

SCA to Acquire BSN Medical, A Leading Medical Solutions Company



December 19, 2016





This presentation may contain forward-looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read our most recent annual report for a better understanding of these risks and uncertainties.

Magnus Groth

President and CEO

Fredrik Rystedt

Executive Vice President and CFO

SCA to Acquire BSN Medical, A Leading Medical Solutions Company



- Excellent strategic fit supporting SCA's vision to improve well-being through leading hygiene and health solutions
- BSN medical develops, manufactures, markets and sells products within wound care, compression therapy and orthopedics with well-known brands
- Purchase price of EUR 2,740m* on a debt- and cash-free basis
- The acquisition will be fully debt funded
- BSN medical reported net sales 2015 amounted to EUR 861m, adjusted EBITDA** of EUR 201m and adjusted operating profit*** of EUR 137m
- Acquisition expected to be accretive to SCA's earnings per share from year one
- Expected annual synergies of at least EUR 30m with full effect three years after closing. Restructuring costs expected to amount to approximately EUR 10m
- The completion of the transaction is subject to customary regulatory approvals. Closing is expected to take place during the second quarter 2017

Leuko



Cutimed®



JOBST



Delta



Actimove®



*Based on an estimated net debt as per December 31, 2016, of EUR 1,340m

**Excluding items affecting comparability

***Excluding items affecting comparability and including BSN medical's purchase price allocation amortization

SCA's Transformation Journey



SCA plans to split the Group into two listed companies; Hygiene and Forest Products

2007-2016

Acquisitions:

- Wausau, AfH tissue, NA
- Vinda, tissue, China
- P&G, tissue, EU
- GP, tissue, EU

Divestments:

- Packaging business
- Two publication paper mills



1975-2006

Acquisitions:

- Mölnlycke, personal care, Sweden
- PWA, tissue, Germany
- GP, parts of AfH tissue business in US



1929

SCA founded as a Swedish forest products company



SCA Strategic Framework



VISION

Dedicated to improving well-being through leading hygiene and health solutions.

MISSION

To sustainably develop, produce, market and sell value-added hygiene and forest products and services.

OBJECTIVES

Generate increased **shareholder** value through profitable growth

Enable more **people** every day to enjoy a fuller life

Contribute to a sustainable and circular **society**

Enable our **employees** to realize their full potential, as part of one winning team

STRATEGIES

Win in chosen **geographies** and **categories**

Focus on **customers** and **consumers**

Innovate bigger **brands**

Drive **efficiency**

Favorable Market Trends



BSN Medical



- A leading global medical solutions company which develops, manufactures, markets and sells products for wound care, compression therapy and orthopedics
- Innovative company, well-known brands such as Leukoplast, Cutimed, JOBST, Delta Cast, Delta Lite and Actimove - long established brand leaders in their key markets
- Sales in more than 140 countries. Top three countries based on sales 2015: Germany, US and France
- Production in 11 countries
- High cash conversion and an asset light business model

2015 Facts

Net sales	EUR 861m
Adjusted EBITDA*	EUR 201m
Adjusted EBITDA margin*	23.3%
Adjusted operating profit**	EUR 137m
Adjusted operating margin**	15.9%
Number of employees	6,000
Sales in number of countries	more than 140



* Excluding items affecting comparability

** Excluding items affecting comparability and including BSN medical's purchase price allocation amortization

BSN Medical – A Strong Market Offering



- Excellent go-to-market with large sales force. Enabling a range of commercial excellence models depending on region and reimbursement structure combined with commercial balance with distributors
- Direct interaction with key influencers and prescribers like nurses and physicians to ensure promoters of the products as well as input to product developments
- Leading brand positions in key markets. Well positioned to meet future customer and consumer trends
- Strong R&D capabilities and pipe line in the fast growing market segments
- High level know how in technology and operations with focused competence centers



BSN Medical

Product Overview



Wound Care 36%

Acute Wound Care 27%

- Key products: surgical tapes, retention bandages, surgical/post-operation dressings, adhesive bandages/plaster
- #2 globally, #1 in Europe
- Market share of ~12%

