

Welcome to

SCA Capital Market Day 2016



Today's Moderator




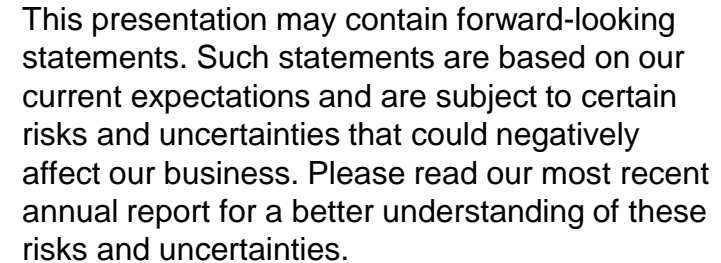
Joséphine Edwall-Björklund,
Senior Vice President, Group Function Communications



Capital Market Day 2016

Agenda

10.30 – 12.30	SCA Driving Value Creation Q&A Sustainability Q&A SCA Forest Products Q&A	14.50 – 15.10	Break
		15.10 – 17.10	Emerging Markets SCA Latin America Q&A Vinda Q&A
12.30 – 13.10	Lunch	17.10 – 17.30	Summary and Key takeaways
13.10 – 14.50	Efficiency in Supply Chain Innovation for Value Creation SCA Incontinence Care SCA Consumer Goods SCA AfH Professional Hygiene	17.30	Mingle
			



SCA Driving Value Creation



Magnus Groth, President and CEO



SCA – a Leading Global Hygiene and Forest Products Company



SCA in Brief



115

SEK billion in net sales 2015

13

SEK billion in operating profit* 2015

Presence in approximately

100

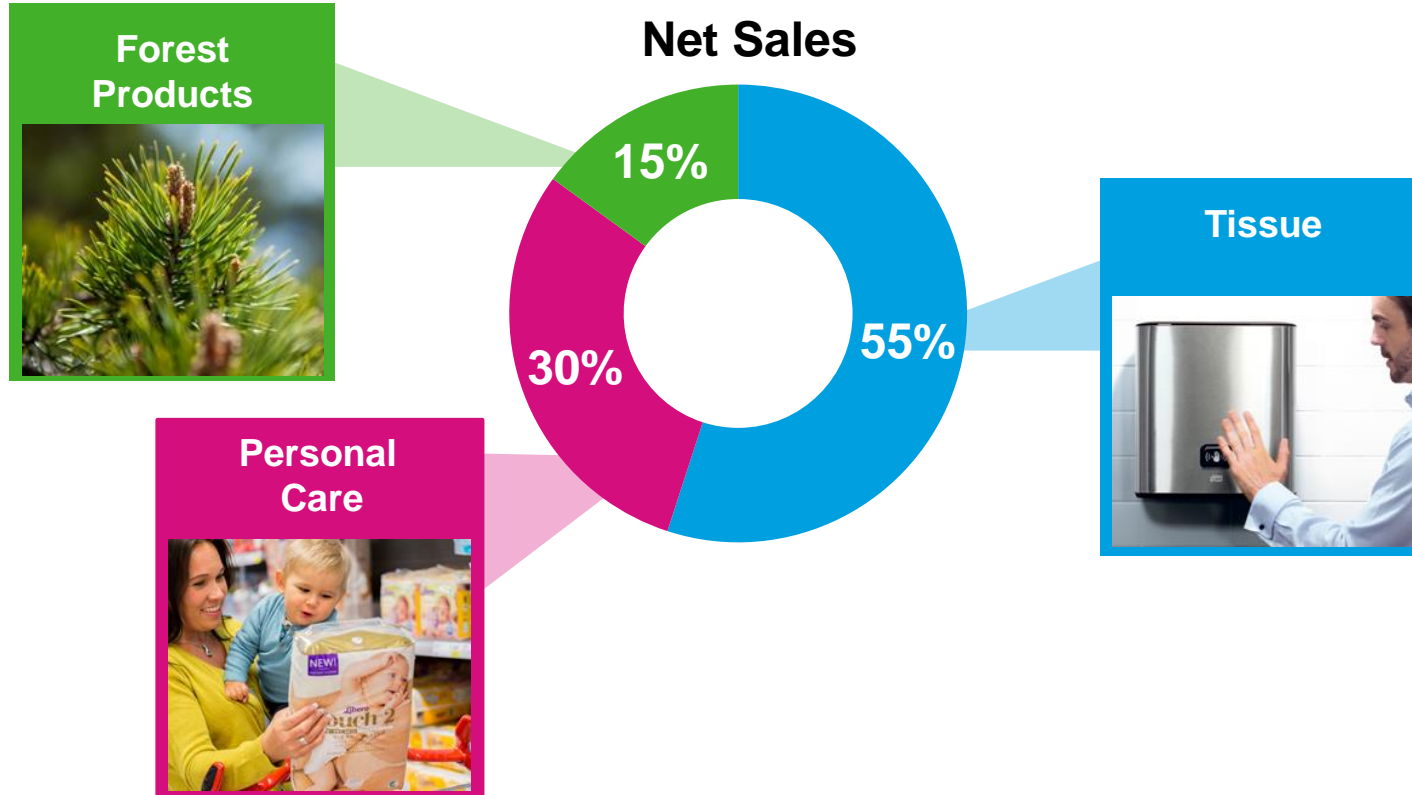
countries

Number of employees

44,000

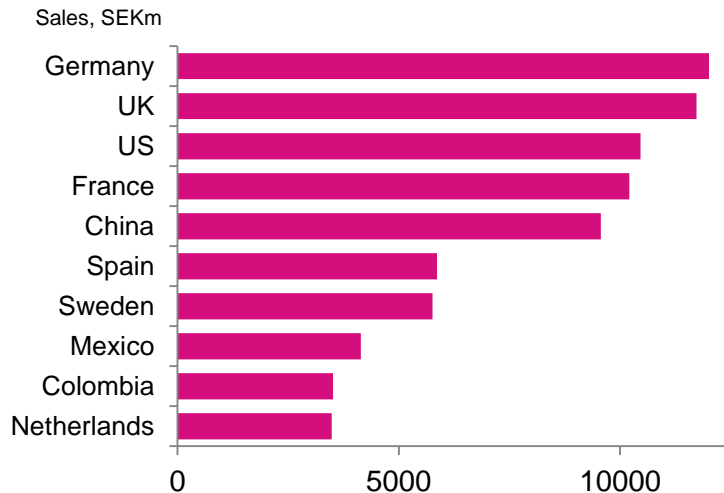
**Excluding items affecting comparability*

Sales by Business Area 2015

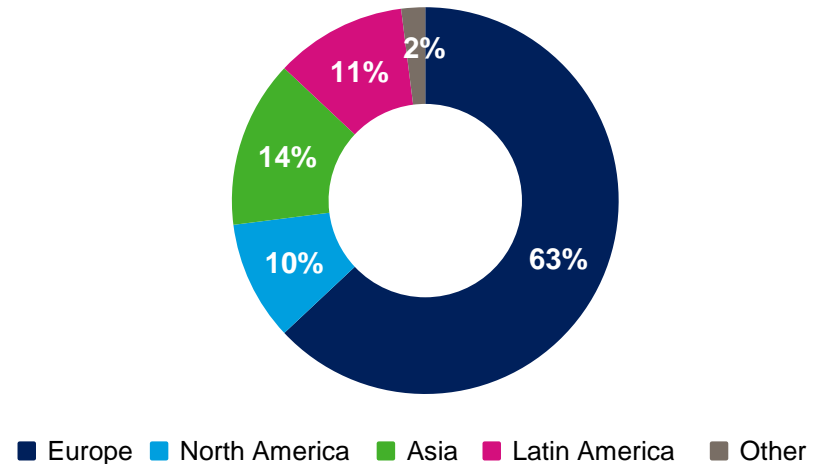


Sales by Country and Region 2015

Largest markets - Group



Sales by Region - Group



Sales by Sales Channel 2015



56%

9%

35%

Retail

Health
Care

B2B

Consumer
Tissue

Baby
Care

Feminine
Care

Incontinence
Products

Away-from-
Home
Tissue

Forest
Products



Global Market Positions



Favorable Market Trends

Global population growth



An aging population



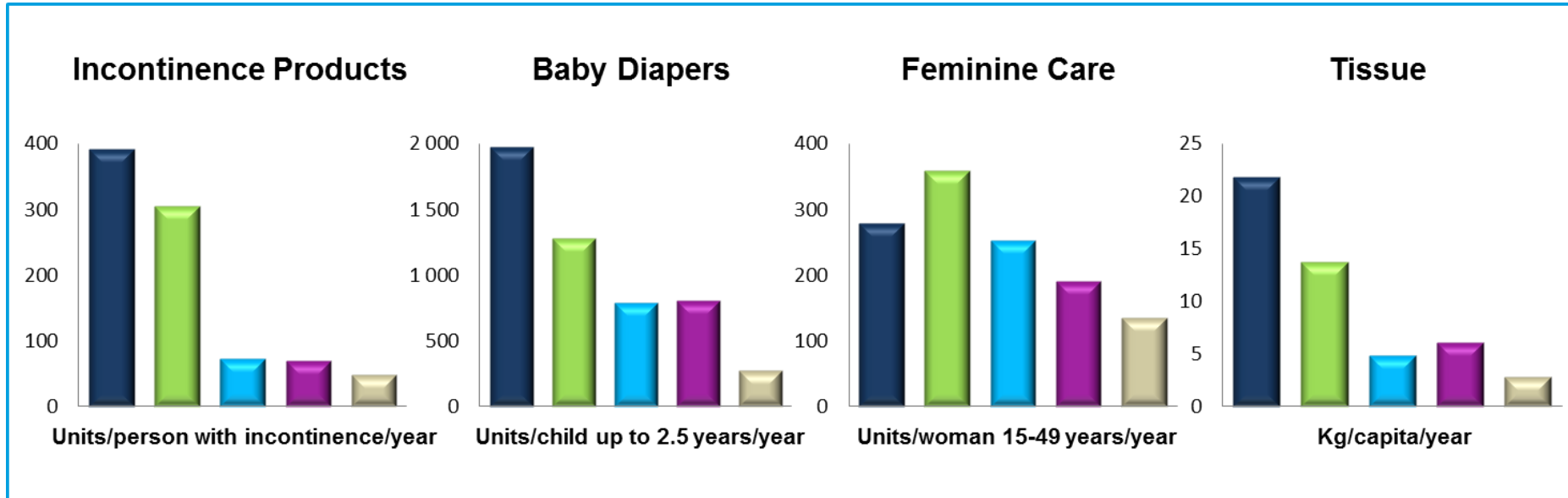
Increasing disposable income



Increased insight that good hygiene improves health and well-being

Usage of Hygiene Products

High potential in markets with low penetration

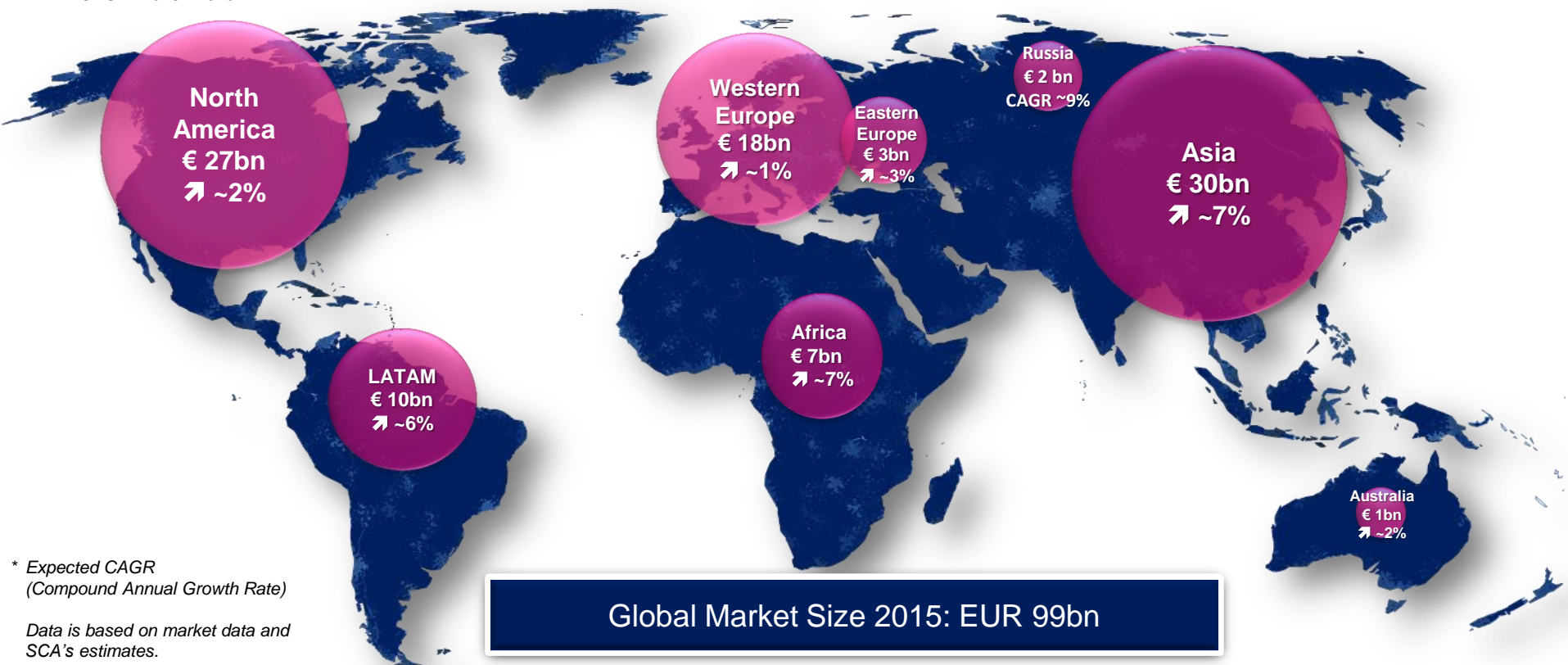


■ North America ■ Western Europe ■ Eastern Europe ■ Latin America ■ Asia

Data is based on market data and SCA's estimates.

Global Hygiene Market Size and Growth

Bubble size: Market size
↗ CAGR* 2015 - 2020



* Expected CAGR
(Compound Annual Growth Rate)

Data is based on market data and
SCA's estimates.

