust of the consumers, and then it’s reasonably easy to add products under the same brand. And that is also something we will continue in other regions.

And also of course the emerging markets. We have, as you know, during the recession been very careful in the growth agenda and we have been working very much in internal restructuring, protecting the balance sheets, strengthening the cashflow, etc, but we do need to accelerate the growth and I think that is something we will focus more on during this year, maybe than we did last year.

And also innovation. Innovation is absolutely necessary to keep the competitive situation but also to grow the business. It’s not necessarily new volumes; it’s also new innovation with the higher value that is growing value for SCA today, and we have some examples on new products, as you can see on the screen today.

Looking at the development, we have flat sales. It’s up if we take currency into consideration, but a good growth in the different categories we have within personal care. And in baby we are growing the important pants business in SCA, we’re also growing the open diapers but less. But we have lost a significant volume in private label; that of course had a negative impact on the results. And the main reason for that, which we also talked about, is that we didn’t really have the right product in the markets; when the markets changed we couldn’t support the thin diaper to the private label market. Now we have the thin diaper, we have the structure and we will during this year be able to supply the thin
diaper even to the private label market. So the assumption we have is that when we are ready we will gain back the volume we lost in that area.

We also had a hit in EBIT and the main thing is of course that we do have some increased raw material costs in Personal Care also in Q4 to Q4; it’s almost SEK200 million and that is something we have to work with internally to offset, but also by innovation and new products. Personal Care is less of a raw material price game; it’s more, as you know, an innovation, a new product game.

And also to gain market share, to get the new products out to the market, to get into new markets as Russia, we need to invest more in marketing, and that is of course also what is driving new volumes and new products in that.

Coming into tissue, we have implemented a price increase. We are investing in Mexico, as I said, in a new plant, and we have started it up. But then of course running-in time is reasonably long before you have that full production. During this year it will be a phase in period for the tissue plant in Mexico. We continue with the European brand migration project and, as you know, in the end we want to reduce the number of brands which will reduce cost and make the investment in the brand much more efficient than if you have three, four or five instead of the 30, 40 or 50 brands.

We are growing; we have grown particularly in Away From Home; we have gained market share in Europe, we have gone from 18% to 19% in market share, in the US from 18% to 20%, and in Europe we have more than 80% of the sales in Away From Home in the value-added in the Tork brand. In the US we are still growing that; it’s around 25% but the ambition is of course to continue to grow the value-added.

And we also had quite a lot of new innovation within tissue, and you also know that one of our ambitions is to transfer consumer tissue from a commodity product to a more innovative product and branded product, and this is the work we’re doing. Gradually we’re going to implement that more and more. And it’s been quite successful.

One innovation is what you see here, the Tork Xpress Café, which we believe has a huge potential. We start in the US, and then we will transfer it over to Europe. And the margin in that kind of a product compared to a commodity product is a huge difference. We have the Xpressnap now; we have 50% of the fast-food market in the US today and growing and that’s a big Xpressnap dispenser and it doesn't really fit the cafés, and the café culture. So we have the smaller one that will fit.

And it contains a lot of innovation and it’s patented so you can't copy it, and it’s innovation not only in the dispenser per se, but also in the paper in the dispenser, which means that you get it in the right way; you get one, if you want. The next innovation is if the customer wants the consumer to have two, they will have two and they take it, etc, etc. So this is helping the customers to grow their consumer base but also to save cost. So we believe there's a huge potential in that, particularly when we bring it over to Europe.

Looking at Q4 to Q4, we do have an increase in sales if we remove the impact of the translation impact of the sales, and very good growth in consumer tissue in the fourth quarter this year, both because of new products but also that we had a December that was friendly to this kind of market with very few red days in it.
But also Away From Home, which is very important, it’s still growing very nicely and, as I said, we are capturing market share.

Emerging markets continue to grow, even though we have, from a GDP point of view, seen less growth in some parts of the world, particularly in the Latin America, but our business continues to grow in a good way.

We are hit by the raw materials and, if you look at tissue from a yearly base, more than 2 billion increased raw material costs and on a Q4 basis more than 700 million in increased raw materials cost. So of course it will take some time before we can fully offset that in increased prices and reduced costs.

