

SCA
Thursday, 21st July 2011
14:00 Hrs CET time

Jan Johansson, SCA's President and CEO

Good afternoon and welcome to the SCA interim report. To start with, some general comments: We can still see recovery in the global economy, even though we see it slowing down. The financial unrest that we see in some regions of the world has not, so far, had any impact on SCA sales. We see very strong developments in the emerging markets, with very strong growth, and that growth is also having an impact on raw material, so we see significant cost increases, still, in raw material. If we look at the raw materials; we have had a little bit more than 2 billion negative impact of raw material on the first half year. We have been able, on group level, to offset that by price increases and cost reduction. Looking at the raw material, it seems like the price increases are not continuing. We see a stable, or even maybe a little bit down, on pulp. We also see China reducing their import of pulp. We also see, in waste paper, stable price. In oil based raw materials, which has impact on Personal Care, we see prices actually coming down. And, if we look at Q2 to Q1, a little bit more than 2 billion on half year is on 100 million Q1 to Q2. We have, as you may know, a contractual situation where the increases of raw material is hitting the P&L faster than the contracts allow us to pass it on to customers. So, as long as we still see growing cost in raw material, there will be a delay before we can offset it by price increases or cost reduction. In Q2 to Q1, all the business areas have been able to offset their high raw material by price, volume and cost. We also see a substantially strong Swedish krona. It's impacting the result with 600 million SEK for the first half year, of which 255 is translation and the rest is transaction, mainly coming from the forest products.

If we go into the first half; in local currency, we have an increase in sales of some 5%. We have a negative translation currency impact of 4 billion in sales in the first half year. We see a very strong growth in emerging markets, with 9% in personal care, 9% in tissue. We also see, in total, an increase of packaging volume, but corrugated volume is down, and the main reason for that is that we have closed or sold almost eighteen units, which has had a slight impact on the total corrugated volumes. We also see publication paper coming down, but solid wood is going up, and that's mainly due to the acquisition we did. And, if we remove that, we have organic growth of some 3% in solid wood. EBIT is, of course, impacted by the higher raw material costs, but if we look at that without currency impact, we have an increase of 1%, but profit before tax is down 1%. Cash flow; 1.8 billion SEK for the period. Compared to Q2, last year we also have growth in local currency of some 6%, and even more significant growth in Personal Care, and Tissue in the same level, in emerging market, as we saw for the half year. Packaging volumes are flat, and, for corrugated, the same reason as for the first half year; it's what we have closed and sold that has an impact on the volume. We have an increase of publication paper, in volume, and solid wood is also up; once again, mainly impacted by the acquisition. The EBIT result is down by 7%, compared to Q2, and, of course, with a very big currency impact, it's even more in Swedish kronor, but the main impact is raw material of 900, and the

currency is 300. Looking at the results, as I communicated, the only one you can focus on this one is the gearing; we are still continuing to strengthen the balance sheet. We are down, now, to 0.55 in gearing. 0.62 first half year last year. And also earnings per share, which is including the restructuring costs, is up by 8%, and without the currency impact, with 13%. You have a similar development in Q2 to Q2, with major impact on sales of 2 billion in just translation impact, and, of course, raw material is impacting this result, compared to Q2 last year. If we look at Q2 to Q1, we don't have any currency impact, well, it's 1 million SEK, so it's zero. So, having said that, we had a sales increase of 5%, we have higher volumes, higher prices, but also some higher raw material costs, and the profit is increasing Q2 compared to Q1. We have some 4-5% growth, in total, in Personal Care and Tissue, and we are getting back some of the impact we had from seasonality between Q4 and Q1; we are now getting back gradually in Q2. And the raw material increases we got, as I said, in Q2, of some 100 million SEK, is fully offset in all our business areas, by volume, cost and price.

