

Transcript of SCA's press conference on the interim report Q3 2010

Thurs, 27th October 2010

09:30 Hrs UK time

Chaired by Jan Johansson

Jan Johansson

Good Morning Ladies and Gentlemen, this was a slightly different perspective than the quarterly results that we are going to talk about here today. Let us start with a broader overview and we have some changes in the market that had quite some impact on our results on the nine months and the quarter. First of all we have an increase of raw material of 3.6 billion SEK, of which 2 billion SEK is impacting the Tissue business. We also have as you know a currency impact that is quite big. If you look at sales it has negatively impacted the currency by 5 billion SEK. And the result is about 200-250 million including the forest operation, it is around 450 million negative impact from currency. That is the world that we have been living in; that we have been forced to cope with. The positive thing is of course overall in the Company we have been able to offset these huge raw material increases by higher volumes, higher prices and reduced costs. That has made it possible to have a better result than we had Q3 last year and also for a period.

Overall, we see improvement in the market in all our segments. We see growth coming back, even though from a low level and quite slow, but still possible, the market is coming back from the recession we experienced a couple of years ago.

Going into the results, of course if we look at that excluding currency exchanges, we have an improvement in sales, we have an improvement in EBIT and also an improvement in profits before tax. The cash flow is negatively impacted by one thing and that is also raw material. The price increases of raw material is negatively impacting the working capital in the form of inventory. So we still are on the same level in terms of days, but the value of our inventory is going up.

Looking at nine months, it is the same pattern. We have an increase of net sales, increase of profits, and if you look at profit before tax, an increase of 9%. If you exclude exchange rates, it is actually an improvement of 12%. I am coming back to the debt equity ratio which you know is an important measurement for us also.

Quarter-to-quarter, what we can see is that we still have had increases in raw material during Q3, compared to Q2 in part in Dollar, but if you look at prices in Euro it has actually declined by 2%. We don't really see the raw material in general continue to come up. We expect Pulp to actually come down a little bit, particularly in Euro going forward. All the other raw materials are stable, or maybe in small portion when it comes to OCC slightly up during the next quarter.

One thing that we put emphasis on as you know is the debt payment capacity. We are now at a level of 36%. You know that we have a target to be above 35%. We have reduced debt during the period, and we have also an improvement on the cash flow generation, except what I said on the working capital in terms of inventories. This will continue I believe during Q4 also in terms of reducing debt.

Coming into the different business areas; we do suffer in Personal Care because of higher raw material, in particular in relation to the oil based materials; the super-absorbents. We have also accelerated our market efforts. We have been gaining back and gaining market share, so as you can see we have quite a good growth in our important area Incontinence Care, it is 4% overall; and in emerging markets it is as much as 40% growth in Incontinence Care. As we also know Incontinence is the absolute most important category we have within Personal Care. But also Feminine and Baby is growing during the period, and this is very important. We did add something to our strategy for this year and that is to focus a little bit more on growth. We are showing some proof that we are succeeding in that area also. Personal Care, as you know, we also have a huge programme when it comes to restructuring Baby, and that will continue this year and it will continue next year and will be finalised in the end of next year. When we have done that we will double the margin in the Baby business. But what we need to do is to close plants as we are doing in Linselles which is impacting cost in this quarter. We had to move production to Olawa which we are just doing now, and when this is finalised we will have a completely different supply set up with lower costs and more efficiency in our production. That will substantially improve the margin in Baby.

Coming into Tissue; we do have an increase if we take currency into consideration. The most positive thing is that Away-From-Home is coming back and that was as you know our category that suffered more in the recession within Tissue. We are gaining market share in Europe. We are gaining market share in the United States. We are proving that our business model is working and we will continue to grow in that important area. But it is also as important as to improve the profitability in Consumer Tissue. You will know that we have a huge program in Europe that we are managing today, where we are going to reduce the number of brands, which is very important. It is driving cost to many brands., but also on the supply chain where we are continuously improving efficiency and that will continue during the next quarter and the next year. We will have another 2% price increase in Tissue in the fourth quarter. We also believe that from a European perspective the fourth quarter will be a stronger quarter than the third quarter. Then we have the seasonality in the United States where normally the volumes are going down in the fourth quarter, since we are heavily dependent on the fast food business in the US. That will partly offset that positive development in the European business. In the US, as you know, we will only have Away-From-Home and not the Consumer Tissue that is balancing the Away-From-Home downturn.