Coming into Packaging, the restructuring program is finalised; we have reached the target of SEK1 billion in savings on an annualised level. We have divested the Asian business and we also have some very interesting new innovations coming out to the market in Packaging, and we have just put two of them here. That is actually changing the perception of corrugated packaging.

We have increased prices, we have increased volume, we have reduced cost, and that of course has a positive impact both in sales and profitability. We will continue to increase price and in Packaging, so what we can see going forward is that this will continue for two reasons: the market is still developing in a positive way, but also raw materials are continuing up in Packaging. The OCC increases have not really stopped, which means that we need to continue the increased prices to offset that increase. As you may have seen, we announced another €60 on test liner from 1st February and that will continue till we get to the level of profitability where we need to be.

Forest, we have a saving program in Forest, which is going according to plan. We have started a small consolidation on the sawmill industry in Sweden by creating the Gällö Timber in the north of Sweden; we have created a new business unit, SCA Energy, and the reason for that is that we do see a growing importance in this area and a growing potential. First of all in the wind power of course, since we have a lot of land today where we don't harvest or we don't grow any forest, where we can capitalise on wind power. But we also see biofuels becoming more interesting and we want to involve ourselves in that and see how we can capitalise on that development. And also the demand from the customers on the FSC-certified paper is growing and we have grown that by 35%.

Looking at Forest, we are hit by 2010 low prices in publication paper, but also of course a negative currency impact. And the currency impact that you see of 260 million Q4 to Q4 is not included in the decrease of 10%, because then it would have been a positive result instead of a negative result. It’s only to help you to see the transaction impact which is bigger in Forest since we export the majority of what we produce.

We have also proposed a dividend increase of 8%, up to SEK4 and 8% is quite a good growth in dividend, as we see it. We have been considering of course the situation the company is in, the stronger balance sheet, the stronger cashflow, the reduction of debt, but also very much how we believe that the business will develop during this year and the coming years. So it is the signal that we believe that we are going to be an even stronger company going forward.
So if we look at the outlook, we do see a good demand for all our businesses; we see a continuous good growth in emerging markets for the hygiene business. Raw materials, we still believe that pulp will come down slightly during the year; we are more hesitant whether OCC will come down or not and we are very much dependent on the actions from China, whether or not that will happen, so we do believe it will continue on a high level. We don't think it's going to increase in the way we saw during 2010, but we don't see that it will come down either.

Corrugated prices will continue to go up; we will have a price increase on publication paper. We have contracted 50% to 60% of our volume up to today with an average increase of 7% to 8% in magazine and above 20% in news, so that will of course have a positive impact on 2011.

So I think I will stop there and I will open the floor for questions. Lennart (Persson, CFO) will help me.

Questions and Answers

Oskar Lindström, Erik Penser

I thought it was very interesting that you mentioned that you now have a stronger balance sheet and your indebtedness is below your long-term targets, you're also quite bullish in your outlook and you talked a little bit about, or you mentioned, increasing your growth this year. Are you talking primarily about organic growth or are you also looking at acquisitions to speed up this year.

Jan Johansson: When we look at the growth in regions where we already are, I would like to see a fast organic growth. When we look at regions where we are not today but where we want to be, the acquisition route or the joint venture is probably the fastest and most successful.

So a follow-up question to that on the organic growth, you mentioned your test sales, your program in China, and how that has succeeded quite well and that you're now expanding that. Could you yourself expand a little bit more on the timetable and then the magnitude of that business and what should we expect from that?

The inco business, the incontinence business in China today is still very, very, very small. But in ten years’ time it will be very big and we are very early and when we work with inco in China, we do it in the same way as we have done in all other regions. We work with the government; we help them to set up a plan, how to deal with incontinence, a white paper on subsidies, etc, etc; we educate nurses, etc. So we create the credibility and a strong position in the country. But if you look at inco isolated, it will not have an impact on SCA if we only continue with inco for many years. But in the end, of course, it will be a huge market.

Thank you. And one question on tissue, do you still have this target of reaching a 10% EBIT margin by the middle of this year, I understand?
We had the target to reach 10% during this year. In Q1 I think I said after the half-year or something like that. That is still the ambition. We have improved it, which you don't see in the report, of course; we have improved it in Europe during this quarter, but we have had less profitability in Latin America and Australia, which is bringing down the margin. So we’re working now to take care of that. Europe is going according to plan, Australia, Latin America are a little bit behind plan.