Going into the difference business areas, if we look at Personal Care, where, in local currency, we have an improvement of sales by 4%. The raw material impact is as much as 3.1% points, Q2 to Q2, and year to date it's 3.5, if you just take the raw material. And, as you know, in Personal Care, we have a delay on impact of the raw material increases between three to six months, which means that, even though we see oil based raw materials coming down, it will still continue into Q3, and the impact of that will come in Q4. We have also been very successful in our diaper business. You know that we've been talking about that and the problem we had in private label. We have now gradually and successfully gained new contracts on the market, which means that, in the beginning of next year, we will be utilising 100% of our capacity. And, as you remember, we had some 20-30% of overcapacity when we reported this in Q1, so, what we said in Q1, we are actually now implementing in Q2, and the result will come during this year, but then fully implemented during 2012. We also, as you saw, have acquired 50% of a company in Turkey. A very important market; a growing market with a population with the right demography. Also a good place to enter into market close to Turkey, so that's something we view as very important, and that means, also, that we can start to add in new products into that joint venture. We see a growth in market share in TENA, the most important brand we have. We see a very good growth in retail; we have a growth of more than 7% in retail TENA during Q2. We are launching new products in incontinence care. We have a very big breakthrough in innovation that we launched in Q2, which is changing the design of the product, so it looks like an underwear trouser. This product is driving penetration and, as you know, the penetration, even in the western world, is only 37%, so product innovations like this will absolutely increase the penetration in mature markets. And, as you can also see, a very good growth in emerging markets in local currency.

If we, then, walk over to Tissue: The raw material has, for this period, less impact on tissue. We have some 0.5% it's impacted on margins in Q2, and, on year to date, it's about 2%. We are also improving sales in local currency, by some 4%. It's very different in different markets. We are gaining market share in Away From Home, which is very important; it's a very good profitability; a good return. We had a very good quarter in the US; very high growth, and we're introducing new innovations into the Away From Home market, both in Europe and in the US. And you can also see that we have, in emerging markets, a growth of some 11% in Away From Home. And it's almost the same in Away From Home - if you enter to a new emerging markets, you normally have to, sort of, create the market because it doesn't exist, so you start by creating a market, or changing the

market. If the quality of the product is in a very low range - which we actually are doing also in the US without it being an emerging market, changing the products from a low value to a high value, and that process is going very well in US for the moment. If we look at Packaging, we have a substantial improvement of profitability, and we should have that also. We didn't see a major price increase in Q2, since we have the index clauses, and the index clauses means that you have different levels for the paper prices to reach before you get it through to the corrugated prices. So we, going forward in Q3, will see another 3% in price increases coming into Packaging, because then we will, sort of, reach over the level for the next price increases. And, of course, the cost saving programme is also coming in; the 1 billion SEK that we initiated a couple of years ago. If we look at the test liner situation in Europe today, the inventories are still in a low level. We have a very good balance on the market, which means there are possibilities to continue to increase prices; in particular since we have seen raw material continue up during Q2. In Forest Products we see some higher prices for publication paper. Not at the level we expected when we presented Q1; it has been more difficult to get that through in the markets. We see a very good development of our solid wood business, and, of course, impacted by the acquisition. We don't believe that there will be any further price increases in solid wood in the second half, but we believe it will be stable.

So, going forward, as I started, we still see a good demand for all our businesses, very good growth in emerging markets for our hygiene business. We are having continuing high raw material costs, even through it's, sort of, phasing out and may be coming down in some of the raw materials. Corrugated prices will continue to increase. We will also see increase of prices for Personal Care and Tissue during the second half of the year, but mainly impacting Q4 rather than Q3, since we have, still, raw material price increases coming in in Q3, since we have the delay in price increases. Three to six months in Personal Care, forty-five days around that in Tissue. So, with that, I will open up for questions.

Questions and Answers

Linus Larsson, SEB Enskilda

Maybe if we could continue talking a bit more about the pricing. I think you said that you expect a 3% corrugated price increase in the third versus the second quarter? And could you give the corresponding figures, maybe, for your tissue division, and also if you could repeat what you said about Personal Care pricing?

Jan Johansson

We have announced an increase in Away From Home in Europe with 5%. The contractual situation will mean that it will have an impact of some 2% the second half of this year, and gradually coming in during the year. And then, the rest will come in the beginning of next year. We will increase prices by around 3% in consumer tissue and that will mainly come in in Q4. Also, depending, of course, what is happening on the raw materials side. If it continues up, then, of course, we need to increase it more, but that's what's, sort of, in the pipeline just now.

And then, US Away From Home, is there more to come there?

US, we have, so far, achieved around 4% price increases. It depends very much on what quality we're talking about, because, if you take the very high end of our products, there is less need - maybe it's the wrong word - but it's a different pricing method than in the low end. So, what we're trying to do is to focus to get up the low end first, and, of course, the low end is more than 4%, but, if you take the average; it's about 4%.

And would you... if we would mix this all together, the price effect in the third quarter, is that roughly on a realised basis, is it 1%, or could you give any...?