Advanced Wound Care 9%

- Products for treatment of difficult and complex wounds
- Recent expansion into pump technology
- Market share of ~2%

Compression Therapy 26%

Phlebology 19%

- Key products: compression stockings, medical compression garments
- #4 globally
- Market share of ~10%

Lymphology 7%

- Key products: compression bandages, wraps, garments and pneumatic compression pumps
- #1 globally
- Market share of ~6%

Orthopedics 34%

Fracture Management 19%

- Key products: cast tape, splinting, casting accessories
- #1 globally
- Market share of ~25%

Physiotherapy 10%

- Products for support bandages and tapes
- #1 globally
- Market share of ~22%

Orthopedics Soft Goods and Braces 5%

- Key products: support bandages and tapes
- Market share of ~1%

Leuko Cutimed®

JOBST

○ = % of 2015 sales

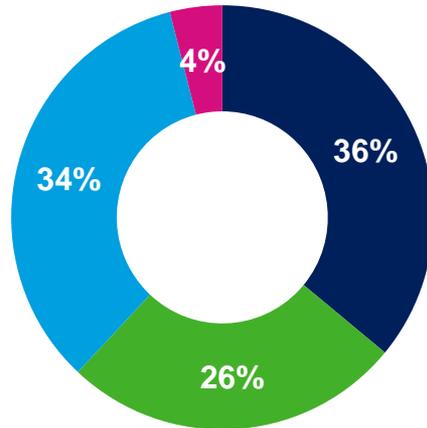
4% of Sales 2015 is Other and relates mainly to contract manufacturing for third parties (B2B)

Delta Actimove®

BSN Medical Sales Split 2015

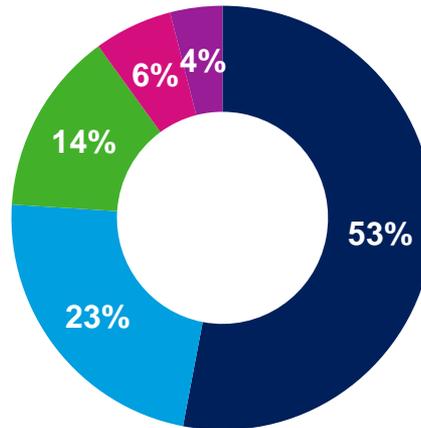


Per Business Area



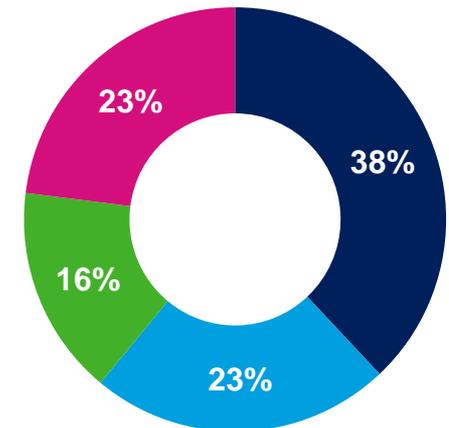
- Wound Care
- Orthopedics
- Compression Therapy
- Other