And what kind of price increases should we expect, or should we expect any price increases quarter on quarter, now moving into 2011, from the tissue business?

If you look at the consumer tissue, in Europe I wouldn’t expect any price increases in Q1. Other parts of the world, absolutely.

Thank you.

Linus Larsson, SEB Enskilda

A couple of questions on packaging. First, a short one. You talked about the price momentum that you have seen so far that you expect going forward. Could you put a figure on corrugated price improvement for the first quarter compared to the fourth quarter, please?

Jan Johansson

Well, if you look at what we have already in pipeline, it will be, if I remember rightly, some 3% to 4% price increases in corrugated. Then of course it depends on how the market is developing and the raw materials.

And you also mentioned the container board price hike that you and competitors have announced. Any feedback at this stage from the market how that is going and will that be in two installments or will that be in one go? What do you expect?

Well, the announcement is in one go from 1st February but it’s too early yet to say how it’s going to be relieved by the market. But I think we are not the only one who has announced it actually, so it seems like the our competitors are doing the same thing as we are doing.

And there appears to be a bit of divergence, if you compare the virgin fibre based container board grades with the recycled fibre based grades. What is your interpretation of that divergence right now?

Well, you saw the raw material for kraftliner going up last year, but since the last quarter it’s been stabilising. But raw material for test liner is still going up, so that of course is forcing test liner to increase maybe more than kraftliner.

Fair enough. And then, finally on packaging, a somewhat more long-term question or at least a longer question, I don’t know if the answer will be short. But you’ve said that, or at least you’ve signalled that the growth in the future will rather come from the hygiene parts of the company rather than packaging or the forest products parts and you now say that the restructuring of packaging is finalised and profitability is very good, at least compared
to where it was, let’s say, a year ago. So isn't this the time to look for a structural change, a spinoff? Why would you not spin off packaging in 2011.

I didn’t say that restructuring was finished in Packaging; I said that the restructuring program that we have worked with has finished. I still think it’s quite a big potential in Packaging, but we don't need any big program, it’s more day-to-day work. And I certainly don't think that the profitability is good in Packaging; I think we still have some good potential to increase that.

From a market perspective and seeing how fragmented the packaging market is, it’s obvious still that it would be helpful with a consolidation, but, from my perspective, I don't see any movements at all in that direction today.

Thank you.

Johan Sjöberg, Carnegie

But to come back to the earlier question, do you think a spinoff of packaging operations is something that you could carry out, going forward, or is that something which you completely rule out right now?

Jan Johansson

Well, that is a question you can't answer, of course. I mean, the packaging is part of our core business today and we don't have any plans to do that today, no.

Yes, coming back to the cost of inflation, you have a local cost during 2010. The costs are based on a high level right now, but do you see it increasing anything from today’s level? The cost of raw material costs, do you see it increasing from today’s level?

If you look at it overall over the year, I don't think it will increase. If it’s going to increase in Q1 or not, I mean I would say it’s come up a little bit from Q4, but I can't see that it’s going to, over the year, increase if you take a balanced view of everything. It depends also on the US Dollar, I mean, since this negative correlation to the US Dollar, at least on pulp. Longer term, and if longer term is two years or three years, with all the initiatives on the pulp side now, I’m sure it will come down.

And also you mentioned, you talked about corrugated board prices, talked about publication paper prices, could you say something about tissue prices in the first quarter and what type of time lag you have, you know, what type of price increases you foresee now, going into the first quarter?

In consumer tissue in Europe I don't foresee any price increases in Q1 and I do see it in Latin America and Australia, but not in Europe. But if the pulp price remains on the level it is today, there will certainly be price increases during the second quarter.

In Q3 you talked about margins in Q4; what do you say now in Q4 about margins in Q1? Can you say something about that?

You mean overall?
Quarter by quarter, how do you see it develop compared with Q4?

If you exclude the seasonality, I don't see any reason why it should develop in a negative way, but as you know, we have in Q1, as we always have, a seasonality impact.

So you expect lower margins overall for the group, Q1 versus Q4?

If we have a normal season path then it will be lower, yes. Now we didn’t really have the normal in Q4, so we’ll see how Q1 is developing.

Thank you.