In Tissue?

In Tissue all in all.

I think that, if you look at the consumer tissue, the impact will be very limited because of the contractual situation. On Away From Home you will see some price increases in Q3, but the full 2% for this year will come in Q4. I can't say an exact figure but it will gradually get there.

Okay. And Personal Care?

Personal Care is, as you know, a very different business, where we normally don't refer to raw material. When we increase prices, it's new products coming out to the market. We have initiated price increases in different areas in Europe. We will continue to do that, and there will be some impact in Q3, but I think, also, you will see the major impact in Q4. In particular when we get the benefit of oil based raw material.

And what's major? I mean, as you say, traditionally you have not worked with prices so much, so what's that... why...?

In Personal Care it's so much more difficult to just say a figure because it's so much depending on the promotion level, honestly. Because, I mean, if you stop promotion, you improve margin, but then you lose volume after a while, so if we keep the same promotion level as we have now, which I think is important to continue to grow market share, there will be a very limited impact in price increases in Q3.

Okay. And then we'll... if I may, on volumes we have talked about seasonality in the past. Second quarter was positively affected by seasonality. If you could just go through the seasonal volume element in the various business areas in Q3, compared to Q2?

The only sort of common seasonality is between Q4 and Q1, but then we have a strong season in the US when people are starting to eat outside and ice cream season is starting. We have a strong season in Europe when we get the cold during the autumn. So it's more difficult to see seasonality as a group, except Q4 to Q1, but, of course, there is seasonality in different business areas, as you have in Packaging during summer. But you may have a strong season in one area and a weak in another at the same time, and then it shifts during autumn, so I wouldn't give so much about seasonality, going forward, maybe with the exception of Packaging.

Thank you.

Talking about the pricing and raw material, I think the important message, at least from our side, is that we do handle the pricing increases; we do offset it by cost, or price increases, but it's delayed due to the contractual situation in buying and selling.

Mathias Carlson – UBS, London

Yes. Hi, gentlemen. A question regarding the containerboard price increases. I know that, you asked for containerboard price increases for July. We haven't seen anything in the Forex index yet. Could you give us something on how that price increase is progressing?

Jan Johansson

We did announce a price increase on kraftliner of EUR 50, 1st of July. That will now be EUR 40, 1st of August.

Okay, EUR 40, 1st of August. And then, on corrugated, you said 3% in the third quarter but you did get price increases in the second, as well, I assume?

We got price increases in the second, also, yes.

Yes, okay.

It's another 3% coming in.

Exactly, yes. Okay. And then, you expect, pretty much, the cost levels in Packaging to stabilise in the third quarter, or do you still have higher OCC prices on average, in the third?

We have a delay in Packaging when it comes to OCC prices, but it's shorter; it's about a month, if I remember rightly.

Lennart Persson, CFO, SCA

It's correct that we have a higher OCC price at the end of the quarter that we started with, so you have a higher third quarter to expect if you compare with the second in average.

Okay. How do you see the OCC price developing now with the summer? We've seen it's coming down from it's top, but is there any, you know, let's say, trend that it would fall further, or is it just temporary?

Jan Johansson

It's a very difficult question to answer because it depends, very much, on how China is acting. And, as far as we can see, if you can trust the information, they are having quite high inventories in China now, both of pulp and OCC, at the same time as consumption is going down in some areas in newsprint. It's quite dramatically down. So, all the signs, at least, from what we can see now, is not indicating that it will continue up. If it will go down, that's a different question.

Yes. Final question, just here on Packaging. We saw a 3% drop in testliner prices in Germany for July. How should we interpret that drop? Is that a seasonal drop? Is that something that is on the back of the lower OCC prices, or is anything to do with the demand trends?

The demand in Germany has been very strong, so we believe it's probably a seasonality reason, in particular, since the inventory level is still on a very good level and the balance is quite good. There is no material reason, in consumption or production, to support a lower price on testliner today.

So, we shouldn't be that concerned about, you know, a dramatic drop in containerboard prices?

Well, at least, I'm not concerned yet, so...

Okay, that's good. Thank you very much.

Lars Kjellberg – Crédit Suisse, London

I just wanted to come back a bit on the corrugated. I got slightly confused, I know that your guidance for Q2 was 3-4% higher prices, and, if I got it right, when you presented you talked about, you didn't actually get much at all in Q2. Could you quantify what you actually did get in Q2, and obviously now you say you expect 3 in Q3. I just want to clarify that?