Group Targets to Achieve Value Creation



**Return on
Capital
Employed**

**Organic
Sales
Growth**

**Capital
Structure
& Dividend**

**People &
Nature**

Strategic Priorities

Profitable Growth



Innovation



Efficiency



Increasing efficiency in the entire value chain

Profitable Growth

Maximize the core by investing in winning markets



Top 20

Profitable
market share
growth

Up-and-coming

Invest and
grow for the
long term

Develop, Cure or Kill

Develop
stars,
turnaround or
exit poor
performers

Export

Profitability
and low risk

Profitable Growth

Expanding the core



**Scale up
Soaps &
Wipes
To
"New Core"**



**Grow
Solutions &
Services**



**Explore New
Categories**

Profitable Growth

Win in Digital



Digital Capabilities

Global digital operating model and capabilities



Digital Channels

Excellence in e-commerce & e-marketing



Digital Products

Tork EasyCube
TENA Identifi

Innovation

Around 30 innovations/product launches in 2015



Efficiency



**Supply
Chain
Efficiencies
with Value
Stream
Mindset**



**Go to Market
Excellence**



**Best Practice
Sharing**

Incontinence Care

Increase investment to accelerate growth and lead

1. Grow market share



2. Grow penetration



3. Expand the core



AfH Professional Hygiene

Consolidate global leading position by growing faster than the market



1. Accelerate profitable growth in mature markets through superior Go-to-Market approach



2. Secure a strong innovation funnel and leverage best practice



3. Market expansion in Emerging Markets to reach fair share



Consumer Tissue

Build inspiring brands that create distinctive value for consumers

1. Grow the category



2. Grow branded share in markets where we are established



3. Competitive cost position



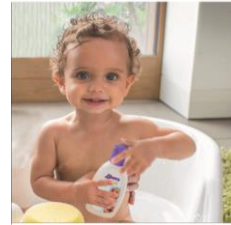
Baby Care

#1 or 2 in the chosen markets where we operate

1. Win in Europe with Libero and Retail Brands



2. Be where babies are



3. Tier-up to premium



Feminine Care

Be the fastest growing global feminine care brand

1. Innovation



2. Accelerate daily care / liners



3. Grow the category



Forest Products

World class efficiency and stable cash flow

Forest Assets



Publication Paper



Kraftliner



Solid-wood Products



Pulp



Energy



Other Key Activities

- Support the success of Vinda expansion in Asia
- Secure integration of Wausau Paper
- Investing in Östrand pulp mill expansion
- Creating two divisions;
Hygiene and Forest Products



SCA Driving Value Creation

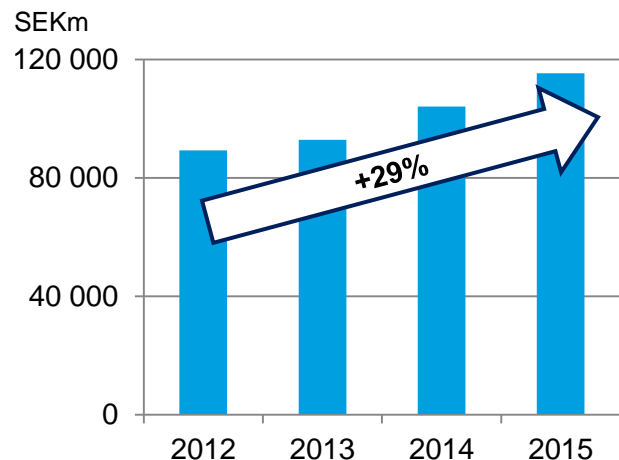


Fredrik Rystedt, Executive Vice President and CFO

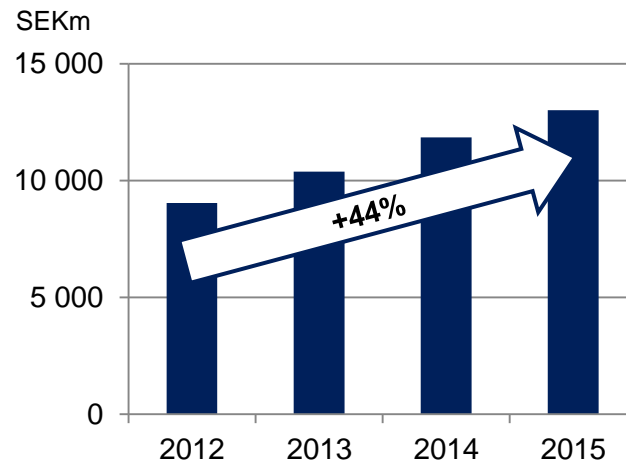


SCA Performance

Sales



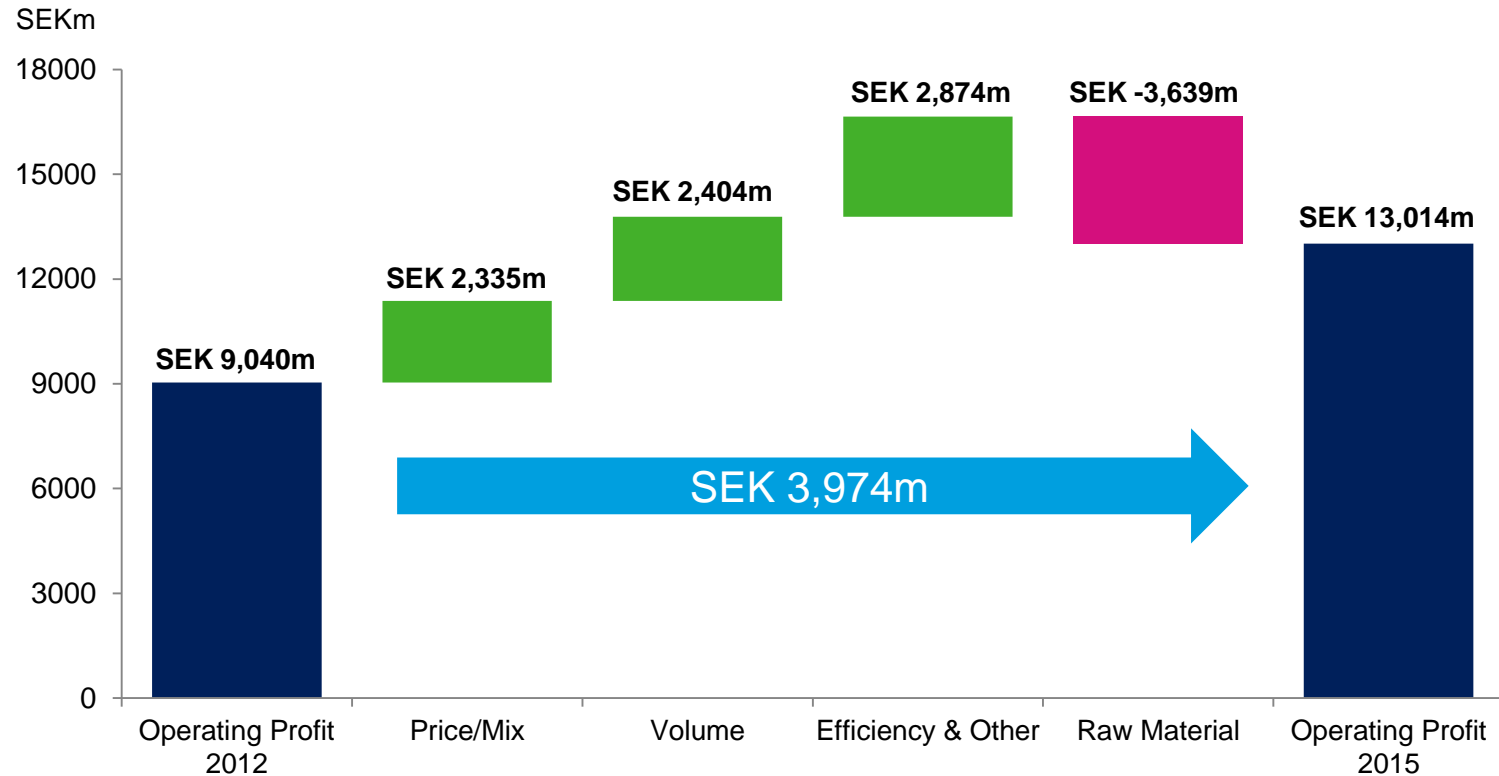
Operating Profit*



* Excluding items affecting comparability

SCA Group Operating Profit*

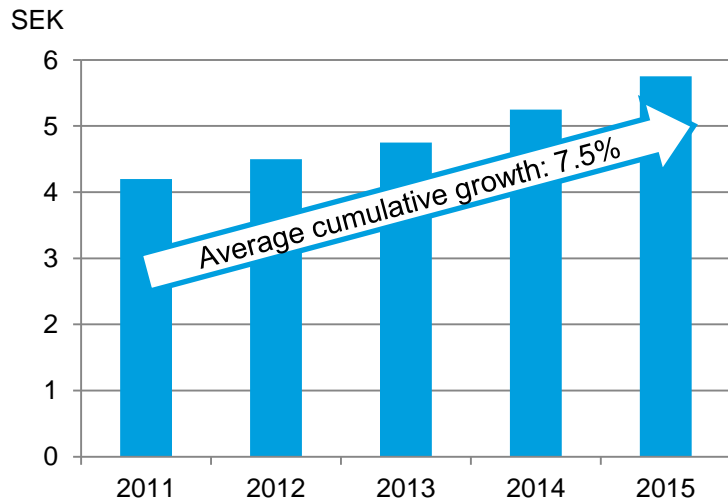
2012-2015



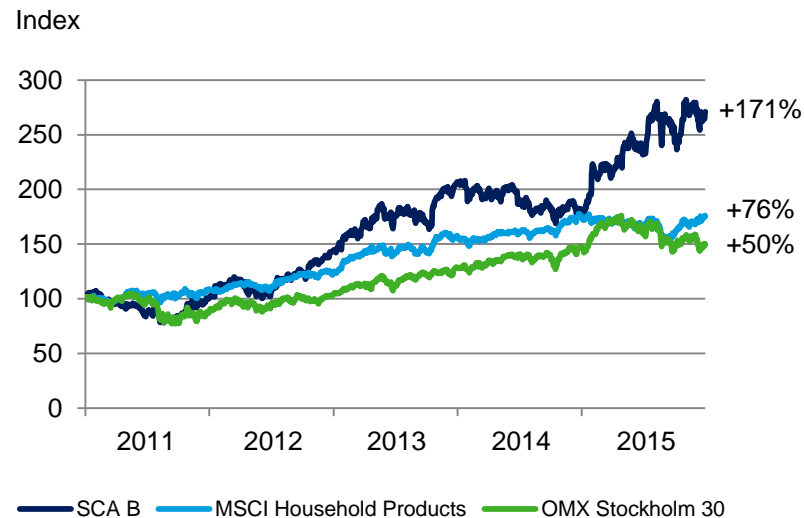
* Excluding items affecting comparability

Dividend and Total Shareholder Return

Dividend per Share



Total Shareholder Return

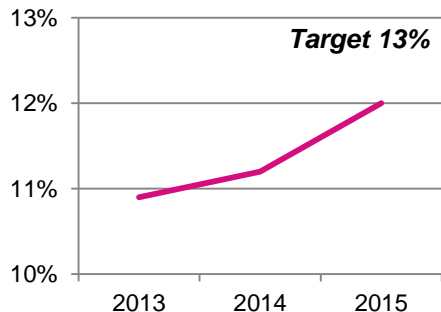


SCA Creates Value

SCA Creates Value

Return above
Cost of Capital

Return on Capital Employed*



* Excluding items affecting comparability

Enhancing Value Creation

Invest for
future growth

- Innovation
- Investments in Emerging Markets and market activities
- Build stronger brands
- M&A

Increase return

- Innovation
- Efficiency improvements
- Cure or kill

Grow where
return is high

- Innovation
- Improve portfolio mix
- Continue to invest in market activities

Our Ambition



- To generate superior value creation and shareholder return through profitable growth
- To perform better or in line with the best competitor in every geography and category where we compete



Financial Group Targets

Return on Capital Employed

Group: 13%

Business area:

- **Personal Care:** 30%
- **Tissue:** 15%
- **Forest Products:**
To be in top quartile of the industry

Organic Sales Growth

Annual organic sales growth:

- **Personal Care:** 5–7%
- **Tissue:** 3–4%
- **Forest Products:** to grow in line with the market

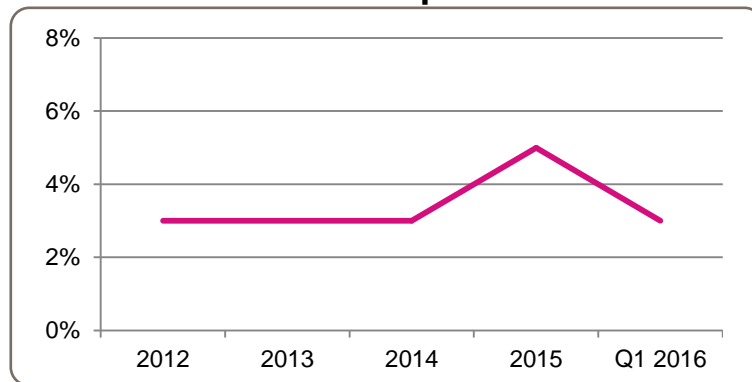
Capital Structure & Dividend

- Effective capital structure
- Maintain a solid investment grade rating
- SCA aims to provide long-term stable and rising dividends to its shareholders