Mikael Jäfs, Cheuvreux

A question on currency impact as the Swedish Krona is currently very strong in a historical perspective. Could you say a couple of words on your currency hedging and then are the current spot ranges reflected in these results?

Jan Johansson

Well, just a general comment and Lennart maybe can comment on the hedges. As I said, it’s more a problem from a translation point of view and transaction, of course, we have hundreds of currencies in the portfolio that have a transaction impact, which we don't show on the currency impact. The only one we have shown is actually Forest, which was more than half a billion, year on year. And that will continue, of course, if the Swedish Krona continues to be stronger. But the translation is not the real world, and then if you take the hedges, Lennart?

Yes, the hedges, for the time being we have between four and five months hedge for 2011. We have somewhat more in Euro coming from the fact that we hedged somewhat more on the forest product side last year or the year before, 2009.

Okay, and then another question. You were talking about newspaper price increases there. Are those 12-month contracts or are those shorter contracts?

In news it’s normally 12 months. In magazines they are shorter, three to six months.

Okay, thank you.

Claes Rasmusson, Swedbank

First, I wonder if you can comment on the market for sawn timber products here, the early stages of 2011?

Jan Johansson

We saw at the end of the last quarter or during the last quarter that production started to increase and even went up, which meant that our customers were waiting to buy because when the inventories are going up they expect prices to go down. So very low activities in
December. Since then we have seen ourselves and others reducing the output from sawmills. It’s a little bit more stable now, but still too high inventories that would support any price increase in the market. So it’s weaker than it was six months ago, from that perspective.

Consumption hasn’t changed. The consumption is slowly going up, but when we start to produce more than consumption of course it’s a pressure on the price on the market. So it’s reasonably balanced, a little bit too high inventories.

But you see a slight price pressure now?

You see a slight price pressure, yes.

Okay. And also if you could guide us on Capex in 2011?

As you have seen, we have taken down the capex since three, four, five years ago and we are now on the level of 6.8 if we include strategic capex loans. So strategic capex for me is slightly... of course is an investment, but we can decide to do or not to do it, which is slightly different from what you need to do to keep your machine running. But we expect it to be in a similar level this year.

And we have roughly six and a half billion.

Oskar Lindström, Erik Penser

Could you talk about any changes to your product mix on the inco side? In the report, you mentioned that Eastern Europe or Russia you’d introduced an economy budget product, or value product, sorry. Is that a trend that you're seeing across your incontinence business, not only in Eastern Europe but in other geographies as well?

Jan Johansson

If you look at the economy or the value segment, it’s a segment that you will not find it in retail. It’s only in institutional and partly home care, and we have introduced the value segment to the market now to capture the growth in that. And the good thing with that is that it’s actually growing the penetration. We still only have 36%, 37% penetration in Western world of inco so this is helping to grow that, which is positive. The negative thing is of course it’s a lower price, which also means that you need to have lower costs. And in the end you do get lower margins, but still very good margins.

But at the same time we have also introduced a premium, a very premium product on the market, the thin inco product, so we introduced higher and lower at the same time. But the value segments over time will... the value segment has lower margin but it’s driving volume and it’s driving the absolute profit.

You have to remember we’re talking about a category here with a return that I don't think you’ll find anywhere else in the world, so why should you waste it if you can still get more than 50% return on your investment of capital employed.
Sorry, just a follow-up question on that. So I understand you're doing this not only in Eastern Europe but in Western Europe as well?

Yes.

And it’s something that has been going on recently or are you speeding up your growth in this segment?

What we are doing is we are following our customers and if there is a demand from customers, and this is normal in public purchasing where they ask for a value segment, and of course we have to be able to offer that. But many times what we succeed in is that we win a tender with a more simple product and then we go to the end users and we can prove to them that the premium product is much cheaper in the end than the cheap product, and then we normally can convert it to a higher value product also. But in general it’s nothing negative. It’s actually positive because it’s driving penetration.

Karri Rinta, Handelsbanken

Firstly, a clarification. You said that the currency impact in 2010 was roughly 1billion negative on EBIT. If currencies stay where they are at the moment, then your hedges being in place for 2011, would that figure be higher or smaller or roughly the same for this year?

Jan Johansson

When I said that, I did something you shouldn’t do because I combined the translation and transaction, and the bulk of that is transaction from Forest. And just to explain, I’m mixing things here that shouldn’t be mixed, actually. Looking at the currency situation today, Lennart, I think the Krona is probably slightly stronger than it was in Q4?