Jan Johansson

Well, I mean, if you look all in all, we had the raw material price increase of half a billion SEK in Packaging Q2 to Q2, and price increase of 700. In Q2 to Q1 it's raw material; 126, and price; 174, so, of course, we've got price increases, and it was in the range of 2%.

Okay. Very good. When you're talking about the new contracts that you have in private label on the diaper side, can you give any direction of what that actually means in revenues and contribution to earnings?

It's a little bit early to do that, but, of course, it doesn't impact since we've had the fixed costs and we didn't have enough volume to cover the fixed costs. Now we are filling up the full capacity, we'll have an impact on the baby business, but I'm not prepared to give you figures today.

Okay. Are you sensing any change in the competitive environment in European consumer tissue and/or personal care, as it now appears, at least, that some of the fibre costs are rolling over? And I'd also like to hear your view on the, sort of, A & P competitive market, i.e. do you have your main competitors still spending a lot of money, or has that eased, those kind of marketing pressures?

We don't see any difference in behaviour of consumers than we have seen since the recession, which means that people are more careful and they look at prices and they try to find a good buy, but we've had that, now, for two to three years. A & P level in Personal Care is still on a high level, if I look, in particular, at Procter and Gamble, and we haven't increased our A & P compared to last year. We have, rather, reduced it a little bit, but we still keep our market share, or increasing them in regions where we have a strong brand, like the Nordic region and the TENA brand. In tissue, in Europe, it's highly private label market and we don't see any change in behaviour, either up or down, in A & P. And, if you look at Asia, Latin America, I would say we see a similar situation that you saw a year

ago, or two years ago, so, no dramatic change. No one is, sort of, pulling out of the market but no one is investing more money in the market either.

Okay. Just a final question. When you're looking at your Capex levels now, if you want to share, with us, what you believe the number's going to be for this year and next, and also if you have any particular growth projects, especially in the higher growth areas of personal care and, I guess, emerging market tissue?

We are anticipating a total investment of around 7-7.5 billion SEK, including reinvestment and strategic investments, and the depreciation is at 6.5 today. We are pursuing growth opportunities in developing markets, yes.

And how much money of that 7.5 billion is going into emerging market growth?

Of the 7.5; 3 billion is expansion investments.

Sorry, I didn't quite catch that. If you...?

Three billion is expansion investments of the 7.5.

Thank you. That's it from me. Thank you.

Thank you.

Markus Almerud – Morgan Stanley, London

Hi, Markus Almerud here. A couple of questions. First of all; what was the reason for the delay in the kraftliner pricing? That's my first question.

Jan Johansson

The delay in the price increases was a resistance from the market to the EUR 50, and that's why it was changed to EUR 40 and delayed from 1st of July to 1st of August.

Okay. And, second, just to get a flavour for the paper price increases that we're seeing. So, you're not talking about slight increases, competitive paper standard to magazine and more than that on news. Can you just elaborate a little bit on the negotiations you've had and what the reason for the fall is; if it's demand, or if it's something else?

Well, we did aim for, as we communicated in Q1, around a 4, 5, 6% in magazine paper. When we look at where we are so far, we are reaching around 1.5 to 2%. Same on news; around 2%.

Okay.

It differs from country to country. Some regions are stronger. But, if you take the average of the portfolio, it's that figure.

Okay, okay. And then, on wood prices, just to clarify, first of all, where do you see wood prices going in the second quarter, and then, also, did you say that you expect wood prices to be stable going forward in the third quarter?

If you look at solid wood in our sawmills, which I was referring to, we believe that the prices will be stable. There is a tendency for an oversupply in this part of the world, but we haven't seen any impact so far of any major price decreases due to that. It seems like the producers are trying to balance that in the market. But we don't see, in the current situation, much opportunity to increase prices in solid wood.

And what about hard wood?

Sorry, I was talking about the saw mills now. If you look at the raw material, we believe it will be stable in all qualities.

And what did we see in the second quarter?

Stable.

Okay, thank you.

Barry Dixon – Davy Dublin

Good afternoon. Just one question on the corrugated side; apologies if you've covered it already. My line is, I'm having some trouble with the line. Can you give us some sense as to the underlying corrugated volume growth in Q2 excluding divestments and what you're thinking about that for Q3 and Q4? Thank you.

The underlying growth is around 3 or 4% and we estimate that we will have similar development going forward during the second half.