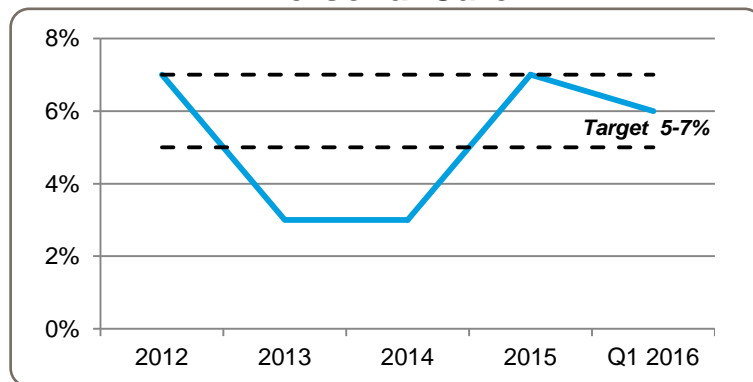
Organic Sales Growth

Outcome vs. Targets

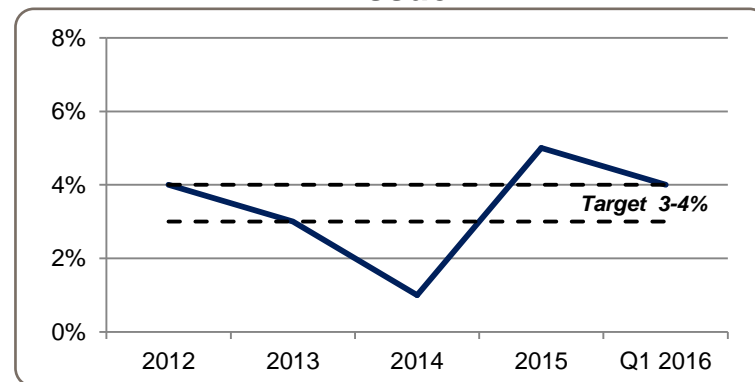
Group



Personal Care



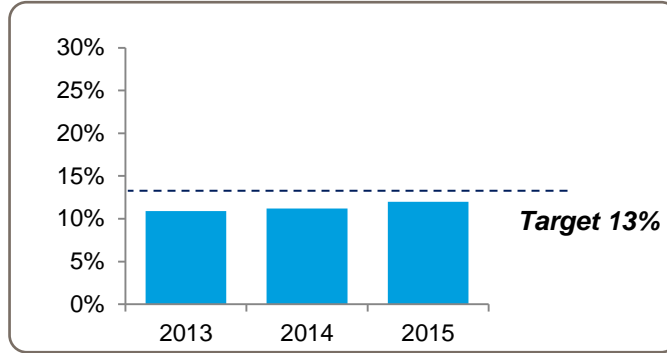
Tissue



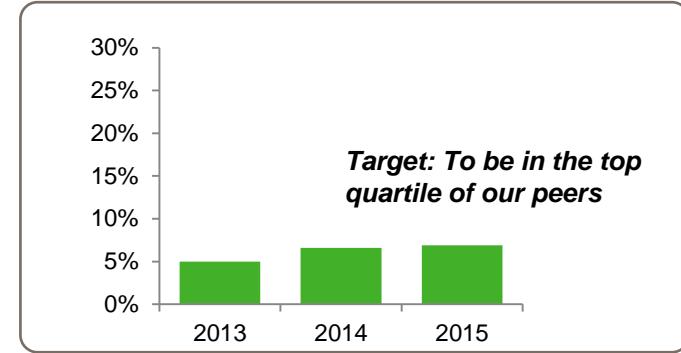
Return on Capital Employed

Outcome* vs Targets

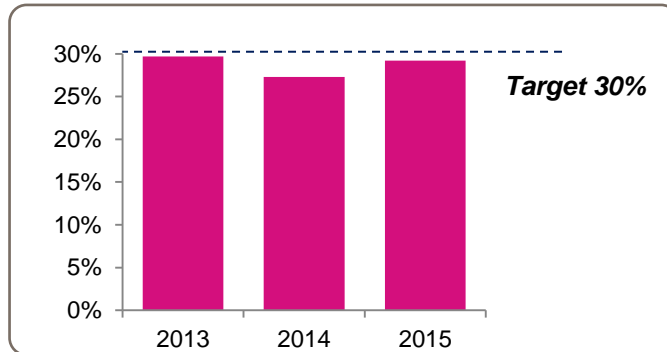
Group



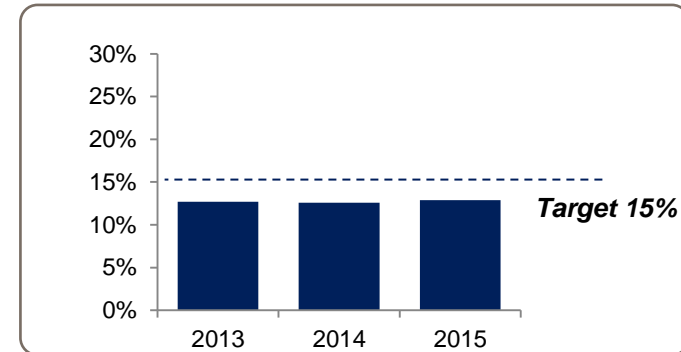
Forest Products



Personal Care

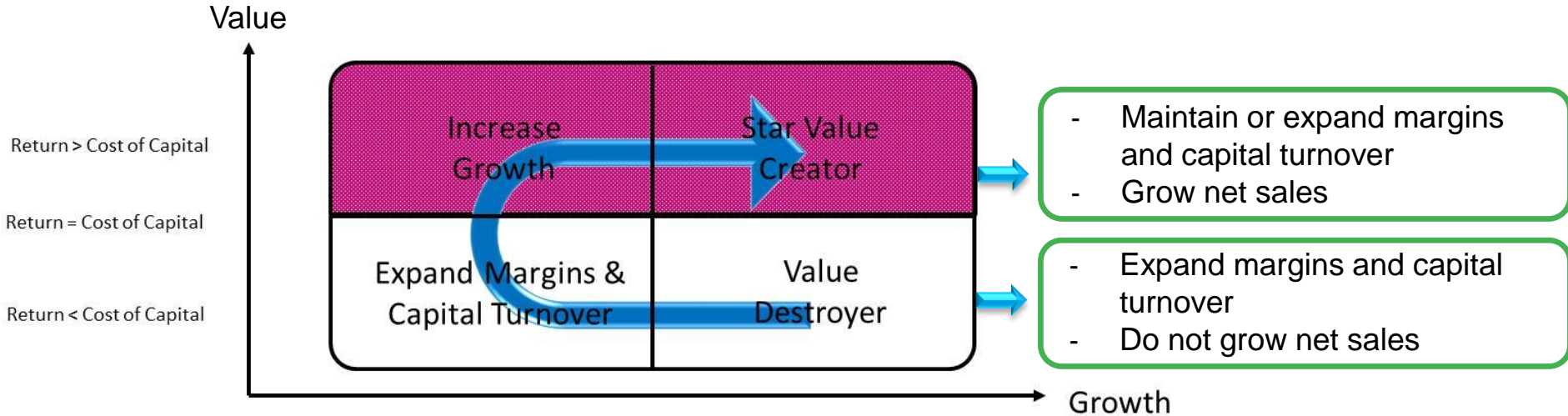


Tissue

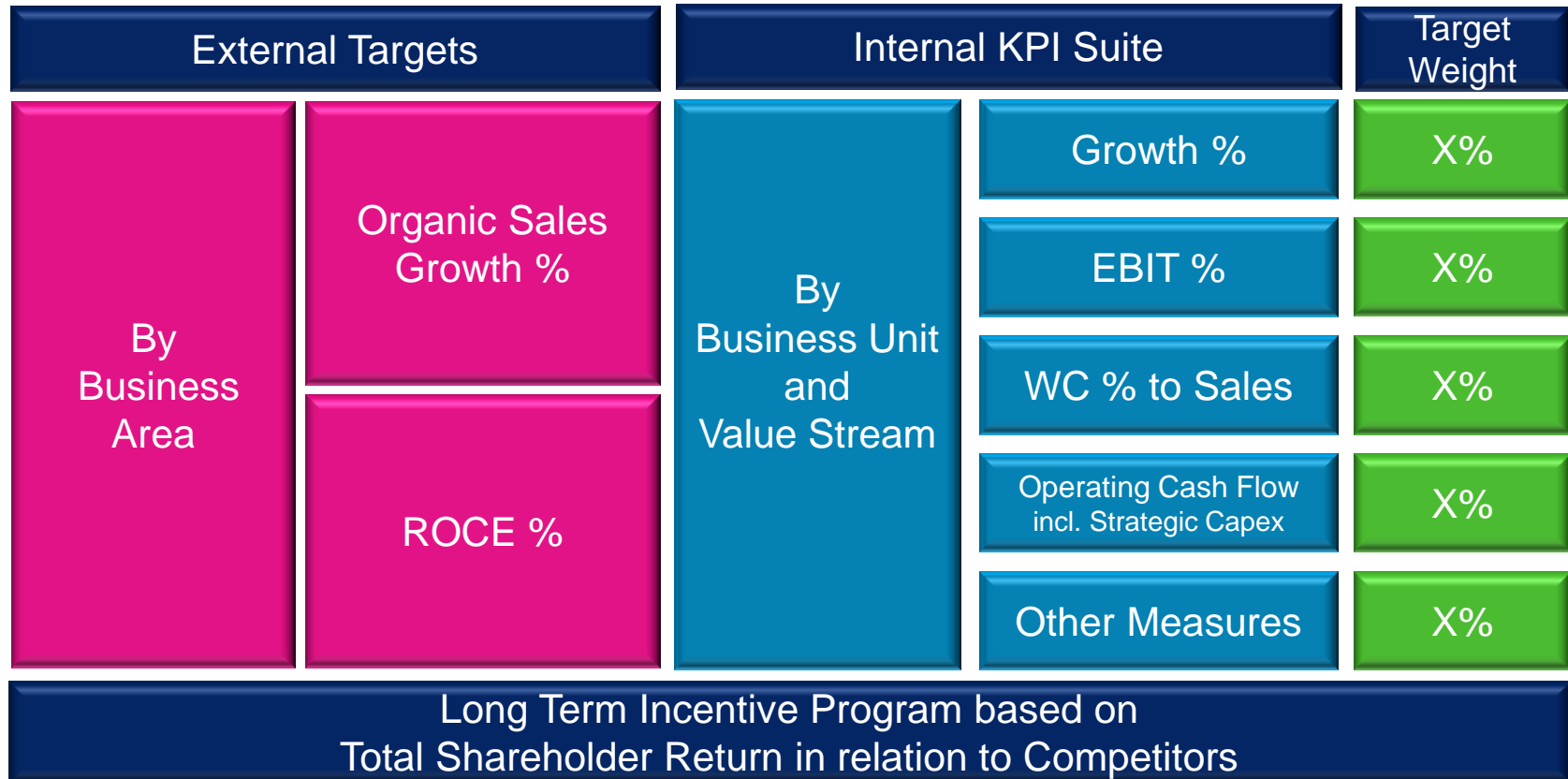


* Excluding items affecting comparability

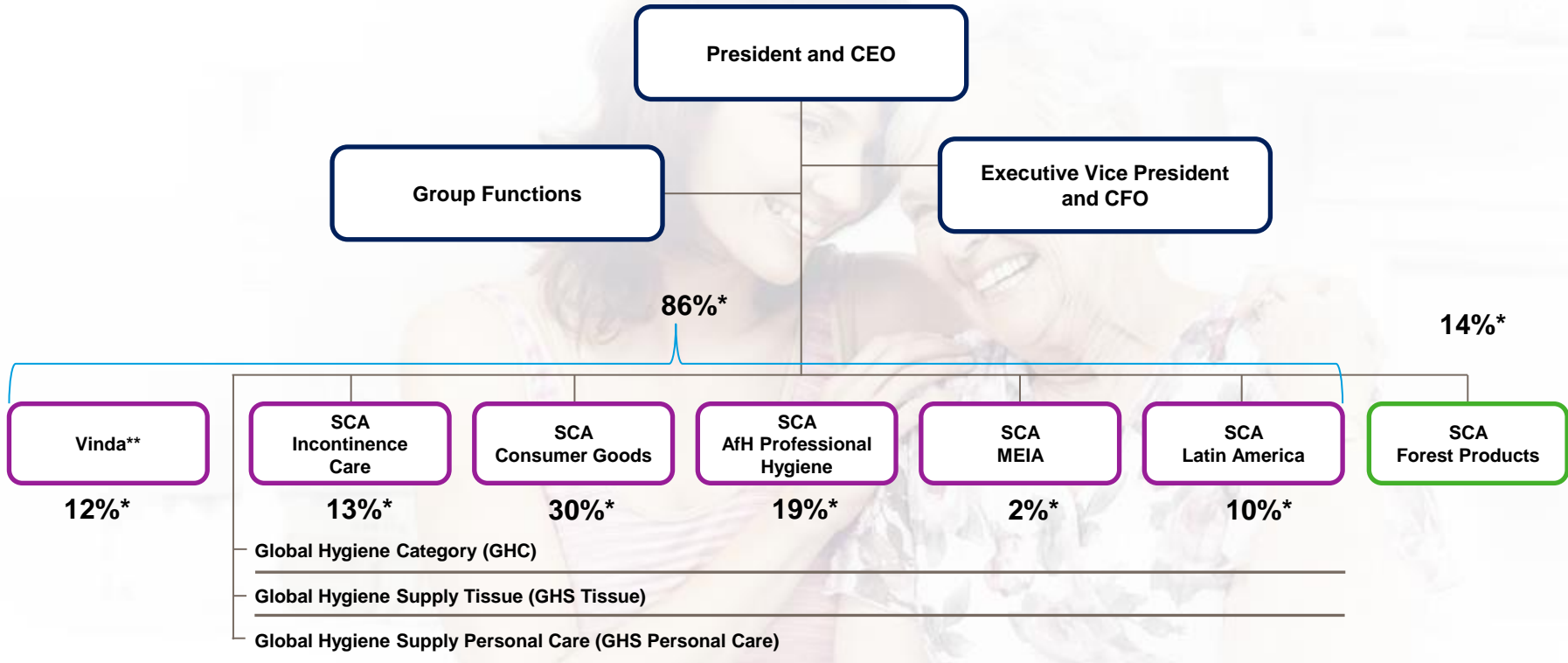
Profitable Growth



Incentive Program Supports Value Creation



Sales by Business Unit



* % of SCA Net Sales Q1 2016

** Including SCA's hygiene business in South East Asia, Taiwan and South Korea. The transaction closed on April 1, 2016.

Q&A



SCA
Care of Life



Sustainability - Driving Business Performance

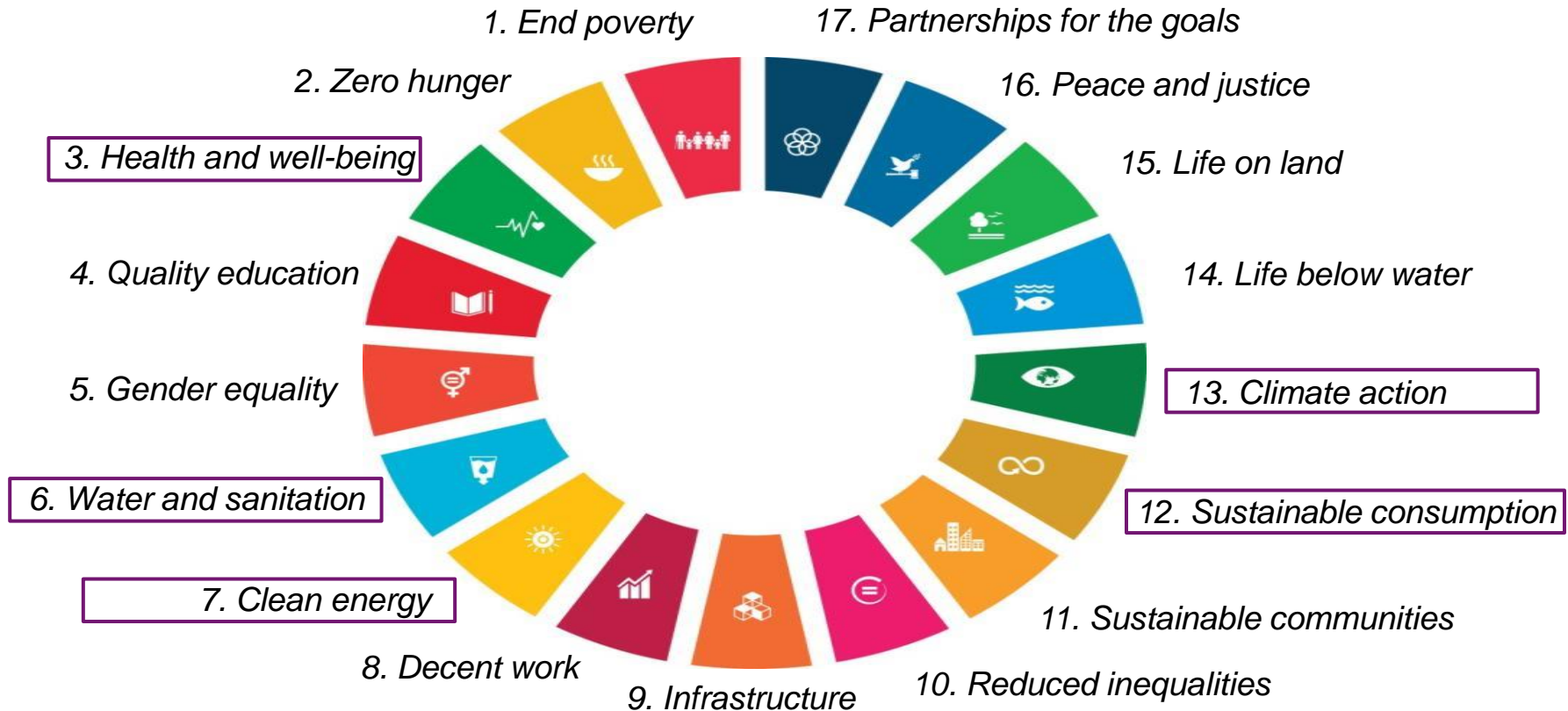


Kersti Strandqvist, Senior Vice President, Group Function Sustainability



UN 17 Global Goals

Strong link with hygiene, sanitation and climate action



Sustainability Creates Value

- Driving profitable growth
 - ◆ Winning with customers and consumers
 - ◆ Resource efficiency = reduced cost and environmental impact
- Building brand equity
 - ◆ The bigger picture = social and environmental value creation
- Business ethics and compliance
 - ◆ Responsible business



Sustainability Targets

People Targets



**People & Nature
Innovations**



Hygiene Solutions



Code of Conduct



**Employee
Health & Safety**

Nature Targets



**Climate &
Energy**



**Fiber Sourcing &
Biodiversity**



Water

New Sustainability Targets



- Employee Health & Safety
 - ◆ -50% accident frequency rate 2014-2020



- Fiber Sourcing
 - ◆ All fresh fiber in our products will be FSC or PEFC certified, or fulfill the FSC's standard for controlled wood