We always get questions on the margin development in Tissue and we were at least one quarter at a level above 10%. My view is that within the first half next year we will be back on the level above 10%. But it takes some time before we can handle the usual material increases with cost, volume, mix and prices.

A very positive development in Packaging. We have a volume growth of 6% year-to-date. Having said that, you may remember that we were down with almost 16% in the recession, so we still have some volume to gain back in the continuous improvement of the market. We continue to increase prices on Testliner and Kraftliner, and that is necessary to be able to increase the prices on corrugated. We will see another 4% of corrugated and price increases coming in in Q4. Then as you know the fourth quarter in Packaging is also a slow quarter, since the market is stopping in December. That will be the negative side of the positive 4% increase in the margin. But we still have, in my view, quite a substantial

upside in Packaging that we will gradually gain during next year. We still also have some upside on the restructuring programme. We are now some 86% of that, the remainder will continue to come in quarter four and the beginning of next year.

Coming into Forest; a strong performance in Pulp, a strong performance in our Sawmill operations, weaker in the Paper side, and as you all know there is an extreme need for price increases when it comes to publication paper. We have succeeded to increase prices to some customers in UK well above 20% on newsprint, and of course we are aiming for substantial price increases in the rest of the businesses also. I think we and all the markets are in need of substantial price increases, if you look at the result from SCA and the competitors that we have seen so far. That is the main target line in Forest for the fourth quarter, to start to get prices up in the market. Volumes are coming back. The magazine paper is up 4-5%, newsprint less maybe 1% for the market perspective.

We are producing at 100%, so we don't have any slack in that part of the production. We see the Sawmill markets softening a little bit, because new production is coming in, so market volumes will be stable and until the construction market is starting to grow, there may be some pressure going forward on that part of the business, but it is nothing substantial. It is just that we see the balance is getting back on the market. When it comes to Pulp and as you know we are on the very high level on pulp prices today, at least in Dollar. We believe that the pulp prices will go down a little bit, particularly in Euro. We see some inventories grow in parts of the world, we see China buying less, we see future prices on pulp coming down. We anticipate that that will – it is nothing dramatic – but it will come down slightly from the level you see today. Of course, as we are buying more than one million ton net it is a positive impact on the Group, but of course a negative impact on the Forest operation.

Shortly if I should summarise this, we believe in a stronger market. We believe the fundamentals in our direction in terms of raw materials, and we also believe that given some time we will certainly have a positive impact on the margins going forward also in the Company. I think we have good cost control, we have very good control on investments today. There are further costs to come down during next year; Packaging but also Tissue and Personal Care and that will positively impact on the margin going forward into 2011. With that short presentation I open the floor for questions. Lennart, could you join me please?

Questions and Answers

Mikael Jåfs – Chevreaux, Stockholm

You briefly mentioned there is something about newsprint prices up 20%, although this is a very small portion of your business. Are those then contracts for the full year or is it spot prices. Could you please elaborate a bit?

It is contracts and it is contracts that has been renegotiating during the contract period.

Okay and it is in local currency?

It is in local currency and it is above 20%.

Then on Pulp you were saying that you see a small not dramatic price fall there. How certain are you, I mean several of your counterparties have been reporting during the past days and saying that they don't see any drama. They say they see flat prices etc. What is your explanation for your view?

I could make it very simple, if the market is right, it is coming down since the future prices are lower. But also we see some growth in inventories. The difficult part to have a view of here is China, because if they increase their import that will have an impact on the pulp price. If they stay on the level they are today, we believe that there will be a little bit lower prices going forward.

Ok thanks.

Linus Larsson - SEB, Stockholm

Thank you. Just coming back to your guidance on Tissue pricing, if you just could clarify; you mentioned 2% in the fourth quarter compared to the third quarter. Is that relating to European consumer tissue or is it for the whole business area? If you could just clarify that.

It is for the Tissue business in Europe, which is of course as you know the bulk of the Tissue business. It is another 2% to come in on prices during Q4.

So, that is an average quarter-to-quarter price Q4 versus Q3 on the European side. Ok, then if I may just come back to that newsprint price increase which is quite impressive. From what level to what level; is this representative for the market in any way, or was this some kind of special situation? It is a very massive increase from one quarter to another if I understand you right.

It is a massive price increase but far from enough. Actually it should be more than that, but still it is good that we have achieved that. It is a negotiation with our customers during contract periods where we have succeeded in this. UK was special as you may remember because they also negotiated it down during the contract period, so it is different from the European and Swedish situation. That is why you could get it back when the costs are going up and you see your profitability is disappearing to actually argue for a price increase. Which is not possible with the contract situation in the rest of Europe.