And you don't think there's been any sort of deterioration in the demand prospects and that might have had some impact in terms of the containerboard price increase or decrease we saw in Germany?

Well, you will certainly see that during summer but what we've seen so far, and particularly in Germany even though the forecast is slightly lower than you maybe saw a year ago, we don't see any sign that we are going into a recession if that was the question.

Okay, thank you very much.

Oskar Lindström – Erik Penser, Stockholm

Hello, this is Oskar Lindström from Erik Penser. A couple of questions on the price increases if I may. First, talking about Personal Care, you know, have these price increases been accepted which you've announced and could you give us a bit more detail as to sort of which segments? Is it only on the consumer side that you've announced, that you're pushing for price increases, or is it also on the institutional and incontinence side?

Jan Johansson

In the categories that there have been increased prices, which is both institutional and retail, it has been successful. But it's in a small part of the business and directed to different geographical areas.

So the 5% that you mentioned earlier here during the press conference, that's the average over the entire portfolio or for these isolated parts of the portfolio?

That was in Away From Home tissue.

Sorry, then I mixed up my notes here. But could you give a percentage indication for Personal Care?

No, I'm not prepared to do that.

All right. And how do you see the competitive situation in the Personal Care market, ie what is the, you know, is this a good market to announce such price increases and would you be willing or do you expect to lose market share as a result of these price increases?

I don't think we will be losing the market shares and in the categories where we do increase prices, I think we will get the price increases. And of course if you look at the margins in different categories, it's obvious that we need to do it in Baby for example; less obvious in incontinence.

Right. And the consumer tissue price increases in Europe, the 5%, have they been accepted or is it something that you're still discussing with customers?

The 5% was Away From Home and in Consumer Tissue it's 3% and that's, of course, in the current situation with the current raw material prices. We feel quite confident that we will achieve that.

Right. Pulp capacity; is that something that you're currently sort of actively looking at increasing?

No. I mean, we have upgraded Östrand as you know, and we don't have any plans at the moment to continue to increase that.

So an acquisition is not something that is, sort of, a possibility or likely for you?

Sorry, I missed that.

An acquisition of pulp capacity, is that something which you could consider?

It's nothing we have on the table today, no.

All right. Well, thank you very much.

Johan Sjöberg – Carnegie, Stockholm

Thank you very much. You said something about margins in the third quarter and how do you see, I mean, all these price increases which will come now in Q3 and especially Q4? And also then on top of that, you have some costs which will impact you. Could you say something on how you see margins developing here during the second half?

Jan Johansson

I feel quite confident that the margins will improve during the second half but, depending of course on the raw materials once again. If they continue up we will still have a delay but the bulk of the improvement, due to the fact that we enter Q3 with a higher average raw material cost, will come during Q4.

And how do you see Q3 versus Q2?

I don't think I can comment more than that. Some of the price increases will come in but also some of the raw material will be higher during Q3.

All right. Tissue margins, you've already said that you will achieve 10%. When do you see it right now to be in your Tissue operations?

If we freeze the raw material prices and the currency then my belief is that we will reach it late this year or beginning next year.

Okay, so as of Q1 2012 you will be running at 10% Tissue margins assuming all things are equal there?

Yes.

Great, thanks.

Karri Rinta – SHB, Helsinki

First a follow up on the previous question; you have also earlier talked about having a target of reaching a higher adjusted EBIT this year versus last year. With what you know now about the price hikes that you have announced for the second half, is this target still realistic and do you still believe in it?

Jan Johansson

When we communicated that we also communicated all the rest alike and since then we have had two billion of increases in raw material, we have a currency with 600 million etc so it's a completely different situation. We do believe that we will, overall, have a higher result in the second half than we had in the first half but I don't want to go more into detail than that.

All right. That's fair enough. And then you also mentioned that you haven't yet seen any explicit impact from the increased economic uncertainty. Is that a reflection of the products that you sell or your geographic exposure; ie are you less exposed to the most troubled areas like, for example, the southern Europe or is it just that your products are more resilient even in uncertain economic times?

Well, I mean we had one of our highest quarters every during the worst part of the recession so of course we have products that people need even in bad times so that's absolutely one reason. But also if you take Greece, I think Greece stands for 0,5% of our sales as an example.

But would you say that you're more exposed to the sort of Central and Northern Europe rather than Southern Europe?

Yes, but also that we have a portfolio that is not very much impacted, at least on the Hygiene side in difficult times.