Per Geography



- Europe
- North America
- Asia Pacific
- Latin America
- Middle East, Africa

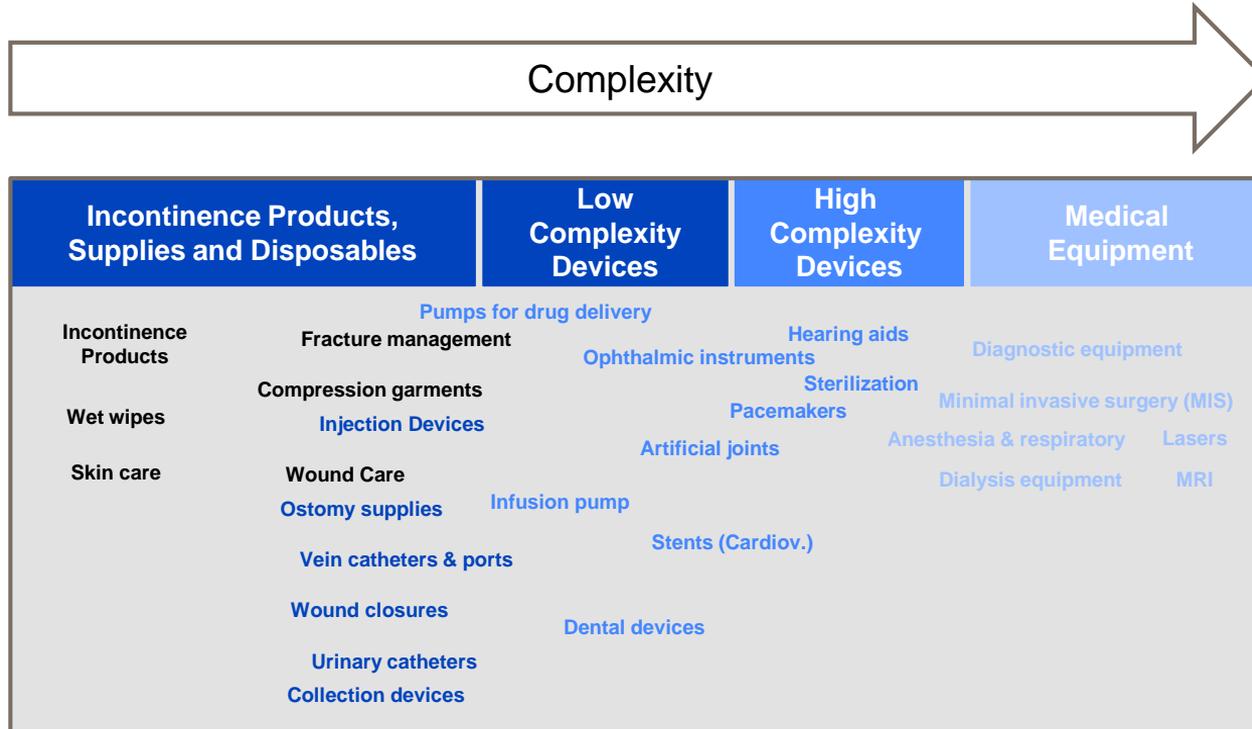
Per Sales Channel



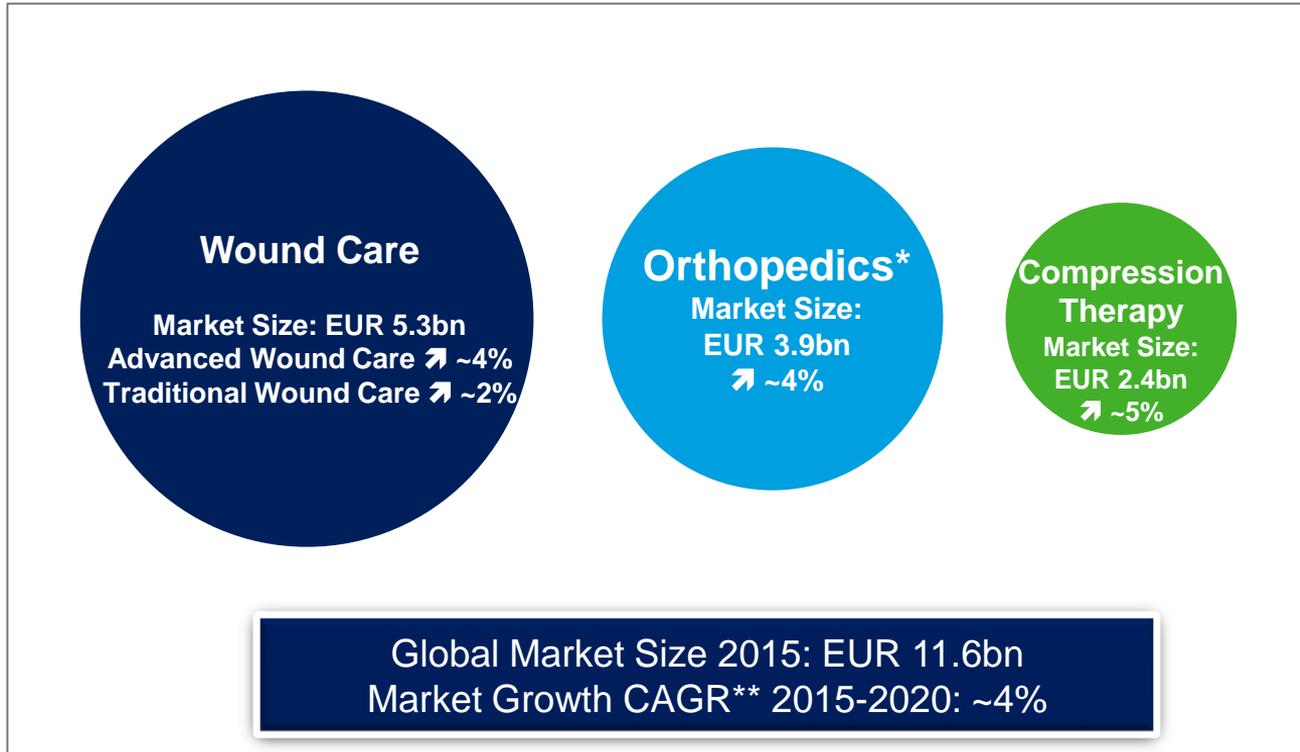
- Hospitals/Specialist
- Pharmacies
- Sanitary Shops
- Other*