What is the range that this is might be the better end of your price negotiations in the UK. Are there examples where you have had flat prices or...what is the low end of that range?

We haven't had any where we have flat prices. We are in the middle of negotiations now so I can't really say anything more than that. The expectation from our side is substantial price increases.

Thanks

Johan Sjöberg – Carnegie , Stockholm

It is quite interesting to listen to your Tissue margin forecast for the first half of the next year above 10%. You're now at 7.5% or something like that. In Q4 how do you see the margins develop for Tissue quarter-over-quarter?

It will improve for Europe, but the question is of course the seasonality impact of US; how much will those offset the positive impact of Europe? That is very difficult to guesstimate, because it is not the same figure every year. But we know that there will be a seasonality impact, but the size of it is difficult to say. We know for certain that the price increases are coming in.

Also the same question for Packaging. You showed us tremendous margin improvement quarter-over-quarter in Q3, and given your price outlook for corrugated board on +4%, how do you see margins – do you see the same type of margins strengthening in Q4 versus Q3, as you saw in Q3 versus Q2?

All alike it will be 4% or more, but then of course we do anticipate the volume drop due to the Christmas and New Year situation. On the other hand it is less holiday this Christmas than the normal Christmas but it will have an impact. It is difficult to say exactly how it will be offset.

In terms of Personal Care also, the raw material cost you saw during Q3; how do you cope with those during Q4?

I think for Personal Care it is still important to continue to guard the market shares, and in some areas also to improve the market share. In terms of cost for A&P I would say that the absolute costs will increase, but the relative costs will decrease during the quarter.

Just a follow up question then also; looking at your Group margins in Q4 how do you see those develop quarter-over-quarter?

The best view we can give today is that they will be flattish.

Thank you very much.

Ola Kinnander – Bloomberg News, Stockholm

I know that earlier this year you had spoke of high pulp prices and high recycle paper prices as your main challenges. Would you say that the situation is similar today?

In part of the business the raw materials has been a challenge to cope with. I say that the start that we had from a Group level at least has been able to take care of all of that, and actually improve the profitability. Going forward, of course, high raw material prices is still on a high level, and we have to deal with that. I think that we at least had proven during Q3 that what we said in Q2 we have actually done, almost to 100%. We will continue to exercise our cost position, because that is what we have 100% control of. And I am sure we will grow the volumes also, but I don't anticipate any price increases in Q4

in Tissue more than that we have announced the 2%. In particular since pulp prices are actually coming down in Euro terms with 2%.

Mikael Jåfs – Cheuvreaux, Stockholm

On your tax rate you were saying that for this year we should use 26%. What should we use going forward?

I think we will see some 26-27.5 % depending on how the split between the countries of our earnings.

One question here from Martin Melbye at ABG and he asks “*What happened to Personal Care margins quarter-on-quarter in Q4?*”

As I said, we will focus on very much keeping and growing our market share so we will increase the A&P spending in absolute figures, but we also anticipate Q4 is normally a very strong month for Personal Care. We anticipate, of course, a bigger sale but in percentages it will lower. The margins will probably be on the same level as we see in Q3 depending the A&P spending, of course we can use that as a mean to keep the margin or to improve the margin also.

Must be a very clear quarterly report, no more questions; anything from here?

Mikael Jåfs – Cheuvreaux, Stockholm

Have I understood it correctly now that you have taken all the non-recurring costs this year? So in Q4 there will be no more non-recurring cost from the ongoing cost cutting program, is that correctly understood?

Yes, that's the plan, yes.

Thanks.

Thank you.

Myles Alsop – UBS, London

It's Myles. A few quick questions, with the Personal Care division do you think you can get the business back to a 13% margin over the next couple of years or do you think this is going to be a lower margin business going forward.

I'm sure we will get the margin back over time since after we have restructuring the Baby business we're also doing some improvements in the Inco business.

What sort of? Over the next 12 months we'll be back at 13% or is it on a 2 to 3-year view?

The Baby business (the restructuring program) will be completed in the end of next year and, as I said, after that we will double the margin in Baby and that, of course, will have a positive impact.

Just to clarify on the packaging prices. You're saying corrugated prices were up 4% quarter on quarter in Q3 and you expect another 4% in Q4?

Yes, that's right.