All right. Thank you.

Ross Gilardi – Merrill Lynch, London

I just had a couple of questions. First on the Packaging division when you look at the quarter on quarter change in Q2 versus Q1, in your deviation analysis you have 96 million of other costs that negatively impacted Q2 versus Q1. What is that?

Yes, that's true and there are a lot of things in that. I will ask Lennart to take the major part of it.

Lennart Persson, CFO

Yes, there we have, for example, higher distribution costs. We have also seen higher other costs inflation so to say, or it is coming in during the half year. We have also had some lower production with a lower coverage of fixed costs turning up in that line.

So is there, I mean when you look at the price mix versus raw materials, if you just isolated that, it would suggest that you've got some margin expansion in Q2 but it sounds like some of that 96 million really is cost inflation as well. So at the end of the day, did you get more pricing than cost inflation in Q2 versus Q1?

Yes. In addition to maybe what I what said it's also that revaluation was, the evaluation of inventory is also coming into that line.

Jan Johansson

Which is the biggest part of it. Taking that into consideration, yes, we cover our cost with price increases.

Okay. And then on kraftliner you said that there was some resistance for the July increase but you expect EUR 40 in August. Why is that? Is there all of a sudden not resistance or has demand suddenly gotten better or why do you still expect the price to come through?

There's always resistance to increased prices and the EUR 50 at the time was too high. But looking at the market situation, the balance in kraftliner, we believe that EUR 40 will be accepted by the 1st August.

Okay, great. And then just lastly, could you just comment on the overall acquisition environment in Personal Care and Tissue? Do you see opportunities for mid to large size acquisitions over the next six to 12 months?

As we have communicated, we would very much like to get into some regions where we are not today or some countries and we are still pursuing that. There are some quite

interesting businesses for sale but we also want to be very certain and very clear that if we do something that we acquire the right business. So we would rather walk slow and safe than running fast and unsafe.

Do you think, I mean in the grand scheme of things, is consolidating your existing leadership positions in Europe more or less important to you than trying to expand the business, your overall Hygiene business geographically into emerging markets? Is one of those two things more appealing to you?

It's a very good question but also an extremely complicated question and one has to try to balance that of course because if you use all your cash in emerging markets and you have your home markets that are not really working, then of course you have a problem. So I think you maybe need to do both which of course limits your options also in terms of free cashflow etc.

And are they in any key geographies; obviously you've made the Turkish acquisition from here, key geographies that you're not in right now that you'd like to be in more in a major way?

If you look at Latin America, it's Brazil. We only have, in incontinence in Brazil. It's not only but it's just one category and we'd like to get more categories into Brazil. We are also, of course, continuing to look into China. We are also have incontinence now in China but would like to have more categories. And then of course we also have India with huge potential. We cannot probably do everything or all of them at the same time so we have to choose and that's the process we are in just now.

Okay, thank you very much.

Operator

Thank you. Do we have any questions from the web?

Unidentified Male

Yes, we do. We have quite a few questions regarding corrugated prices and volumes but I believe those have been covered. Steven Syko (?) from PPI Europe asks: Could you comment on the reasons behind your decision to divest your Greek packaging business? To whom was it sold?

Jan Johansson

Well, as we have communicated in Packaging, we will continue to look over our portfolio and this was a typical business where we didn't see that we could develop it long term to something good and profitable but the new owner has much bigger possibilities to do something good with it. It was sold to a joint venture partner. We actually still own 49% of it since we own 49% of the Turkish packaging company that acquired it.

Okay. () Shaw (?) from Morgan Stanley asks: Could you please comment on the price increase in publication paper?

Yes, I thought I covered that. It will be around 1.5 to 2% for the second half.

Martin Melbye from ABG asks: If you weigh your outlook comments, will Q3 EBIT improve quarter on quarter but stay below Q2 2010 levels?

I think I have commented on that also.

Operator

Thank you. Any more questions from the telephone audience? No? Any more questions from the floor? Any last comments, Jan?

Closing Comments

I think what we, and almost every quarterly report we have, we continue to prove that we can actually deal with heavily increased costs as 2.1 billion is, for this period and we can cover that with cost decreases internally and price increases. So we feel very confident that we will continue to be able to do that and also, as we communicated, Q1 is when we have, in history, seen high raw material prices but stable. That is the time when SCA actually has performed best from a profitability point of view. Okay, thank you.