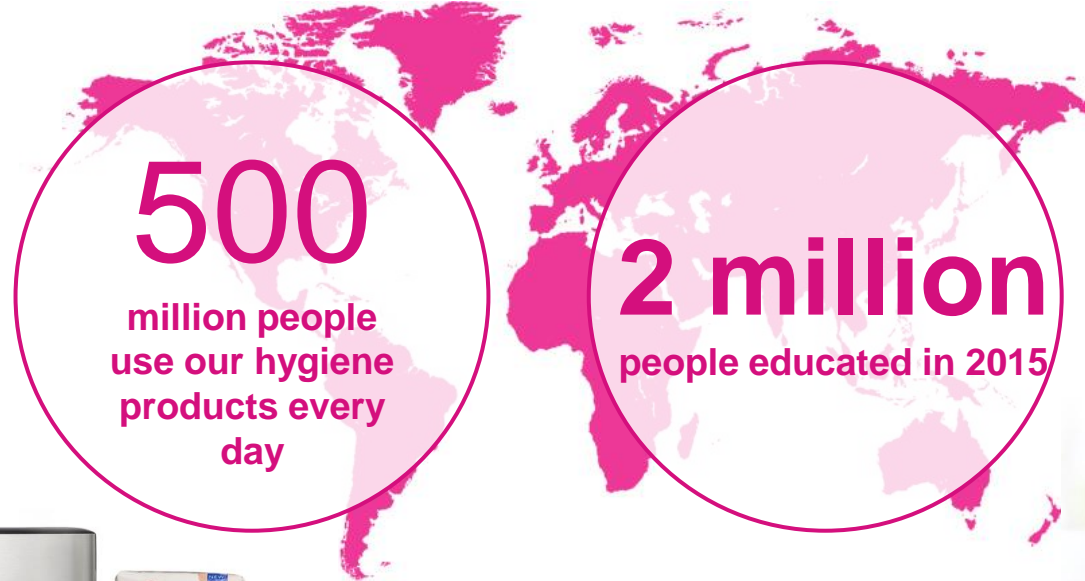
- Water
 - ◆ Tissue: -10% effluent water and organic content by 2020
 - ◆ Forest products: -10% phosphorous emissions
 - ◆ All: -10% suspended solids

Creating Value For People and Society

and driving profitable growth for SCA



Better Hygiene for Better Health



Winning With Customers and Consumers

Resource efficiency reduces cost and environmental impact



- Life Cycle Assessments improve customer offering
 - ◆ Thinner incontinence products, baby diapers and feminine care products
- Tork Xpressnap reduces consumption by at least 25%
- Tork SmartOne dispenser systems
 - ◆ Reduces toilet paper consumption by up to 40%



Climate and Energy

Innovation and efficiency



- **ESAVE (energy save)**
 - ◆ Since 2010 over 900 projects have resulted in accumulated energy savings of 8.2%
- **New biofuel plant in Nokia, Finland**
 - ◆ Increased cost efficiency, 40% lower carbon emissions (20,000 tons/year)
- **Pyrolysis technology makes waste valuable**
 - ◆ Use of pyrolysis technology to extract energy from sludge



Business Ethics and Compliance

Manage risk and drive business performance



- SCA Code of Conduct
- Supply chain management
 - ◆ Self Assessment Questionnaire through the Sedex database (Supply Ethical Data Exchange)
 - ◆ Global supplier standard in supplier contracts
- Compliance and monitoring
 - ◆ Code of Conduct audits
 - ◆ Business practice reviews
 - ◆ Supplier audits



Awards and Ratings

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good



OMXSUSTNC
NASDAQ OMX
OMX GES SUSTAINABILITY NORDIC

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Q&A



SCA
Care of Life



SCA Forest Products



Ulf Larsson, President SCA Forest Products



Value Creation in Forest Products

**Stable and
good cash
flow over time**

**Long-term
stable and
growing
demand for
fiber based
products**

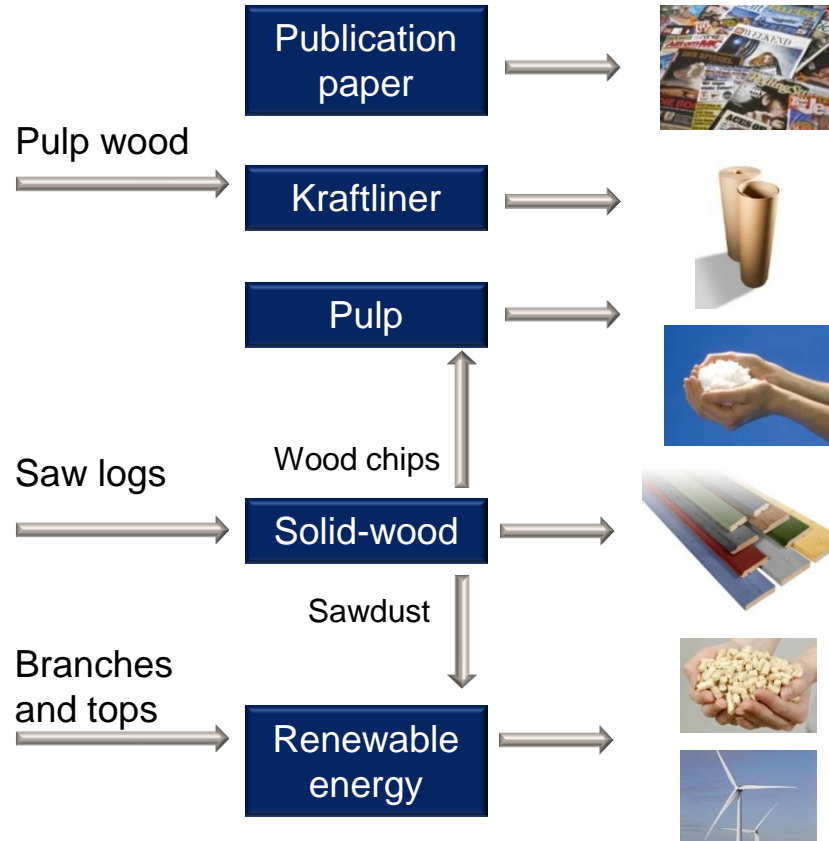
**Attractive
position in
softwood
market**

**Integrated
value chain
creating
competitive
position**

**Future
growth
opportunities**

- Liquid biofuels
- Green chemicals
- Renewable materials

Full Control of our Value Chain



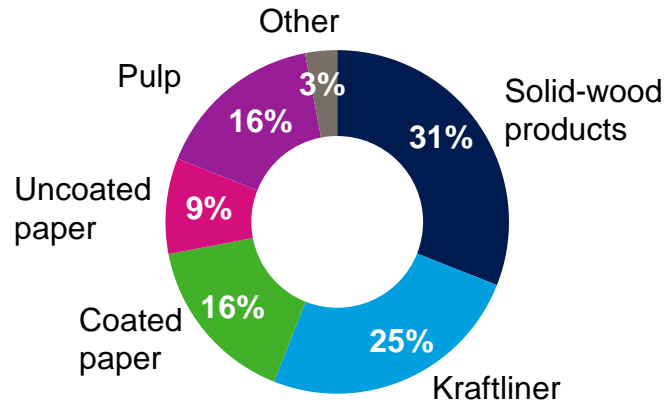
Logistics

SCA Forest Products

14% of SCA Group Sales Q1 2016

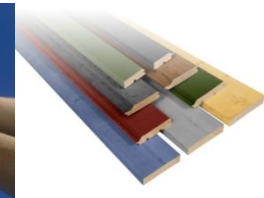
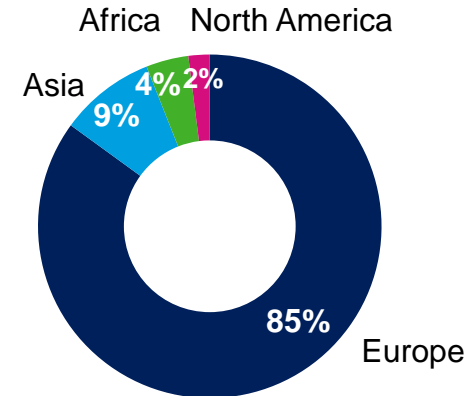


2015 Sales by Product Segment



2015 net sales SEK 17bn
4,000 employees

2015 Sales by Region



SCA Forest Products

World class efficiency and stable cash flow



Forest Assets

- Maximize growth
- Optimized flow of raw material to our industry



Kraftliner

- High performance containerboard
- #1 non-integrated supplier in Europe



Publication Paper

- High brightness publication paper
- High innovation rate



Solid-wood Products

- Asset optimization
- Leading position in selected value chains



Pulp

- Double capacity creates world-class competitiveness



Energy

- Maximize commercial potential in renewable energy



Pulp

Capacity expansion to world-class competitiveness



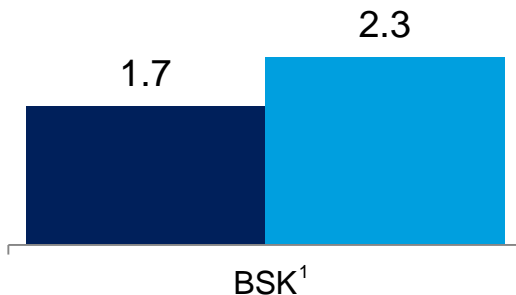
- Cash cost leader and superior environmental footprint
- Supports forest value
- Enables biorefinery development
- Start-up mid 2018

SCA Well Positioned in Global Pulp Market



Positive market growth outlook

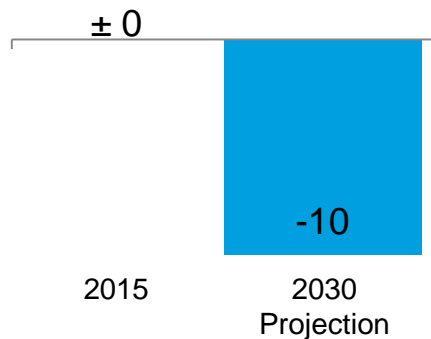
- Global market growth CAGR* 2000-15
- Global market growth CAGR* 2015-20



¹ Includes fluff pulp

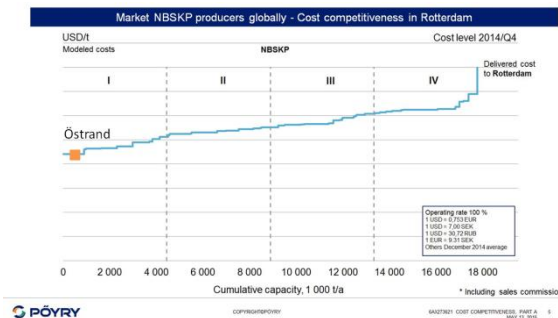
Global supply shortage projected

Global supply surplus (shortage)
million tons softwood pulp



- Limited supply sources
- Increased demand

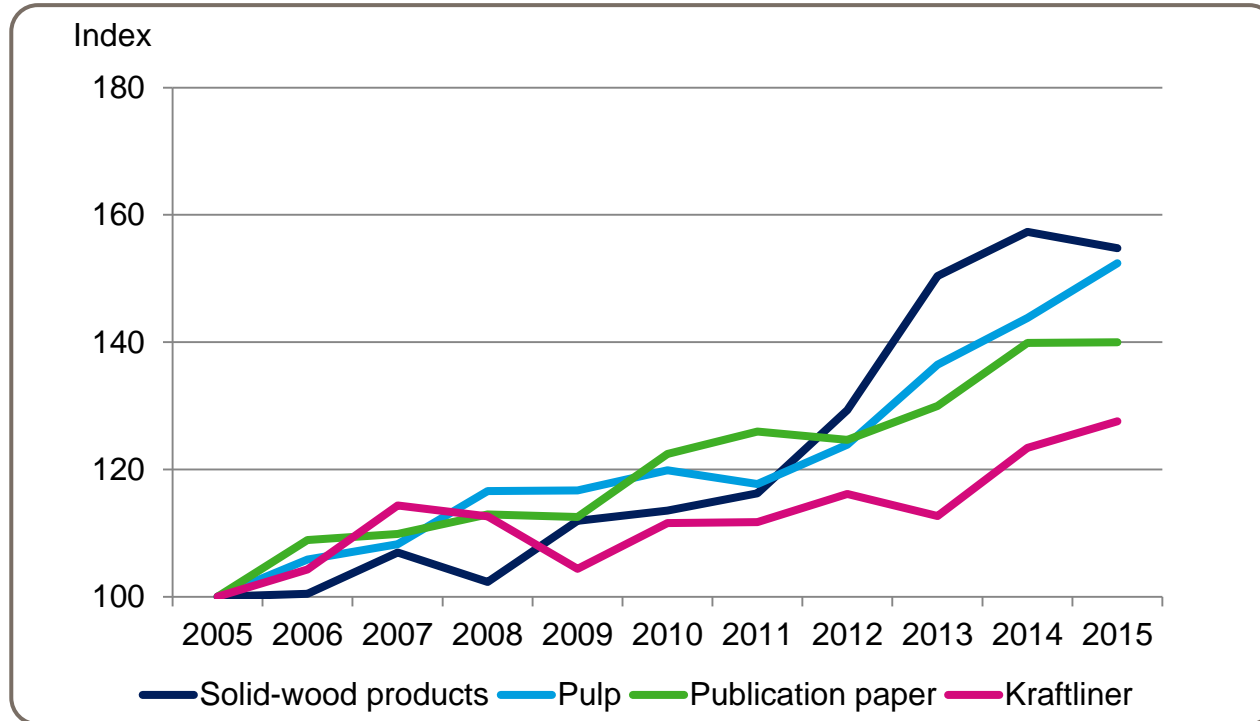
Attractive position on global cost curve



World Class Efficiency

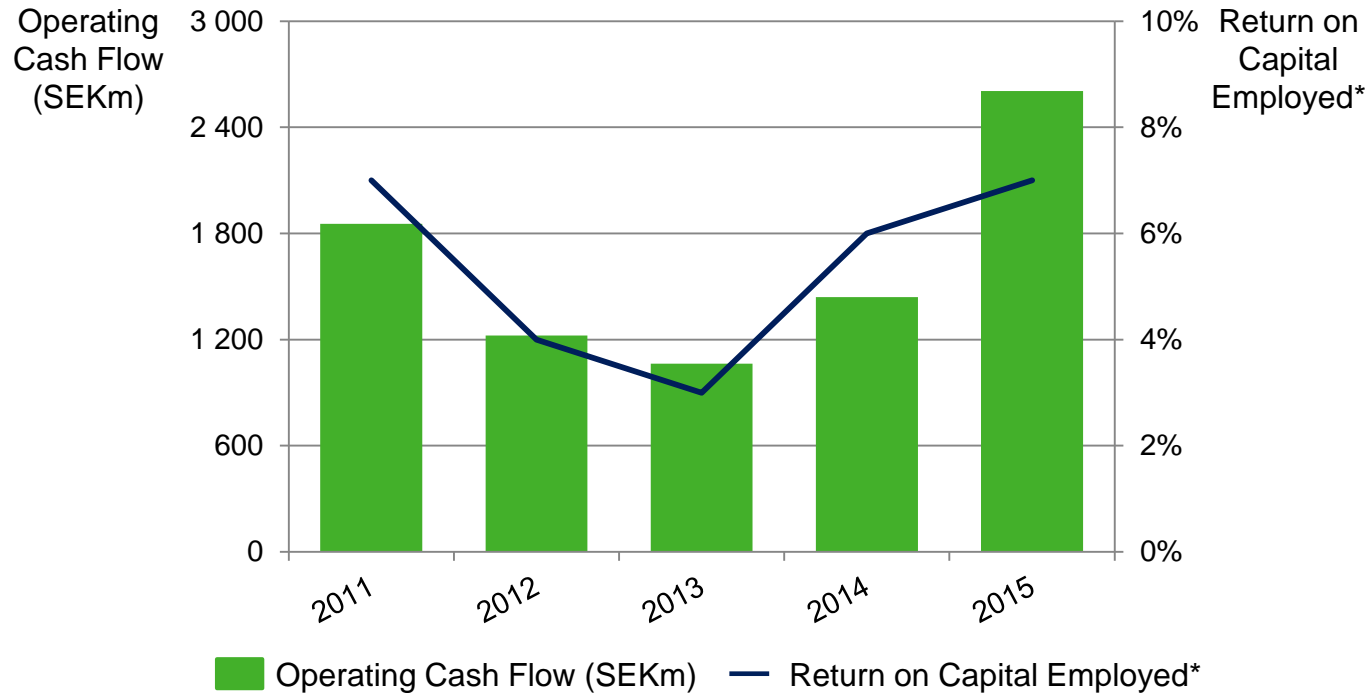


Productivity
tons or m³/employee



Operating Cash Flow and ROCE*

2011-2015



* Return on capital employed excluding gains on forest swaps and items affecting comparability