When thinking about Testliner prices, obviously there was a bit of a surprise coming through in North America with the last increase being rolled back in August. How solid do you think the Testliner prices are today in Europe and where do you think the risk is that they increase further from this level or can we start seeing pressure on prices over the next 6 months?

Since we have a delay of 6 months before we get the Testliner prices through into corrugated, we of course, still have all price increases that will gradually get into the result. We met some resistance on the last price increase in Testliner. We were asking for 60 and in the first round we got €30 per tonne. All in all we have a much better situation than you find in the US, in particular in Kraftliner where the price increase just went through.

Do you think you're going to try for the remaining €30 per tonne from the September increase?

We will absolutely try for that.

Trying during the Fourth Quarter results?

Or trying during this quarter also depends on how the market reacts. That's more a tactical thing than a practical thing.

With corrugated prices in Q1 next year, is there any further box price increases that will be flowing through?

We haven't really touched upon that yet. I think we'll have to wait with that.

Then on the pricing, you saying newsprint prices up 20%. Is that what you've achieved during the Third Quarter or was that, at the beginning of Third Quarter or right now for the beginning of 2011?

It's not for the complete UK market. It's an indication on the market situation and it's a combination of Q3 and Q4.

Do you think, I mean on the magazine price on the larger part of your portfolio in publication paper. Do you think we can see material price increase in magazine paper in Europe given what operating rates are today?

At least that is our ambition, and then, of course, we have to see how the market reacts et cetera, but obviously the need is there for price increases and we had a similar discussion a

couple of years ago on a press conference. And the market at that particular point in time at least succeeded quite good in price increases. But of course it is an over-supply, even if it's less in magazine than in newsprint, and you never know how competitors are reacting. We are living in a competitive market, but the need is absolutely there for a substantial price increase.

Just on restructuring, obviously you've been tidying up the portfolio a bit over the last couple of years, selling off China and UK corrugated. Do you see more restructuring moves to be taken near-term or have you done what you wanted to do?

I think when it comes to packaging where we had the major restructuring, I think the big restructure phase is over now but I still think there's quite a substantial potential in profitability improvement by just managing the business process slightly different from what we do today. That's the next step within packing.

Do you still see a need for consolidation in the European packing space and do you think you can play a role in that?

It's obvious that the market is very fragmented, but I don't see any sign today on any consolidation.

Do you think you will keep the current structure of the Group going forward or can you see potential to refocus the Group on a 5-year view?

We always have to look into possibilities to increase our shareholder value, but I mean, to speculate on what that means now, I think it's very difficult.

Thanks.

Thank you.

Ross Gilardi – M L London

Yes Ross Gilardi from Bank of America Merrill Lynch, I just had a couple of questions. You see a little bit more positive, perhaps on the Away-From-Home tissue market than one of your competitors. You mentioned that you're taking market share. Are you having to buy that market share at all with pricing?

It's absolutely not. It's our concept within Away-From-Home that is gaining market share, so it's all value-added. We don't gain anything in the lower end of the market. It's our Tork concept that is gaining market share, so we don't buy market share by reducing margins.

Ok, then can you just review the price increases in Tissue that you had announced at the end of last quarter and what's been achieved to date?

We have achieved – Lennart - 4%? Yes, in Tissue Europe and 4% in the US a little bit more than 4% and we expect another 2% in Europe for Q4, but no further price increase in US.

Nothing else in the US and the 4% that you've gotten in Europe was roughly similar Away-From-Home versus Consumer?

It was higher in Consumer.

It was higher in Consumer.

Yes, it was 6% Consumer tissue and 3% Away-From-Home, if I remember rightly. Yes.

Then can you just talk a little bit more about what's happening in the competitive environment with the diaper business and Procter & Gamble and their new products and so forth.

The market is changing in Europe today, so we're going from the old type of diapers to thinner diapers in the first step but then the next step is ultra thin diapers. Procter have introduced ultra thin diapers in Europe, also not as we can see having any huge impact on the market so far. If we look at our strongholds in the northern countries, we actually are growing market shares. We have some 65% market share today in the Nordic countries, but it will change the markets. The thin diapers will be the standard diaper and the ultra thin will probably be a premium brand for some years before it is actually going down into the value segment. We are prepared for that, we have actually introduced thin diapers also in parts of Europe today and we will do it in the Nordic countries when we see the right timing for that and we are also in a phase to bring ultra thin diapers into the market. And this is, of course, changing the dynamics cycle when it comes to Pulp because the Pulp content is, of course, substantially less in an ultra thin than a normal diaper so it may, over time impact the Pulp industry.