*Other includes wholesalers, distributors, homecare, etc

The Global Med Tech Market



BSN Medical Addressable Market



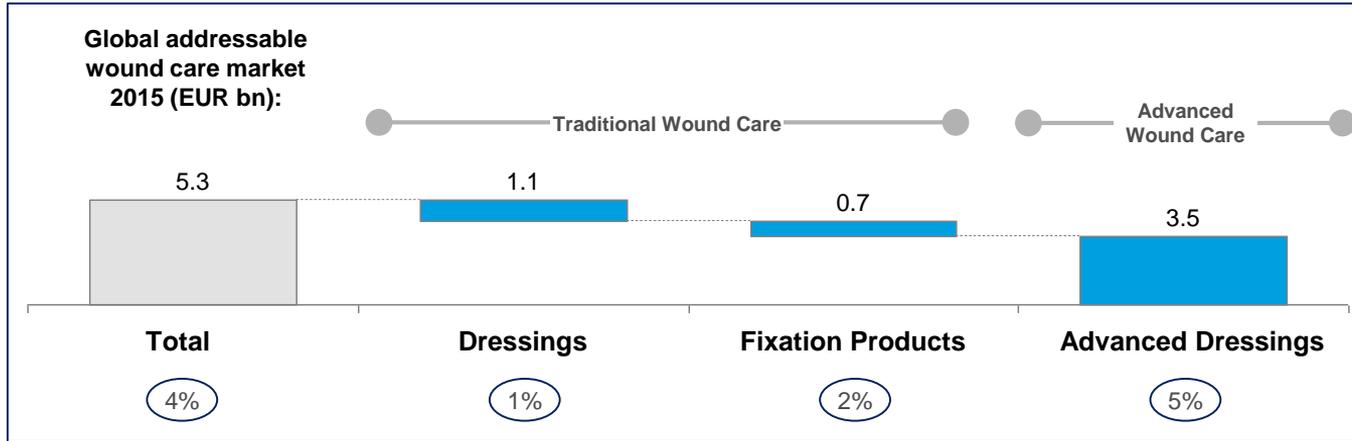
Bubble size: Market size
↗ CAGR** 2015 - 2020

* Only includes non-invasive orthopedics

** Expected CAGR (Compound Annual Growth Rate)

Data is based on market data and company estimates.