Lennart Persson

Yes, it is.

Okay, and then I have another shot at the Packaging issue. We saw quite a sizeable merger in the US just a few days ago and is there anything in the European market that makes it more difficult to achieve a similar kind of transaction structurally, more challenging in Europe, or could we see something similar in Europe some time in the not too distant future?

Well, I mean, this is, of course, a guess because I don’t know but I think the main reason is that many of the companies that would like to do it or are able to do it have been in such a weak financial position, so it’s been impossible to do. I mean, when you are in this deep recession, I mean, you work with fixing your own business before you try to see if we can do something else. So, that’s my guess.

But it’s not something that like... This is more of a country business rather than a European business and then in the US it’s easier to make such a transaction because it’s a bigger country.
No, because if you take the corrugated part, it doesn’t travel better in the US than it travels in Europe. So, it’s not different in that perspective.

All right. Thanks.

Camilla Weiner

Any more questions? Let’s take some questions from the telephone conference then.

Ross Gillardi – BoAML, London

Yes, good afternoon, thank you. I just had a couple of questions and, sorry to ask more on Packaging, but could you just clarify, I mean, what are the synergies with the rest of the portfolio? I mean, Jan, you spent most of your formal remarks talking very enthusiastically about all the growth opportunities in the hygiene business. What is the packaging business doing for you right now and would you have an easier time innovating and doing some of the other things that you would like to do if you were a pure play consumer company?

That’s a big question. How long time do we have? I mean, to start with, of course there is the financial synergy. It’s also a synergy in respect of sourcing in some parts. But there is also a synergy when it comes to the consumers because we have a deep knowledge in Packaging on how our biggest customers in hygiene, the retailers, want their share lifts, their packaging etc. etc. to be developed to optimise their value chain. Capitalising on that synergy we can design and produce products in the Hygiene that will have a higher competitiveness than our competitors. So, there are actual synergies in the consumer side also that we haven’t really captured yet. But otherwise it’s mainly a financial synergy.

Okay. I mean, you mentioned that, you know, the leverage of some of the, you know, the players in the industry, I mean, and certainly, you know, the recession has caused many of the companies to adapt and most of the players in this market have paid down a lot of debt and will probably continue to do that over the next year. If you got into a situation where you’ve got significant debt reduction amongst the other players, are you open-minded to consolidation in this sector?

I mean, we have said that we see a need of consolidation and if we can see something that we are sure will benefit our shareholders, of course we will look at that. But so far it’s just a theoretical question.

Okay. That’s fine. China, can you clarify a little bit more? I mean, you spoke a bit about China. You know, are you considering a much larger capital spending cycle into investment into China in coming years and, you know, is... do you think it’s really feasible to have critical mass in China over the next three to five years, given where you are right now?

What we are now doing is testing our business model and it has proven itself, at least in Incontinence, and then, of course, we have to consider whether or not it’s also suited for other categories. The major challenge in China is probably to get the distribution and the
distribution that is covering the regions you want to cover. We are not going to invest in such a distribution ourselves but if we can find someone that we can co-operate with with such a distribution, then I think the investment costs would probably not be very high to start to introduce some of our categories into China.

Okay. Thanks very much. And then just lastly, I saw your baby diaper volumes are up 8%. I think that’s a pretty good improvement to where you’ve been. Is the restructuring starting to pay off yet or is that really much more of a 2011 situation where you see the benefits?

We have some benefits this year but the majority will come next year and within this percentage is, of course, quite some dramatic. It’s up quite a lot on pant diapers, it’s up slightly on open diapers but quite dramatically down on private label. So, it’s a mixed change, you can say, also and, of course, it’s positive that we grow on our most profitable part of the baby which is the pants business. But the restructuring is yet to come during this year.

Okay. Thank you very much.

Thank you.

Myles Allsop – UBS, London

Thanks, yes, just a few quick questions. Could you give us an update on this brand migration? You started it, what, sort of two years ago in December 2008. In how many brands have you chopped at this stage and how much further do you have to go? I mean, you said originally, I think, a three to five-year programme. Is that still the case and what sort of upsides should that give us?