Just strategically, how do you see your diaper business evolving as you restructure the business? Do you think you will further consolidate your position in the Nordic market or continue to diversify geographically? I know you made a little acquisition in Mexico this quarter. Should we expect more of that?

In Europe we have a dual strategy and that is to supply our own brand, but also to supply the retail brands and our brands, of course, the stronghold is the Nordic countries, but also growing very much in Russia. We will continue with that dual strategy, but the problem is that we have had a cost position in private label or retail brand that has been too high and that is what we're correcting now with closing of Linselles and moving the production to Olawa. Within that there are of course thousands of other things, the way we produce, the consumption of raw material et cetera, et cetera.

In the rest of the world we have all branded business and we will certainly try to expand that and as you comment on, we are now in Mexico with Baby. Now we have a full assortment in Mexico, which is very important to compete and to supply the retailers. We have a full support business in almost all countries here in South America except Brazil. And Brazil, of course, is one country we would very much try to get into, but it has to be the right business to get into also.

Then just lastly, lots of questions obviously on consolidation and packaging and the graphic paper businesses, but what about your core business specifically in Tissue. There's got to be a need for a consolidation there as well. You've got the debt down that

you as point out with your cash flow and so forth. Do you think we could have meaningful consolidation on the Tissue business on the horizon?

It is absolutely right what you are saying and I also think there are some interesting opportunities within Tissue, both in Europe but also in other parts of the world, but we are not going to jeopardise the balance sheet and our ability to pay dividend by acquisition. But having said that, we of course look at the possibility to consolidate the Tissue business. But it's also a portfolio question, how much Tissue do we want to have in our portfolio and from a strategic point of view we would rather like to grow Personal Care more than we grow the Tissue business. We do want to grow the Tissue, but we would like Personal Care to be the bigger growth engine within the company.

It sounds like debt reduction is still your primary use of cash flow?

We are getting to a level where you can feel a little bit confident since we are down below 0.60 and we have a debt payment capacity over 35%, that was the first target that we need to meet. Now we have to make sure that it is sustainable of course, which we are quite sure that it is. After that, that decision is absolutely a possibility.

Thanks very much.

Thank you.

Lars Kjellberg – Credit Suisse London

It's Credit Suisse, I just wanted to come back to the competitor environment on the hygiene product side. It appears that one of your North American competitors was talking about as you are doing to some extent increasing A&P spend. How do you see this developing? Is this something that will weigh on margins going forward? It's obviously less; it's very difficult from our perspective to understand exactly what's going on there. They're also talking about an increasing cannibalising I guess, away from branded into private label. I guess that was more reference point to the US, but if you want to comment that as well, you're branded file is progressing versus private label.

Start with the first question. I don't anticipate that A&P spending will have a negative impact on our margins. That competition today is already severe and in particular in the Baby segment where Procter & Gamble at least in Europe is fighting off the private label brands which is very big in Central Europe. If you look at SCA we are supplier of the private label brands in Europe and then we have strong branded positions in Nordic countries, Russia and outside Europe. There is a small tendency that private label is, at least, not growing anymore, but it has a very good portion of the market in Europe today. In US, as you know, private label is a new thing. Normally in the history we didn't have private label in the US and, of course, I'm quite sure that as it will be introduced to the American market and that, of course, may have a negative impact on the branded business in US. Where we have branded business, we are growing market share and we are growing profitability.

Alright, thank you. That is it for me.

Thank you.

Oskar Lindstrom – Erik Penser Bank, Stockholm

Coming back to Personal Care business, are you, specifically the Incontinence side of that, are you feeling any price pressure from the announced budget cuts in a number of Western countries.

Absolutely and that's also why we have introduced a value segment in that part of the business. If you look at the retail business it's a different story, I think we have more than 60% market share in retail in Europe today. We don't feel the pressure there, but if you look at the institutional and home care, the deficit in different countries is, of course, forcing a lot of new thinking in bringing that down. That is impacting our business in Tena also, but our answer to that is then to introduce value segment, which of course also has lower cost structure in our production. It has already happened actually, it happened a couple of years ago.

Ok, this is not something new that's likely to have a negative price mix effect on you going forward?

It depends, of course, how different countries are going to tackle the deficit and, of course, in all countries you don't have the system where the Government is paying anything for Tena either. We don't see any change from what we have been in for the past 2 years.