Summary and Key Takeaways

SCA Forest Products



- Good growth for all product segments except publication paper
- Strong integrated value chain
- Well-invested asset base
- Responsible forest management
- Good relative and absolute profitability with strong cash flow

Q&A



SCA
Care of Life



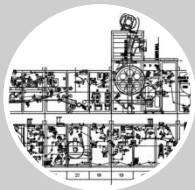
Efficiency in Supply Chain



Ulrika Kolsrud, President SCA Global Hygiene Supply Personal Care
Donato Giorgio, President SCA Global Hygiene Supply Tissue



Contributing Throughout the Value Chain



Technology



Sourcing



Manufacturing



Logistics

Profitable Growth



- Footprint reflecting market needs
- Quick response to market opportunities
- Promotions and customer adaptations

Innovation



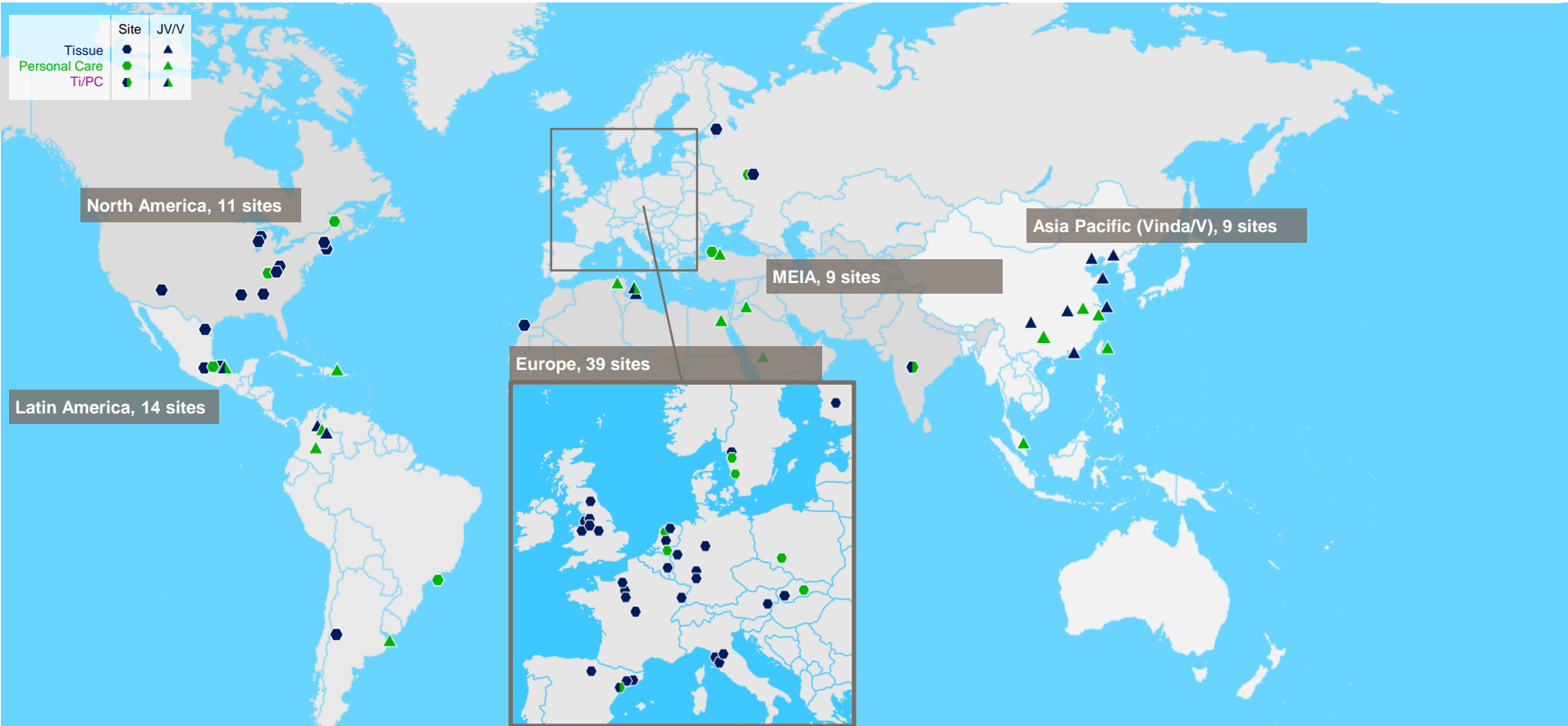
- The right technology solutions
- The right materials
- Test runs
- Speed and quality in roll out

Efficiency



- World class productivity
- Minimal material and logistics cost
- Optimal asset utilization

85 Hygiene Production Facilities Across the Globe

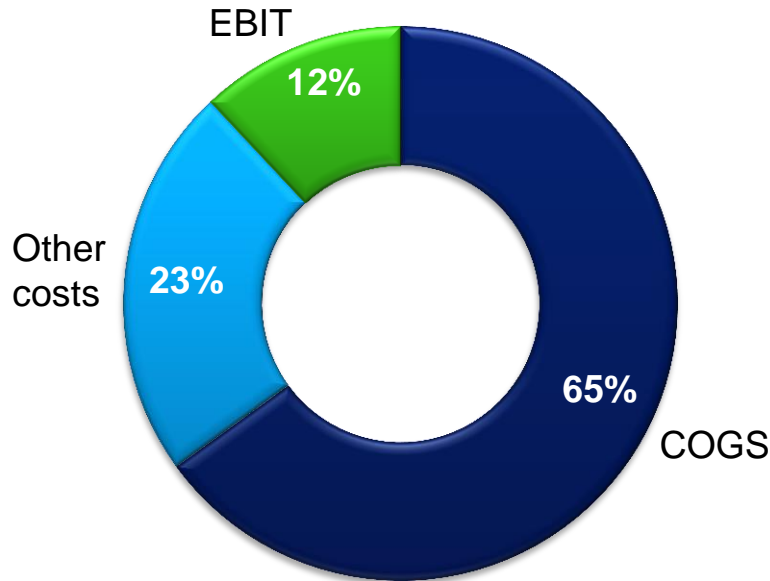


Supply Efficiency has Big Impact on Profit



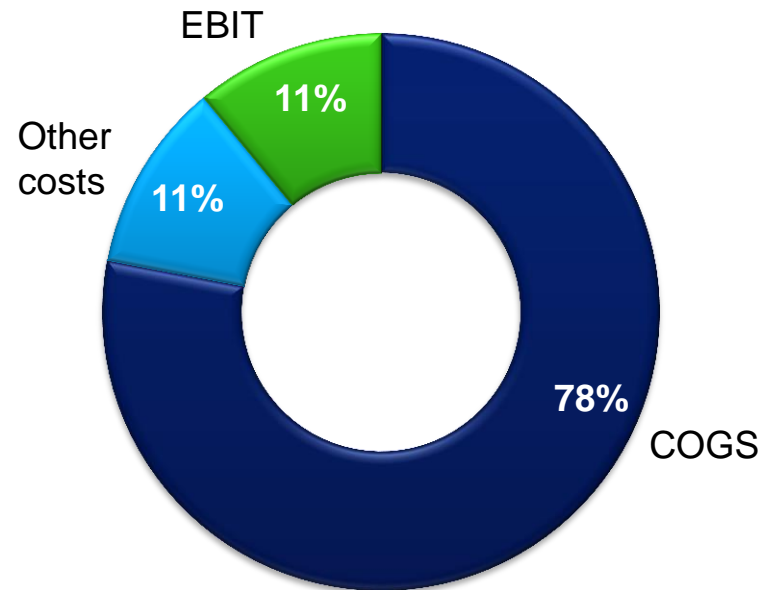
Personal Care

% of sales



Tissue

% of sales

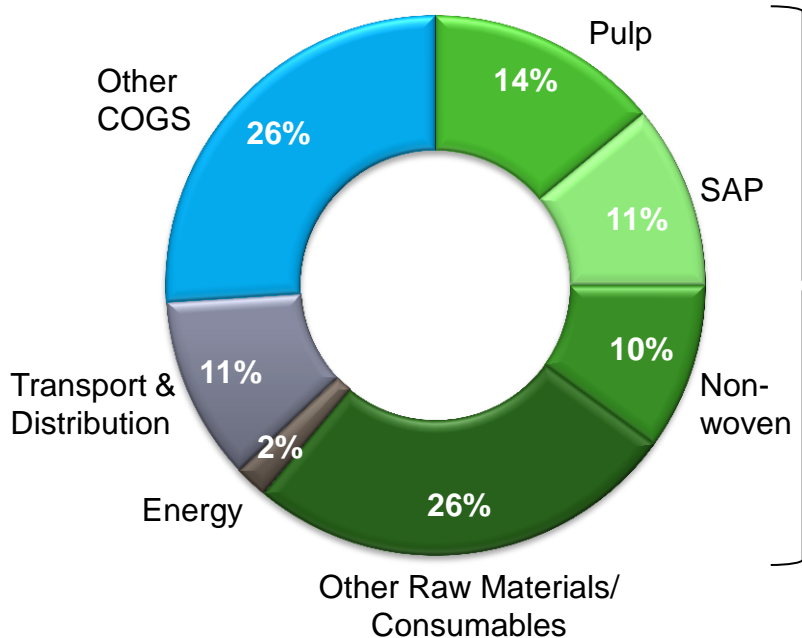


Raw Materials is the Major Part of COGS



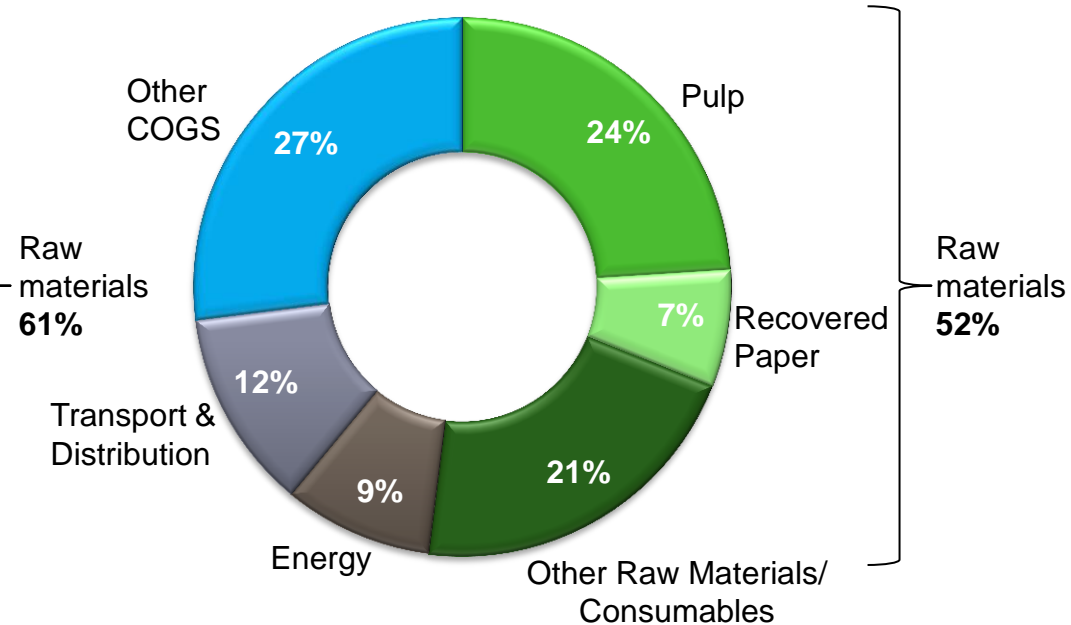
Personal Care

% of COGS



Tissue

% of COGS



Key Achievements



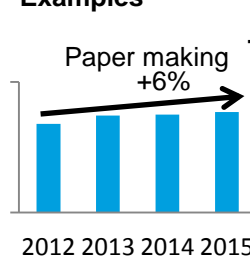
- Accident frequency rate reduced by 37% from 2011 to 2015
- Annual efficiency improvements and savings of 1.5-2.0% of COGS
- Reduced climate impact
- Roll out of innovations at a higher pace than ever

Examples of Efficiency Gains and Savings

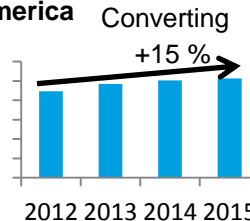


- Footprint improvements
- Reduced logistics cost
- Faster and more flexible machines to reduce Capex
- Material optimization
- Efficiency improvements

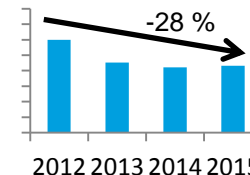
Examples



Machine Efficiency Tissue North America



Machine Waste Personal Care North America



Top Priorities

To deliver on business needs and build for future success



- Reduce accidents towards zero vision
- Excellent service level and predictable product quality
- Reduce costs and improve capital efficiency
- Support an increased pace of innovation and market initiatives

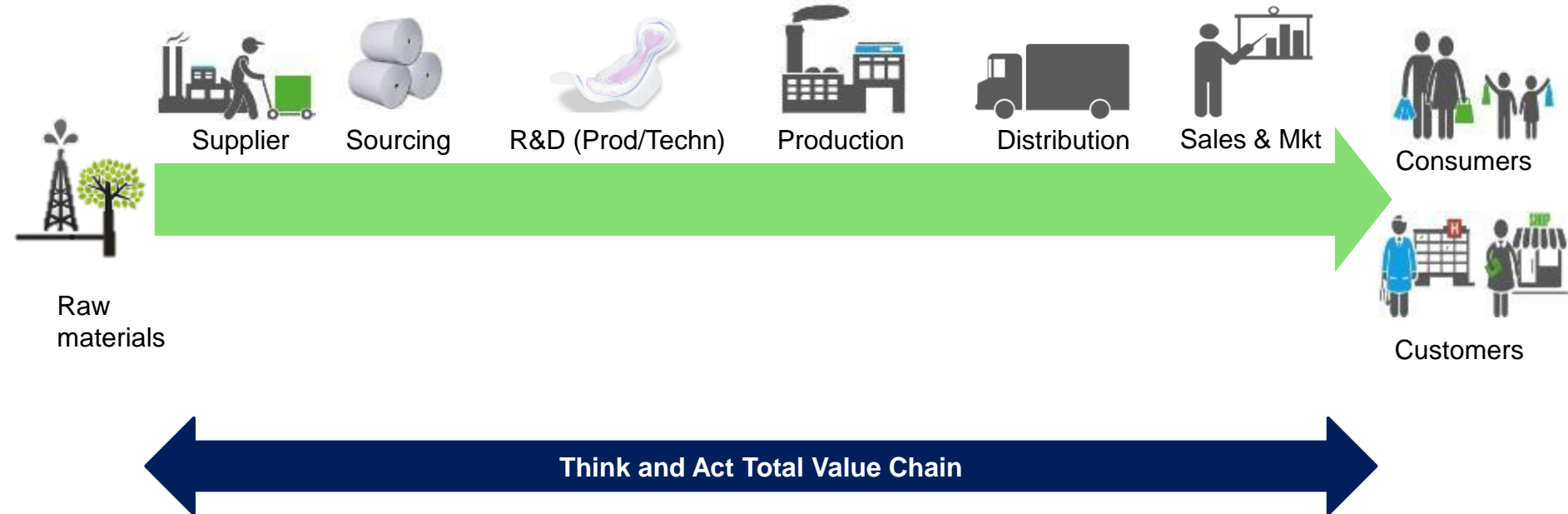
Always in focus

- Continuously optimize footprint
- Secure capacity to enable growth
- Enable speed to market in future innovation
- Recruit best talents and enhance capabilities
- Strengthened value chain approach