Well, we have completed it in the UK very successfully and we actually gained market share in doing it, which we didn’t really anticipate. It’s going slower in Germany than we anticipated. So, we need a longer process to get people used to a new brand. We have expanded the Tempo brand and we are using that as the premium brand in Europe now and premium brand is about 20% of the sales in Europe. Now we’re expanding that from napkin into toilet paper and that is going quite well also. As you saw from our presentation, we do have some interesting innovation in the Tempo brand. So, I mean, to summarise, overall it’s going a little bit slower in Central Europe than we expected, which means that probably it will take maybe a year longer before we have completed the full transition but we don’t invest any more money than we anticipated in the beginning. We just take it a little bit slower.

Well, where are you currently in terms of branded versus private label consumer tissue in Europe?

In consumer tissue we are about 70% private label and 30% branded. Or 67 private label.

And where do you hope to get that to?
Well, the sort of aim we have is to be in balance, 50/50. Then we would have reached our target. We don’t want to leave the private label because it’s still a very interesting segment for us.

And are your margins of the branded tissue still the same as the private label tissue?

Net, it’s still the same.

Okay. And on the Packaging side, obviously there’s still quite a strong momentum on pricing still taking out costs. Do you think you can see...? I mean, back in 2002 you got to a 10% margin in Packaging. Is that going to be achievable in this cycle or what’s your kind of sense?

Absolutely.

Do you think it's achievable this year?

You are shortening the time period. I don’t really want to answer that question but we should absolutely reach 10%.

Okay. And when you talk about sort of growth in new regions through acquisition, could you give us a sense as to sort of what product areas, I presume it’s within sort of Hygiene products, and what actual geographic regions you’d be most interested in?

It’s product area number one incontinence, feminine, baby and in South America it’s... well, it’s only one country, we’re not really in incontinence and that’s Brazil. Brazil is still a very fragmented market, so it’s not consolidated at all, so that gives us a good opportunity if we can find the right way of getting into Brazil. And then, of course, China, as we talked about earlier, how we define the right business model for the distribution, that will be a priority area also. And, of course, longer term we need to look into India. We are growing very nicely in Southeast Asia. We are expanding the categories in Southeast Asia, so I mean, that’s, of course, a very interesting area but since we are there it’s a different case than where we are not.

Okay. Do you think there’s going to be...? Are they going to be more kind of add-on type acquisitions or are you going to take any bigger steps over the next 12/18 months?

Well, the business model that we have been working with in South America, which has been very successful, is actually to find a joint venture, some local player with a distribution and local knowledge and we add on our innovation and our knowledge on the category development. So, that’s probably the first thing we will try anyway.

Okay. Two last questions. On test liner inventories in Europe, are they still low or have you seen any kind of creep-up on those?

We have seen this coming up slightly, if I remember right, Lennart, but we don’t feel worried at all, yet anyway.

Okay. And on the demand side for corrugated, is that still robust as you look in January, February, March?
It’s still growing.

Okay. And then could you give us an update on the wind power project? I mean, it’s been very quiet for a while. Are we getting closer to getting the subsidies and whatever else is needed to make a big step forward in that respect or is this still something for two, three, four, five years out?

Well, the subsidies is not a problem because it’s there but we have quite an extensive right of appealing in Sweden for different products and, of course, we have a lot of people using that and we did win in the court. We were restricted a little bit and we are going to appeal on that. The good thing is that the delay is probably not hurting us because the development on windmills are quite fast just now, so the new generation is much more efficient than the old one. But it’s still ongoing and we do have the first case in the court where we were restricted in one area and we’re appealing on that now so we can be in full in that area also.

When do you think we’ll have the kind of surge in activity in terms of building them and getting the permits and getting through the courts? Is that sort of this year or next year or can you not say at this stage?

For this area it probably will be during this year but then, of course, we are initiating new areas also almost of the same size.

Okay. Thank you.

Thank you.

Harri Taittonen – Nordea, Helsinki

Hi, yes, good afternoon, maybe one on the sort of cash flow side. The working capital increased about SEK 1 billion in last year when, of course, prices moved up steeply but now if you’re looking at the more moderate sort of cost inflation and sort of price inflation all in all, what sort of targets would you be setting for this year’s working capital?

Lennart Persson, CFO

I think if you look at 2009 and 2010, you have a net target release of SEK 2.2 billion. So, I think to look into 2011, if we can let it grow with inflation or keep it stable, that would be quite good.