Wound Care Market Overview



Dressings



- Dry dressings and first aid bandages

Fixation Products



- Mostly fixation bandages and tapes

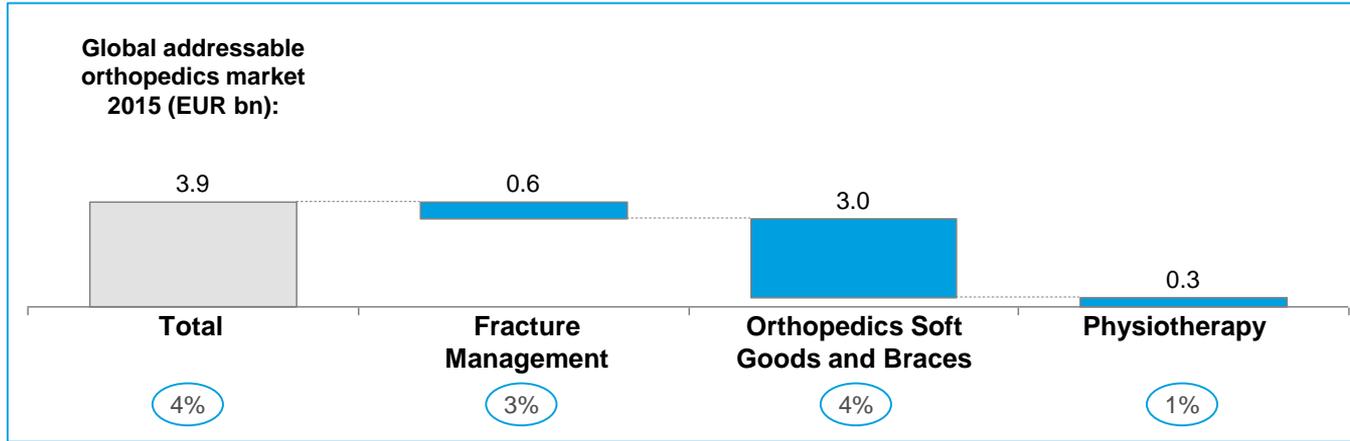
Advanced Dressings



- Wet dressings including foams and antimicrobials and alginates/hydro fibres
- Used mostly for chronic wounds, substituting traditional wound care products

 = Expected CAGR 2015-2020 (Compound Annual Growth Rate)
Data is based on market data and company estimates.

Orthopedics Market Overview



Fracture Management



- Moving into higher-value synthetic casts

Orthopedics Soft Goods and Braces



- Increasing due to trend of reduced immobilization and prevalence of obesity as well as sport injuries

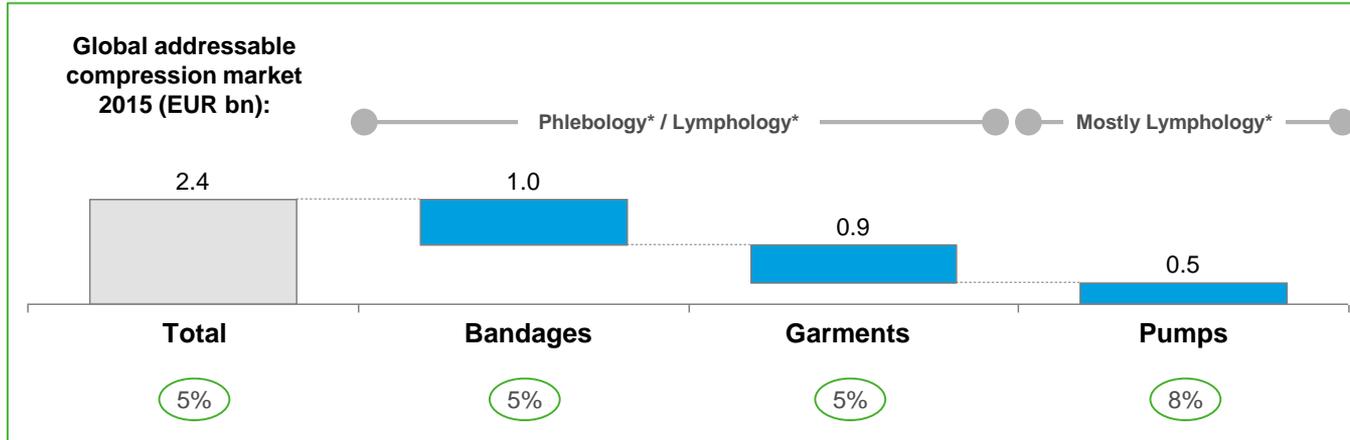
Physiotherapy



- Growth driven by prevalence of obesity and fractures as well as increasing demand for sports and lifestyle related products

 = Expected CAGR 2015-2020 (Compound Annual Growth Rate)
Data is based on market data and company estimates.