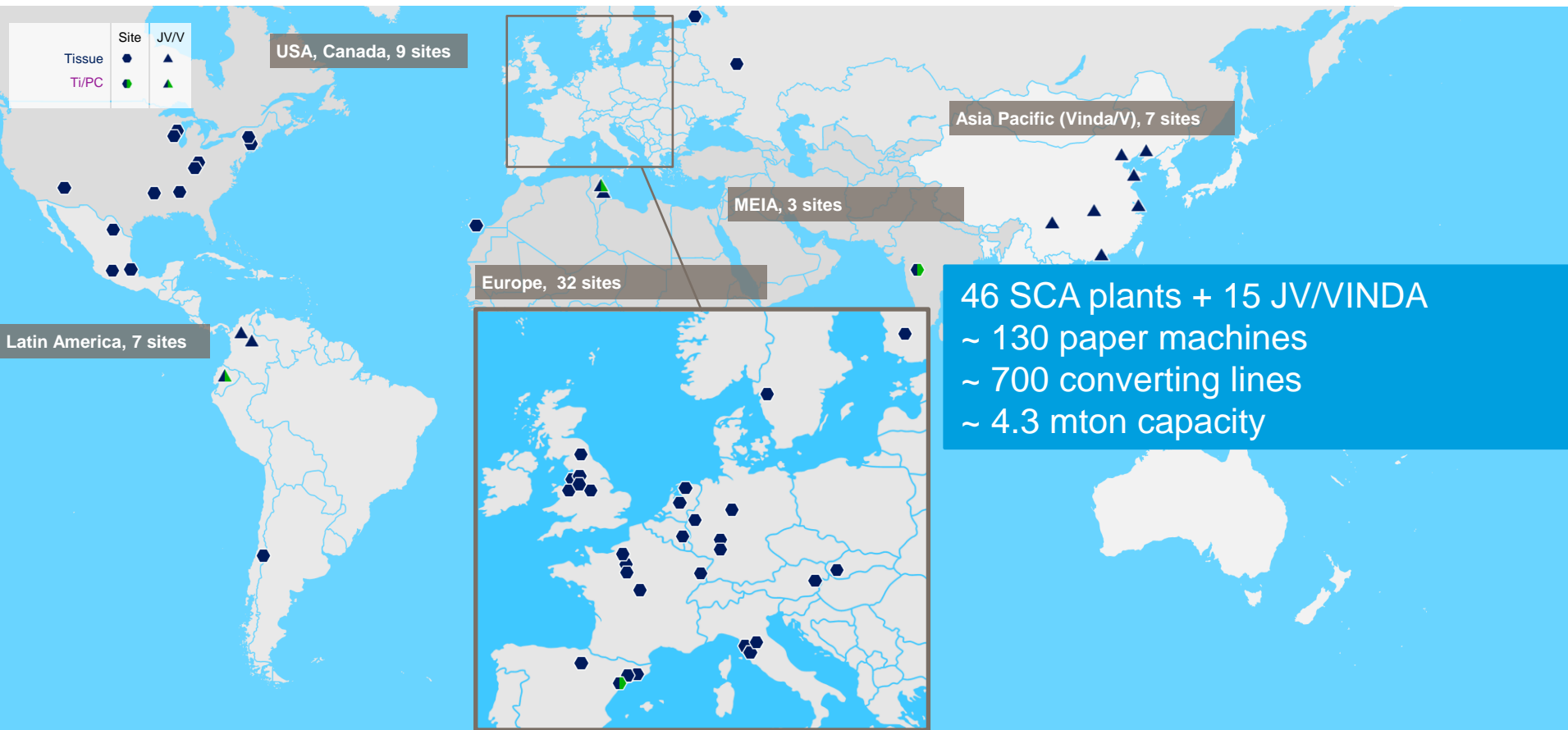
Fit for the future

Deliver Savings

through optimizing total value chain



Global Tissue Footprint and Capacity



10 Year Tissue Supply Chain Roadmap

USA, Canada

Market is balanced

- Enable Tork to become the leader in the North American AfH market

Latin America

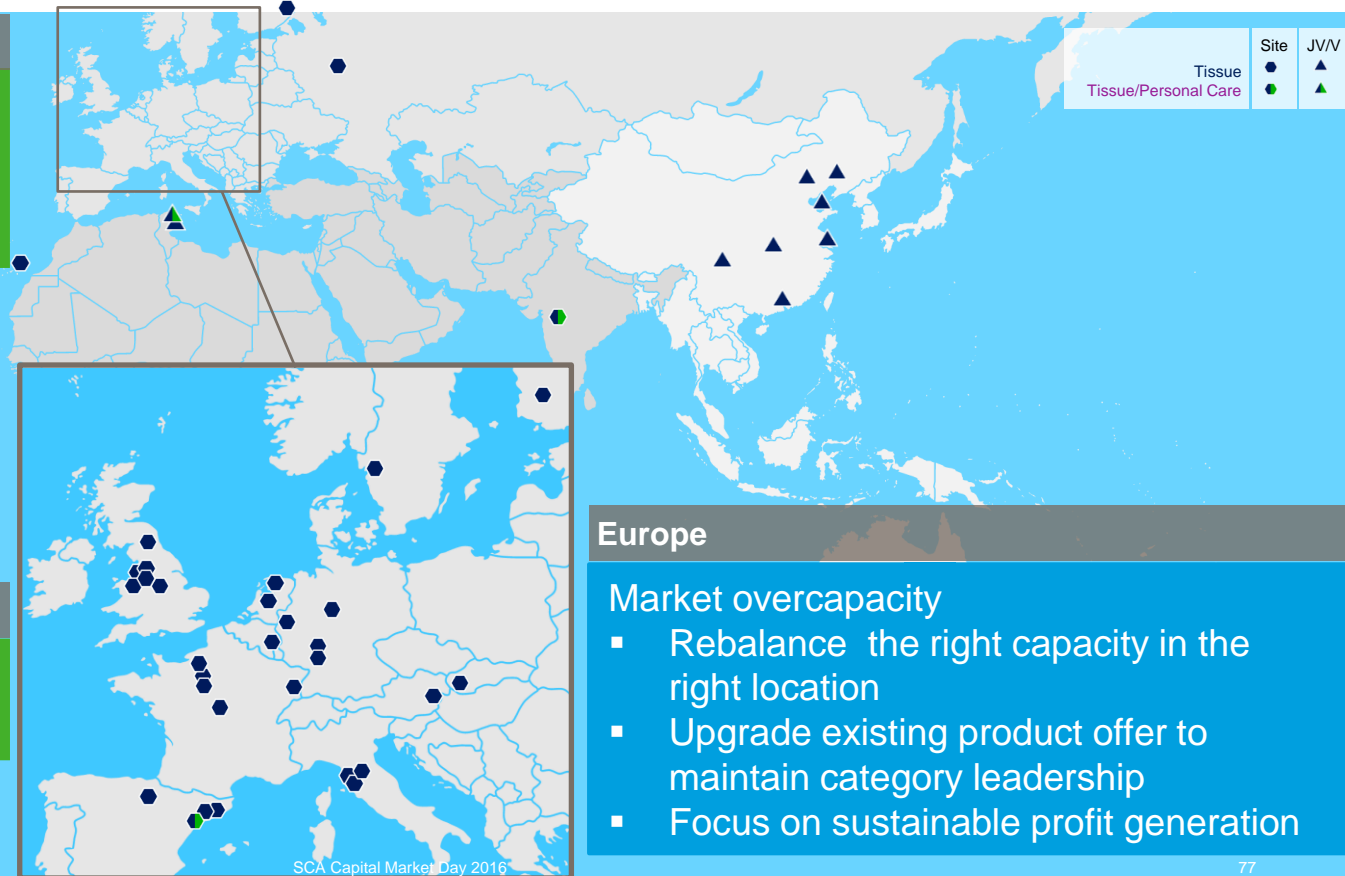
Market is short in paper

- Capture market growth

Europe

Market overcapacity

- Rebalance the right capacity in the right location
- Upgrade existing product offer to maintain category leadership
- Focus on sustainable profit generation



Tissue Roadmap

Possibilities in creating value over the next 10 years



Structural Potential

**Footprint
Optimization**

**Innovation
&
Quality
Upgrades**

**Technology
Strategy**

Organic Potential

**Manufacturing
Efficiency**

**Sourcing
&
Energy
Savings**

- Structural and organic efficiency opportunities in supply chain
- Capacity expansion in selected markets to capture growth
- Capex and restructuring costs will be required

Summary and Key Takeaways

SCA GHS Personal Care and GHS Tissue



- Supply chain performance has big impact on profitability
- We drive cost and capital efficiency
- We support innovation and profitable growth
- Our mission is to deliver on local business needs

**Our ambition is to establish SCA as
best in class manufacturer, providing a
competitive advantage to the business**



SCA
Care of Life



Innovation for Value Creation



Annika Nordin, Acting President SCA Global Hygiene Category



Global Hygiene Category

Hygiene Brands

Innovation

Intellectual Property

Research and Development including Product Safety



INNOVATION CENTERS

Sweden, France, Germany, USA,
China, Mexico and Malaysia



THREE "BILLION DOLLAR BRANDS"

Tork, TENA and Vinda. Aspiration for more
global brands. Strong regional brands.



STRONG POSITIONS

Number one or two
in 90 countries

Innovation and Brands Create Value

- Drives profitable growth
- Crucial for brand building
- Meeting customer and consumer needs
- Bigger brands and bigger launches



We Understand Consumer Trends



Make it MINE



Well
being

RESPONSIBILITY



IDENTITY
the new A-gender

HUNGRY
planet

Sense of
INTENSE



Anything
ON DEMAND



CONVENIENCE

Rebirth of
CITIES

We Know Our Consumer and Customer



Market research
>150,000 people/year



Consumer versus
shopper behaviour



Portraits/personas
Moodboard/film

Combining Creativity and Efficiency



From Insight to Business Value

Libresse – Roll.Press.Go



“Women feel embarrassed leaving any trace behind when having their period.” Wrap pad in toilet paper to hide them.

Insight



Solution

New and unique feminine care disposal solution

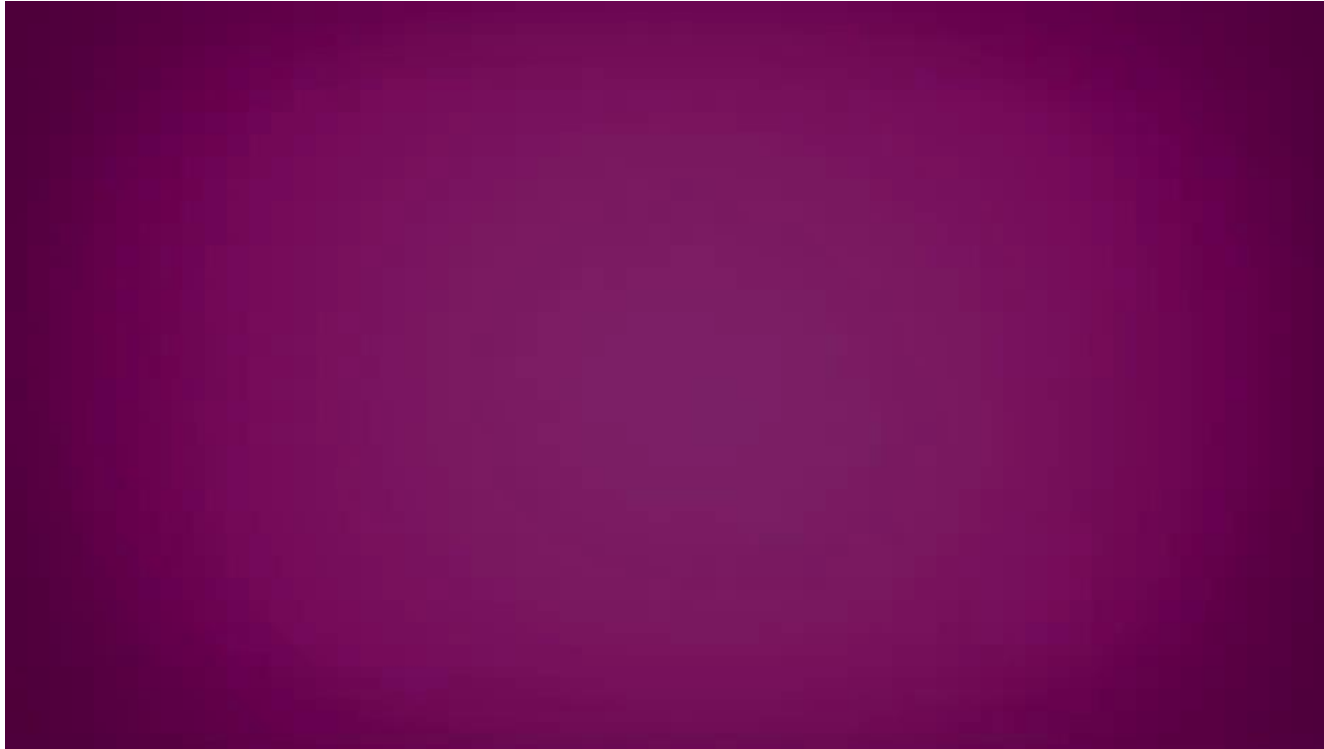


Marketing Communication

Improved Market Share and Sales Growth

Video

Roll. Press. Go



From Insight to Business Value

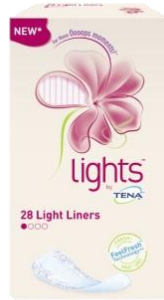
lights by TENA



“... sometimes experience little leaks (“little Ooops moments”).

... I use feminine liners now.”

Insight



Solution

A purpose-made product specifically designed for little leaks.



Marketing Communication

Sales Growth

Video

lights by TENA



From Insight to Business Value

Tork Image Design Line



“When refurbishing my image wash-rooms I want consumables that reinforce the interior design intent and function without hassle.”



Solution



Marketing Communication

**Increased
Dispenser
Placements**

Insight

New dispenser line for premium washrooms, combining form and function to pave the way for dispensers in high-end washrooms.

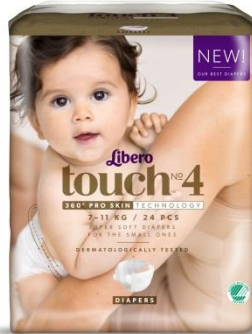
From Insight to Business Value

Libero Touch



“I want the best fit and comfort for my baby to protect her delicate skin.”

Insight



Solution

A soft and well fitting diaper that feels like it has been expertly crafted for your unique baby.



Marketing Communication

Sales Growth*

* For total Libero sales in Sweden and Russia, since Touch launched

Video

Libero Touch



From Insight to Business Value

Moist Toilet Tissue range



35% of consumers
don't feel clean
enough after using
classic toilet paper



Solution



**Marketing
Communication**

Insight

New moist toilet
tissue for a superior,
reliable clean.
Two simple steps:
dry and moist.