Okay. And on the cost inflation side now, could you sort of add a bit of colour of what are the main elements that you see for the sort of cost increases for this year and, if possible, put any overall number estimate?

Lennart Persson

No, I think what Jan has talked about is that we still may see some higher prices on recovered paper and not on pulp but then, of course, you have also some oil-based input
things as well that are going up for the time being, for example for the Personal Care business. Otherwise, I mean, normal salary inflation.

Yes. Okay. When you published the third quarter results, you mentioned that the sort of fourth quarter will be affected a little bit by the seasonal factors in Packaging and Away-From-Home in the US and now after the quarter, did that happen and how much of an impact would you say it all in all happened now when we are moving on to the first quarter and that seasonal pattern is in the books?

I think we were positively surprised on Packaging because we didn’t get the normal sort of December closure as we had in the past. So, that was positively impacted. We did have the seasonality in the US and that’s had, of course, an impact on the Tissue margin.

Okay. Then, finally, one question on the sort of upstream integration and now in recovered paper it looks like this price peak is going to be much longer than any sort of previous peaks and you were sort of using more than four million tonnes of recovered paper. I mean, is there a way how you could sort of more permanently reduce the exposure to the increase in cost, i.e. sort of getting access to the sort of procurement organisation upstream as a sort of a more permanent solution?

We are a very big collector ourselves, so we have a purchasing organisation, but the only way you can avoid is if you introduce more pulp into the system. But, I mean, as long as we are as good or better than our competitors, we can deal with this, then it’s not a problem.

So, basically sort of strategically you are not looking into sort of acquiring or increasing your operations on that front or is it something that you could consider?

We are looking at different options but we do have a substantial collection organisation already today, both in UK and Europe and the Nordic countries.

Yes, exactly. Okay. Thank you very much.

Thank you.

Petter Tiger

We do. You have touched briefly upon the subject before but a question from David O’Brien from Goodbody Stockbrokers in Dublin. We have seen the recent announcement of €60 per tonne increase in recycled containerboard. Given that only about €40 of the previous €60 increase went through last year, how confident are you getting the full €60 through this time?

JJ: Well, as I said, with the increase that we saw at the end of the year of raw materials, which of course is supporting a price increase, and also that we see competitors are acting in the same way as we are acting, gives some confidence but then in the end we’ll see how it’s ending. We are, of course, going to do whatever we can to get this price increase through because not only we but I think the whole market needs it.
On the translation side we see some weakness in pricing at the end of the year and does this concern you?

I’m not sure I’ve seen that, so I’m not worried.

Yes, thank you.

And another question from Catherine Boysen from Evonik. You’ve touched upon this as well. This one’s specifically about baby diapers. Does SCA intend to stay active within the private label market for baby diapers in Western Europe or does it make more sense to focus on branded diapers?

We will stay in private label as long as we can get the right profitability. If not, we will leave it but with the plan we have today, I feel absolutely confident that we are going to achieve it and, as we said when we introduced the programme, we will double the margin in baby when we have finalised it.

And we have one more question from Senan Kiran from Schröders. On newsprint, just to confirm that you said you achieved price increases of more than 10% and your contracts are on an annual basis. A competitor of yours had said that the industry is moving to quarterly pricing in newsprint and that they are achieving price increases of 15% to 20% in Q1. Is that different to what you are seeing?

Well, I actually said that we achieved more than 20% in newsprint and 7% to 8% on magazine paper, so it’s even higher than that, and we are still mainly on yearly contracts on newsprint, three to six months on magazine paper.

Okay. That’s all from the web.

Closing Comments

Yes, just some conclusion. I think we have been working now for a couple of years with priority on cost, cashflow, capital efficiency, innovation and growth and I think that during 2010 we actually could confirm that it’s working, that we could handle very difficult price increases in raw materials in for at least SCA a very short time period and I think we can conclude that we today are a much stronger company than we were a year ago. We also have very good positions in regions globally. We have two extremely strong brands in Tena and Tork and a lot of very strong regional bands and that position will help us to capture growth both in mature markets and emerging markets. So, we are in SCA confident that we will improve both sales and profitability during 2011, even with a high level of raw material prices that you see today. So, thank you very much.