Compression Therapy Market Overview



Bandages



- Primarily to reduce swelling

Garments



- To reduce swelling/lymphedema*, treat/prevent varicose veins, and prevent thrombosis

Pumps



- To reduce lymphedema*



= Expected CAGR 2015-2020 (Compound Annual Growth Rate)

Data is based on market data and company estimates.

*Phlebology products focus on the prevention and treatment of diseases of the veins. Lymphology provides full therapy solutions for patients suffering from Lymphedema, a condition of localized fluid retention and tissue swelling

BSN Medical Addressable Market



SCA and BSN Medical - Excellent Strategic Fit



Supporting SCA's Vision

- Excellent strategic fit supporting SCA's vision; to improve well-being through leading hygiene and health solutions

New Growth Platform

- Entry into attractive adjacent medical solutions markets with solid underlying growth and high margins
- Future industry consolidation opportunities
- Strengthens SCA's global leading position for incontinence products
 - ◆ Similar underlying market and customer characteristics as SCA's incontinence business
 - ◆ Strengthens customer offering, channel presence and market access

Potential to Strengthen BSN Medical Business

- Potential to strengthen BSN medical business through
 - ◆ SCA's global leading position for incontinence products under the TENA brand
 - ◆ SCA's strong presence in health care and retail sales channels
 - ◆ SCA's extensive knowledge in brand building and focus on digitalization

Synergies

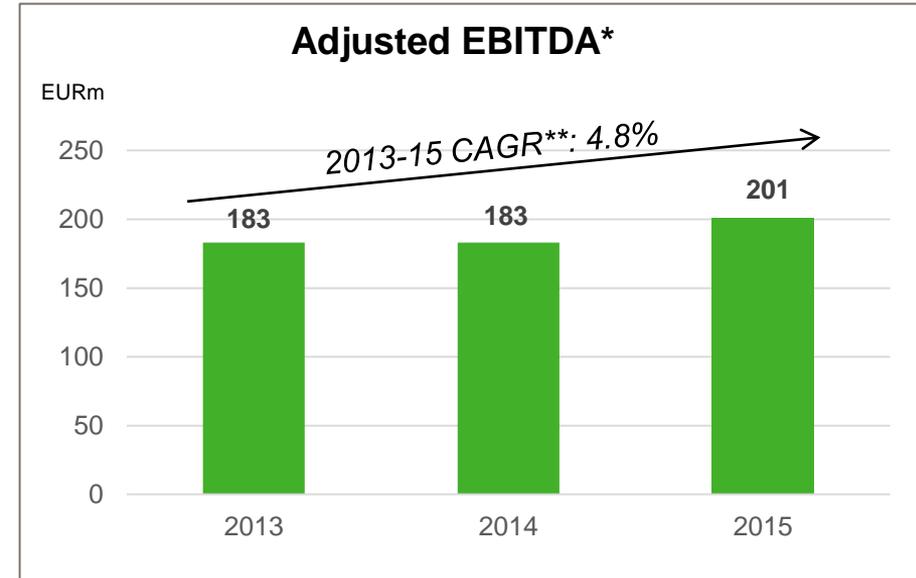
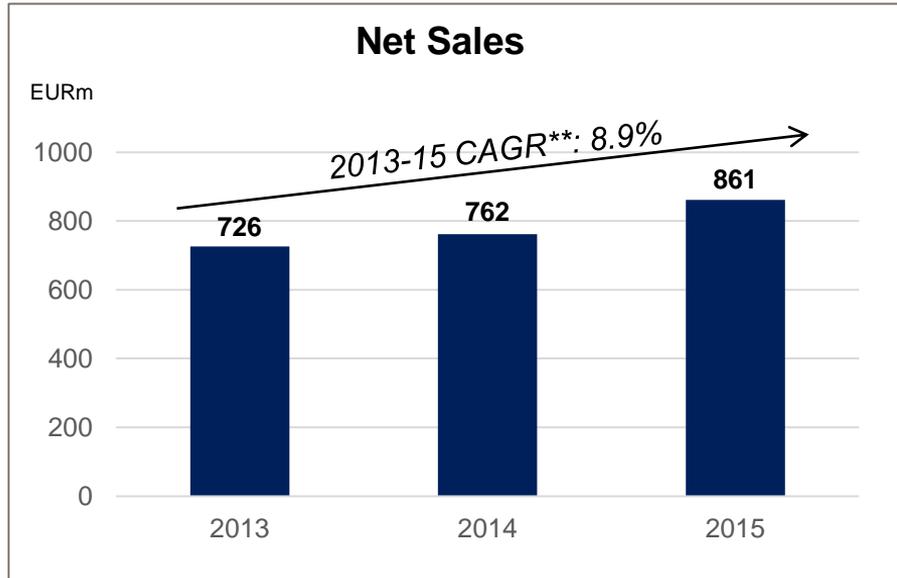
- Expected annual synergies of at least EUR 30m
 - ◆ Sales synergies in cross-selling
 - ◆ Cost synergies in supply chain and administration