**Improved
Market Share
and Sales Growth**

Video

Moist Toilet Tissue



Internet of Things



Tork EasyCube



TENA Identifi

Digital Transformation

- E-commerce
- Digital marketing – increasing part of our A&P

**TENA Men – Keep Control
with Stirling Gravitas**



Libresse – Femoji's



300 million women are having
their period right now

Video

Libresse



Innovation for Profitable Growth

- Innovation based on market trends and solid customer/consumer insight
- Sustainability, product safety and efficiency integrated into the process
- Some 30 innovations launched and 54 patent applications 2015
- Innovation drives bigger brands and bigger launches





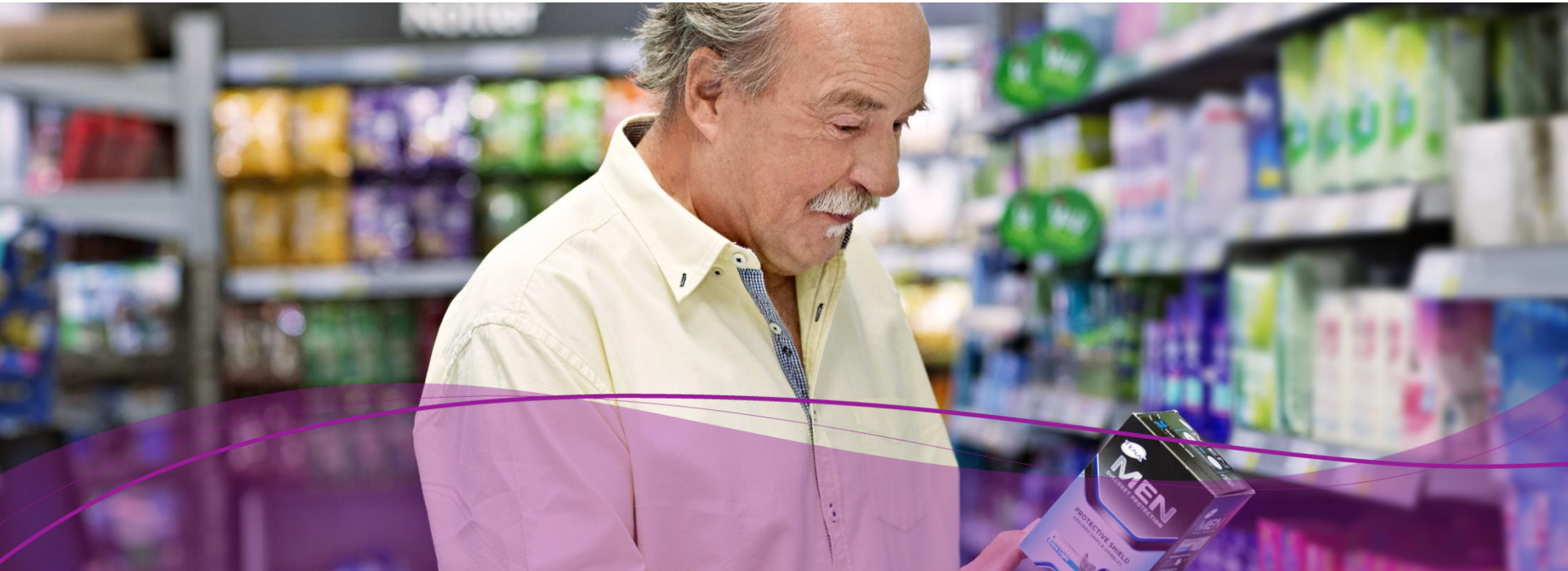
SCA
Care of Life



SCA Incontinence Care



Margareta Lehmann, President SCA Incontinence Care



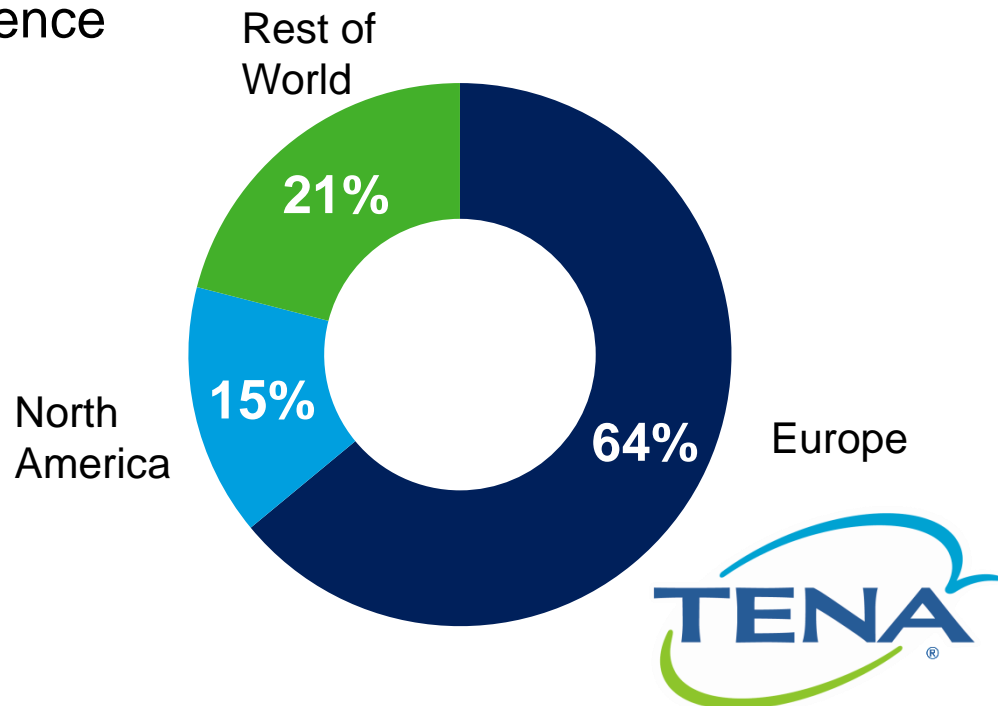
SCA Incontinence Care

13% of SCA Group Sales Q1 2016



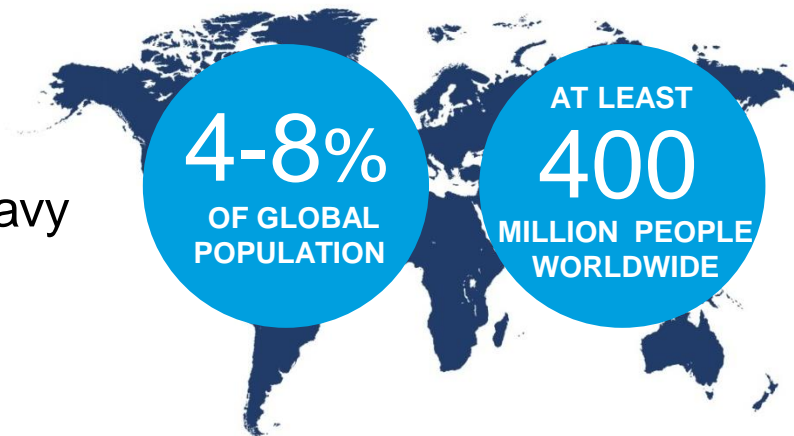
Global Sales Split 2015

- TENA global leading incontinence brand
- Covering TENA sales in Europe, North America and Japan
- Sales across all channels: institutional, home care, retail, e-commerce



Facts about Incontinence

- Acknowledged as a set of diseases by WHO*
- Different profiles from light to heavy



* World Health Organization
Source: 2013 ICI Publication

Market Positions 2015

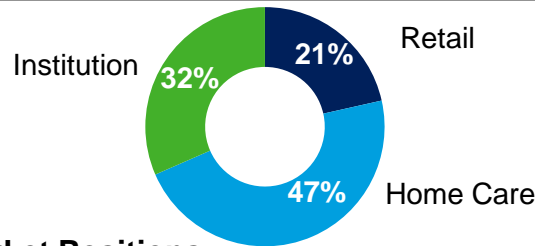
SCA is the Global #1 with the TENA brand



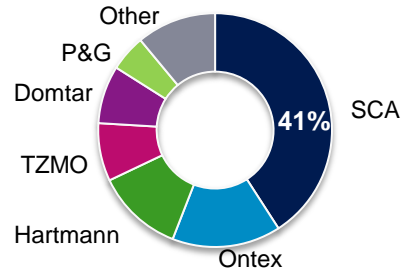
European Market

- Market size 2015: EUR 2.8bn
- Market growth CAGR* 2015-2020: 2-3%

Channel split

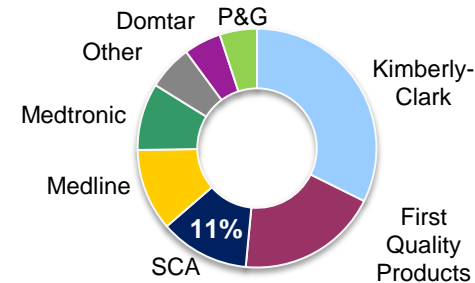
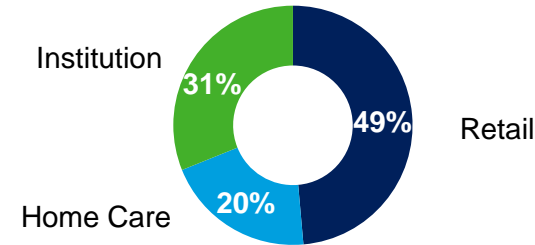


Market Positions



North American Market

- Market size 2015: EUR 2.4bn
- Market growth CAGR* 2015-2020: 5-7%



* Expected CAGR (Compound Annual Growth Rate)
Data is based on market data and SCA's estimates

Market Trends in Two Directions

Growing market due to growing population of elderly

- Total population over 60 years exceeding 1bn by 2020
- Prevalence increasing with age
- Market penetration increasing

Increased pressure on public funding

- Cuts in reimbursement system
- Increased price pressure
- Increased self-contribution for incontinence products
- Home care, retail and digital channels growing faster



Key Achievements

- Outgrown the market in Europe for the past four years
- Increased innovation pace – 2/3 of our sales from new launches
- Management of market shift keeping market leadership in all channels in Europe
- Online sales increasing rapidly in all countries
- Efficiency throughout value chain leading to improved competitiveness



Customer and Consumer Focused Innovation

New innovative solutions and communication



TENA Lady



TENA Pants Normal



TENA Men

Video

TENA Men



Top Priorities

Build and strengthen TENA's global market leadership through:

- Driving profitable growth above the market
 - Grow share
 - Grow penetration
 - Expand the category
- Increase value through innovations
- Lead channel shift and digital approach
- Shape the health care market
- Leveraging supply chain improvements



Profitable Growth

Europe

- Drive growth in all channels
- Drive value through mix improvements and upgrades
- Drive recruitment into the category through information and communication
- Expand the category with new offerings

North America

- Build foundation for profitable growth
- Improve cost position
- Clear Go-to-Market strategy for Health Care and Home Care
- Mix improvement
- Targeted retail offering and communication

Exploit digital opportunities

We think DIGITAL in All We Do

- Marketing and communication
- Customer and consumer loyalty
- Sales channel – web shops
- Sales efficiency – CRM system
- Product and concept development



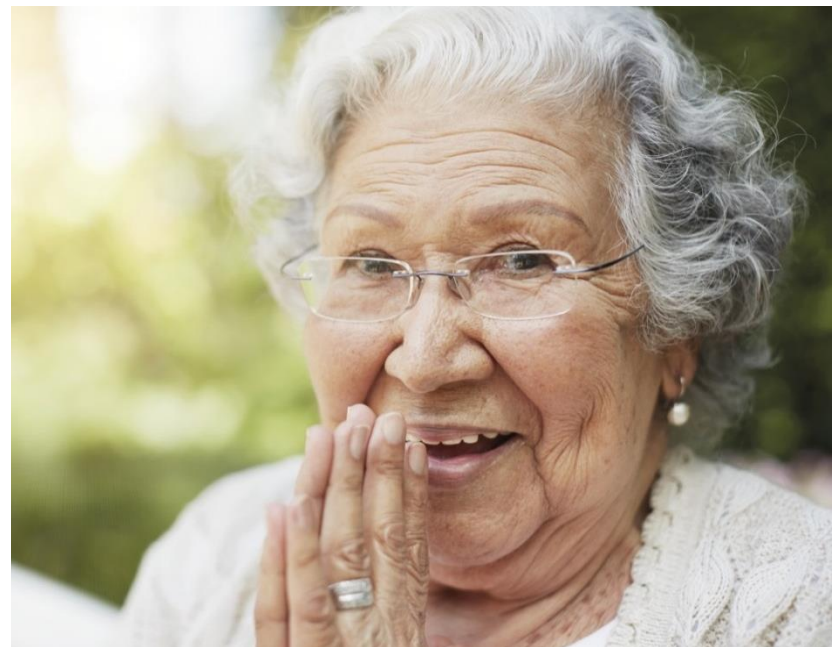
* Customer Relationship Management

Summary and Key Takeaways

SCA Incontinence Care



- TENA is clear global market leader
- Well positioned to drive profitable growth through
 - ◆ Capturing the opportunities based on excellent channel presence in Europe
 - ◆ Drive towards a fair and profitable share in North America
 - ◆ Strong innovation pipeline
- Improving quality of life for millions of people around the world





SCA
Care of Life



SCA Consumer Goods



Volker Zöller, President SCA Consumer Goods



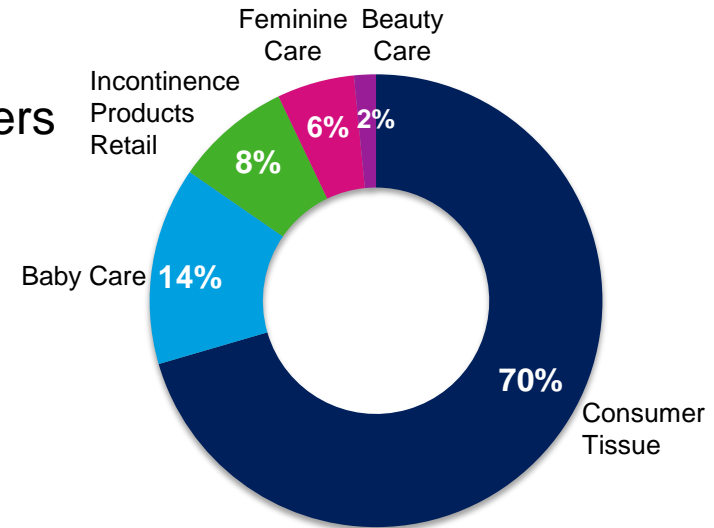
SCA Consumer Goods in Europe

30%* of SCA Group Sales Q1 2016



- One face to the Retail Customer in Europe
- Amongst top 10 non-food supplier of most retailers
- Approx. 50% Brand and 50% Retailer Brand

2015 Sales by Category



* Excluding Incontinence Products Retail

Products and Brands



Feminine Care



Incontinence Products



Baby Care



Beauty Care



Consumer Tissue

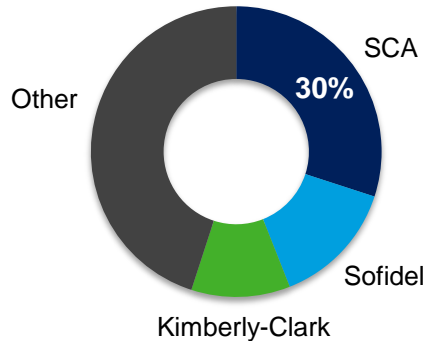


Market Positions 2015

Strong market positions in Europe

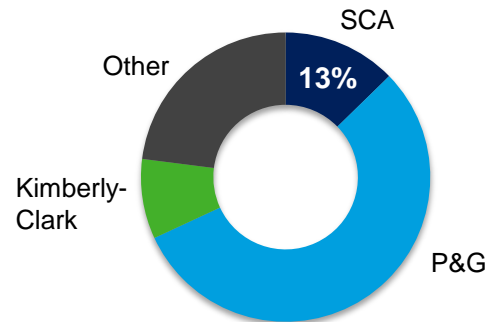
Consumer Tissue

- Market size 2015: EUR 9.1bn
- Market growth CAGR* 2015-2020: 2-3%
- European position: **#1**