Alright, back to the Baby business, you're saying you're expecting a substantial margin improvement. I thought I heard you say doubling of the margins. Could you divulge roughly where they are today?

The Baby margin is around 5-ish, 4 or 5% today overall in the Group, but then of course it differs very much from the branded side and the private label side, but overall only from a cost efficiency perspective it will double the margin so there's nothing priced, there's no price element in that. It's all internal in any case.

This is primarily in the Continental European private label business that's going to be improved soon?

It will have a positive impact on the brand at all.

Alright. Then a little bit about your non-European and non-North American Tissue businesses. In Australia, have you come any further on a decision to rectify the situation there?

In Australia we have an extremely strong Feminine business, the best in class in the world. We have a reasonably strong Away-From-Home, the challenge is from the Consumer Tissue side and it's both a quality issue and a cost issue. We will have a solution for that, but I don't have a comment on it today.

How is your Chinese business developing? I know it's only a partial ownership, is that developing how you would like it and are you seeing perhaps the possibility to increase your ownership there going forward?

What we have been doing is the test marketing of Tena in China and that has developed much better than we have anticipated. The challenge in China is distribution. You have to be sure that you have a long-term and secure distribution before you really go in heavy with any category and we are still looking into that.

Alright and finally, wood cost inflation. You talk about a lost of other cost items here but wood costs, what do you see there going forward. Is there good availability? Are you importing any volumes today?

We have not changed our strategy when it comes to wood. We take the bulk of it from Sweden, from our own forest and forests close to our own forest. Price, the development, we don't see any reason why prices should continue obviously in that area.

Thank you very much, those are all my questions.

Myles Alsop – UBS, London

Just going back to your comment on acquisitions and your net debt today is what SEK 38 billion, in what level do you want to get it to before you will start seriously looking at acquisitions?

I think from where we are today there are, of course room for acquisitions if not major acquisitions. We did buy in Argentina; we did buy in Mexico to get the full category assortment. But, I can't give any specific level. You know that the target is that we should not be above 0.70 in debt/equity ratio and we are on 0.59 now.

Just, in terms of metrics, what are you? Because in the past it looks like acquisitions have diluted down returns for SCA so it is obviously a worry for shareholders. Can you give us some comfort that acquisitions are only...you've got a very disciplined approach and we're not going to have acquisitions that dilute returns going forward.

I think as we, during the past year, have proven that we are not pushing growth by acquisitions in SCA today because, of course, we have had numerous opportunity to acquire businesses, but we're looking in a very, very serious way. As I say, I'm not going to jeopardise the profitability or the balance sheet by an acquisition. It has to be 100% waterproof before we do it.

Do you think we've got acquisitions coming up then over the next 12 months is that or is really kind of a 2 to 3 years and then you'll kick the process off?

Hopefully. If it meets all of our criteria, then it's a good acquisition.

Thank you.

We have a question from Lars Johansson, SIX News. *“Do you see any further restructuring program in the coming years? If yes, where is the need?”*

There is always restructuring programmes ongoing and it should always be because you have to increase your productivity, but I don't see any programme like in Packaging going

forward where we decide to close a lot of plants. But of course the continuous improvement will always be there.

We have a question from Christian Georges at Olive Tree Securities. *“Net financial costs at 300 million, I guess this includes foreign exchange impact, any relevant variation expected in Q4?”*

We expect the same level in Quarter Four, maybe slight sales decline.

Closing Comments

So just to conclude a little bit I think that we in previous presentations have been very careful in advocating any change in the market, but I think that we now see that the markets are improving. And we see that the financial market is improving even though there are some worries still. But not the worries that will have an impact on SCA, maybe more worries that will have an impact on different countries. I think we also have shown that we can improve prices even in a tough environment like Tissue and, if needed, we will continue with that without a doubt because we do have to get the margins up in Tissue, and we will get the margins up in Tissue.

Personal Care, slightly different ballgame with big market shares, with innovation being the engine driving for a competitive position. We have improved our innovation engine substantially, so we get new products into the market and those of course with a higher value than the previous, but we need to do the reconstruction in Baby, in Personal Care Europe and we also need to do some improvement in Tena in Europe. That will, and as you have seen had an impact on the profitability during this year but after that is some things we will be in completely different position to compete and improve margins.

Packaging will continue. Forest, the important question is publication paper. How much price increases can we get? I think we will at least do our best to get what we need. With that thank you very much.