Purchase Price



	<i>EURm</i>
Purchase Price	
Purchase price equity	1,400
Estimated net debt as of December 31, 2016	1,340
Total Consideration	2,740
Estimated Tangible Capital Employed as of December 31, 2016	310
Impact of Acquisition	
Estimated total intangible as of December 31, 2016	2,430
of which trademarks, etc	960
	<hr/> 1,470
Tax adjustment of trademarks, etc	270
Total Estimated Goodwill	1,740
Total Estimated Annual Purchase Price Allocation Amortization	75
of which for SCA estimated additional purchase price allocation amortization	30

BSN Medical Financials



*Excluding items affecting comparability
^{**}CAGR (Compound Annual Growth Rate)

Proforma 2015 SCA and BSN Medical



	SCA	BSN Medical	SCA Estimated Purchase Price Allocation Amortization	Combined
Net Sales	SEK 115.3bn	SEK 8.1bn		SEK 123.4bn
Adjusted EBITDA*	SEK 19.0bn	SEK 1.9bn		SEK 20.9bn
Adjusted Operating Profit*	SEK 13.0bn	SEK 1.3bn**	SEK 0.3bn	SEK 14.0bn***
Adjusted EBITDA Margin*	16.5%	23.3%		16.9%
Adjusted Operating Margin*	11.3%	15.9%**		11.3%***
Return on Capital Employed*	12.0%	7.7%**		10.7%***

*Excluding items affecting comparability

**Including BSN medical's purchase price allocation amortization

***Including BSN medical's purchase price allocation amortization and SCA's estimated purchase price allocation amortization

Other Financial Information



- Transaction fully debt funded
- Committed acquisition bridge financing in place
- SCA remains fully committed to retaining solid investment grade rating
- Bridge funding to be replaced with ordinary funding over time
- Transaction costs amount to approximately EUR 25m
 - ◆ Advisory fees of EUR 15m
 - ◆ Insurance fee of EUR 10m
 - ◆ Approximately EUR 15m will be recognized as item affecting comparability during Q4 2016 and the remaining costs during Q2 2017

A Value Creating Acquisition

- Excellent strategic fit supporting SCA's vision to improve well-being through leading hygiene and health solutions
- New growth platform
 - ◆ Entry into attractive adjacent medical solutions markets
 - ◆ Future industry consolidation opportunities
 - ◆ Strengthens SCA's global leading position for incontinence products
- Potential to strengthen the BSN medical business through
 - ◆ SCA's global leading position for incontinence products under the TENA brand
 - ◆ SCA's strong presence in health care and retail sales channels
 - ◆ SCA's extensive knowledge in brand building and focus on digitalization
- Expected annual synergies of at least EUR 30m
- High cash conversion and an asset light business model
- Accretive to SCA's earnings per share from year one



Q&A



SCA
Care of Life