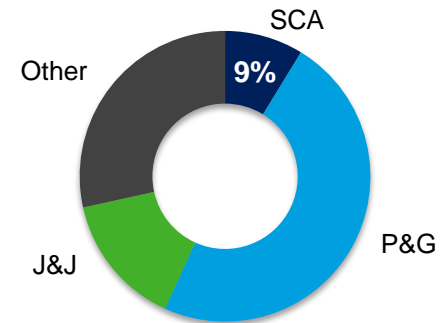
Baby Care

- Market size 2015: EUR 4.2bn
- Market growth CAGR* 2015-2020: 2-3%
- European position: **#2**



Feminine Care

- Market size 2015: EUR 2.4bn
- Market growth CAGR* 2015-2020: 1-2%
- European position: **#3**



* Expected CAGR (Compound Annual Growth Rate)
Data is based on market data and SCA's estimates

Key Achievements



- Good growth in all categories during 2015
- Strong leading market positions in Europe and improved profitability in Consumer Tissue in last 5 years
- Fastest growing Feminine Care brand in Europe
- Doubled EBIT margins in Baby Care in last 5 years through major product upgrades
- Significant organizational capability improvement in Go-to-Market, e-commerce and in digital



Consumer Tissue

Delivering profitable growth



- Improved price management
 - ◆ Price increases achieved during 2015
- Driving branded sales growth
 - ◆ Harmonized brand platform
 - ◆ Relaunch with new umbrella brand pack design
 - ◆ Innovations
- Driving category expansion
 - ◆ Moist Toilet Paper
 - ◆ Category vision roll-out



Baby Care

Strengthened Baby Care Business in Europe



- Improved profitability for Baby Care in Europe
- Double-digit sales growth in Europe in 2015
- Tier strategy for branded diaper business successfully implemented in Nordics
- Successful retailer brand business



Feminine Care

Fastest growing Feminine Care Brand in Europe



- Double-digit organic sales growth in 2015
- Market share gains in all key markets
- Successfully delivered consumer relevant innovations like Roll.Press.Go® with several “product of the year” awards
- High ROI on additional investment in A&P



E-Commerce and Digital Activation

■ E-Commerce

- Focus on online pure player and retail customer online shops
- Currently approx. 4% of our branded net sales but with double-digit growth rate

■ Innovating Digital Activation

Driving brand Loyalty – Nordic Libero club



- 75% of target audience member of Libero Club
- The club is a key source of brand loyalty
- Creating a dialogue

Top Priorities



- Successful launches of innovations for profitable growth
- Margin management in Consumer Tissue
- Grow Feminine Care business
- Continuously innovate Baby category
 - Super Premium roll-out
- Leverage our Go-to-Market approach
- Excel in e-commerce and digital



Summary and Key Takeaways

SCA Consumer Goods



- Strong supplier to our European retail customers with successful dual track strategy – amongst top 10 non-food supplier in most retailers
- Delivering profitable growth in all categories
- Significant margin improvement in Tissue and Baby
- Focus on innovation and sustainability to enable profitable growth
- Go-to-Market as a competitive advantage





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SCA Away-from-Home Professional Hygiene



Don Lewis, President SCA AfH Professional Hygiene



SCA AfH Professional Hygiene

19% of SCA Group Sales Q1 2016



■ Sells complete hygiene solutions including:

- ◆ Tissue
- ◆ Dispensers
- ◆ Soap, hand lotion and hand sanitizers

■ Customer Segments:

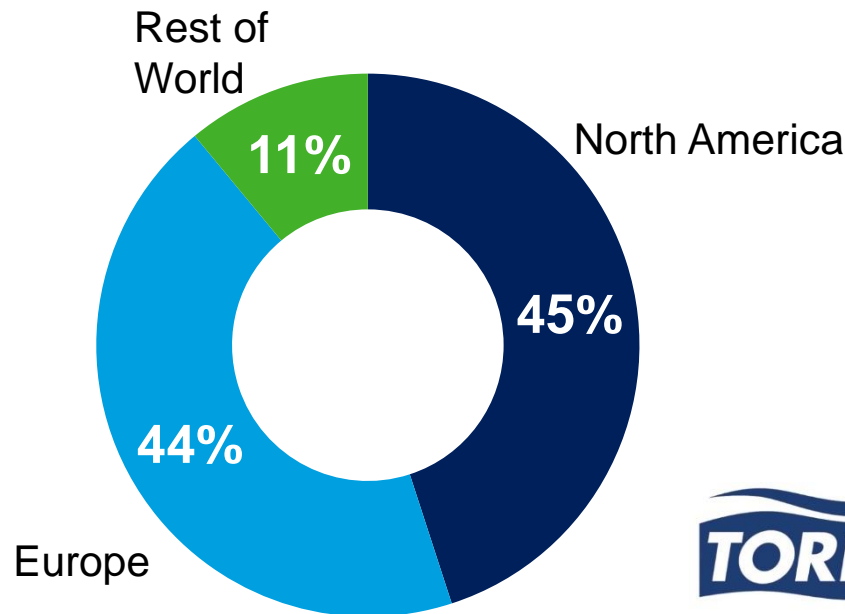
- ◆ Hotels, Restaurants, Catering
- ◆ Commercial Office Buildings
- ◆ Public Interest
- ◆ Healthcare
- ◆ Industrial

■ Sales Channels:

- ◆ Distributors
- ◆ End Customers
- ◆ E-commerce

■ Covering AfH tissue sales in Europe and North America

Global Sales Split Q1 2016



AfH Business is Much More than Tissue

Industry leading, award winning dispensers



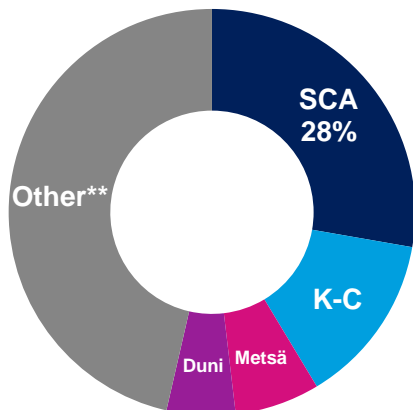
Market Positions 2015

SCA is the Global #1 with the Tork brand



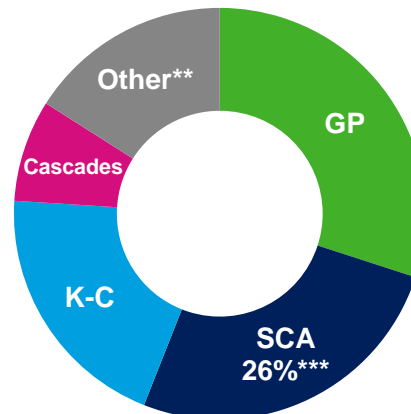
European Market

- Market size 2015: USD 4bn
- Market growth CAGR* 2015-2020: 2-3%
- SCA position: #1



North American Market

- Market size 2015: USD 5bn
- Market growth CAGR* 2015-2020: 1-2%
- SCA position: #2



* Expected CAGR (Compound Annual Growth Rate)

** Competitors in the "Other" category each have <1-3% market share

*** Following the acquisition of Wausau Paper Corp., which was closed on January 21, 2016.

Data is based on market data and SCA's estimates

AfH Market Trends

- Innovations in hand hygiene monitoring and high capacity hand towel
- High growth in e-commerce
- Continued customer consolidation



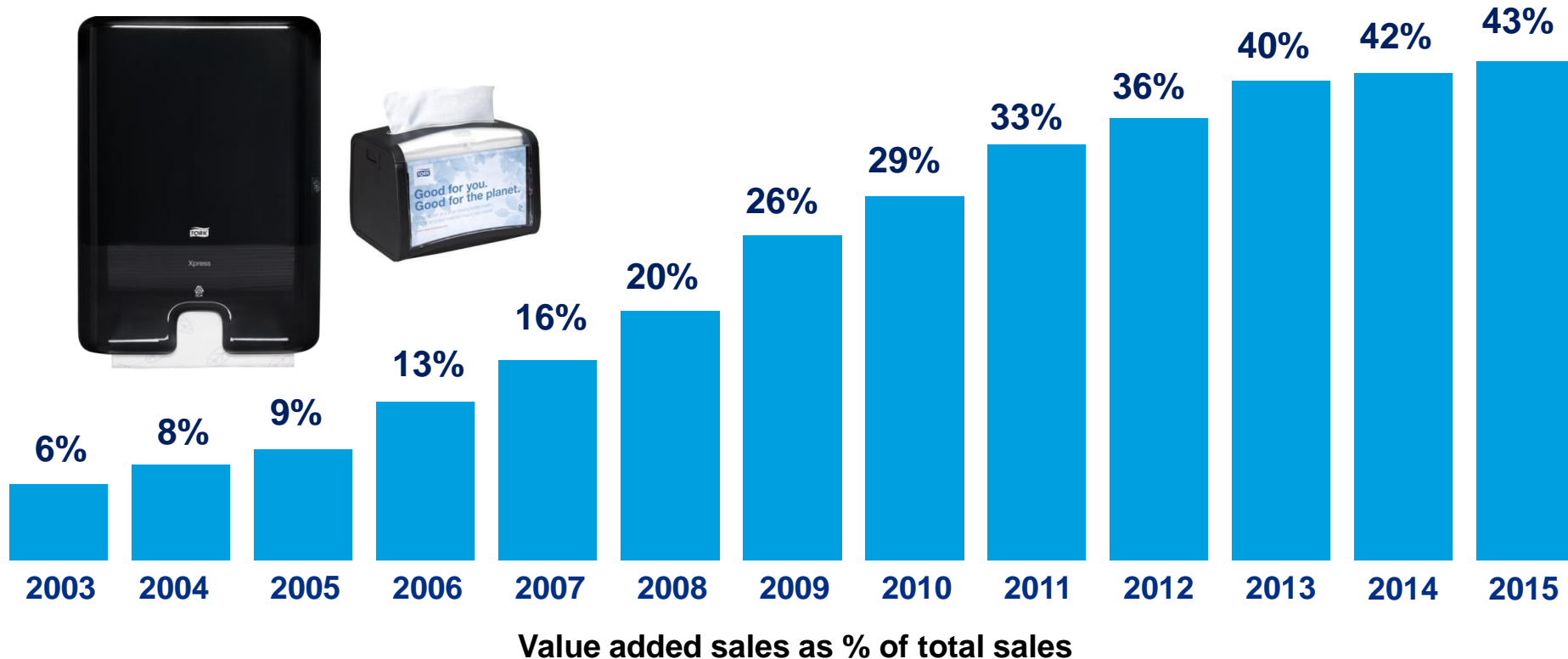
AfH Key Achievements

- Successful innovation launches
- Increase in Value Added Sales
- Customer awards
- Price discipline and range management across markets
- Growth in Global Accounts



Profitable Growth – Achievement

Value Added Sales Growth in North America



Profitable Growth – Achievement

Growth of Global AfH Customers



- USD 1bn sales from global customers
- Global customer D&E expansion mirrors SCA markets
- Growing faster than market
- Strong global coordination of global accounts with global-leading Tork brand



Acquisition of Wausau Paper



- Strategic fit - Wausau is a strong complement to SCA's existing AfH business in North America
- SCA now has a clear #2 market position in North America
- Significant synergies of USD \$40 million



Tork EasyCube

- Internet of Things approach to washroom usage and refill management
- Wifi sensors on dispensers send data to mobile devices and PCs
- Customers see labor savings, increased efficiency and improved end-user satisfaction




Better you hear it from us

Tork EasyCube™ Intelligent Restroom System

Keep a step ahead with Tork EasyCube. Digital sensors at your restroom's entrance and in the towel, tissue and soap dispensers take the guesswork out of restroom maintenance. By transmitting real-time data to an easy-to-use web app, you will know exactly when refills are needed and exactly how many visitors have entered. Smart technologies help keep restrooms clean and always ready for use – a difference that people notice!

Learn more about Tork EasyCube at easycube.sca-tork.com or email us at TorkEasyCube@sca.com

 www.torkusa.com 

Video

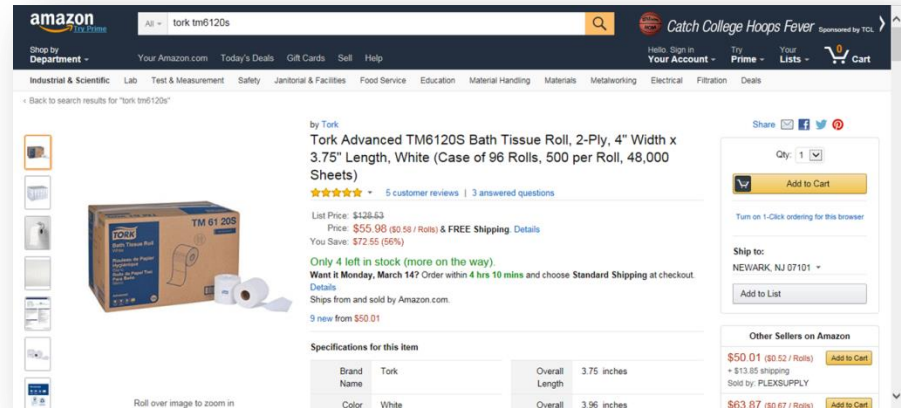
Tork EasyCube



Increasing Sales Through E-Commerce



- Rapidly growing market for AfH sales
 - ◆ Estimated annual growth of 20-25%
- Focus on small business
- Higher margin sales
- Current initiatives with
 - ◆ Amazon
 - ◆ Staples
 - ◆ Quill
- Partnering with distributor e-commerce sites with enhanced content



Top Priorities



- Grow to #1 in North America
- Successful innovation launches
- Grow Tork Solutions “Service” business
- Expand Global Accounts
- Continued growth in Value Added Sales
- Deliver on e-commerce potential
- Successful integration of Wausau business



Summary and Key Takeaways

SCA AfH Professional Hygiene



- SCA AfH and Tork brand #1 globally
- AfH is more than “tissue” - it’s products, dispensing systems and services
- SCA’s AfH business delivering profitable growth with opportunities in Mature and Emerging markets





SCA
Care of Life



Emerging Markets



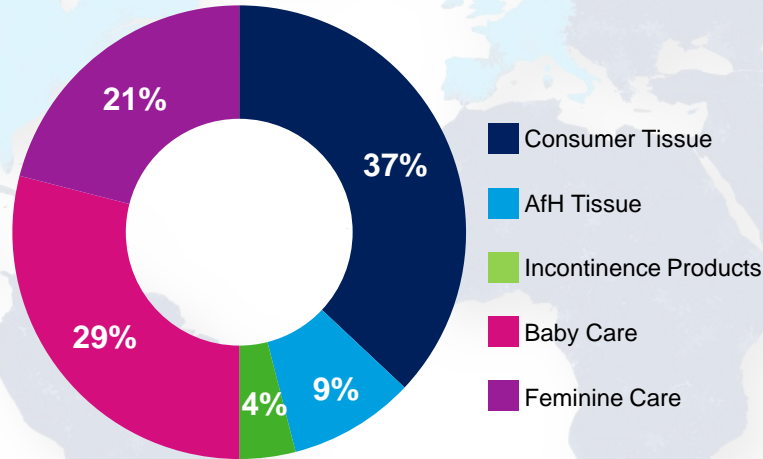
Magnus Groth, President and CEO



Global Hygiene Market 2015

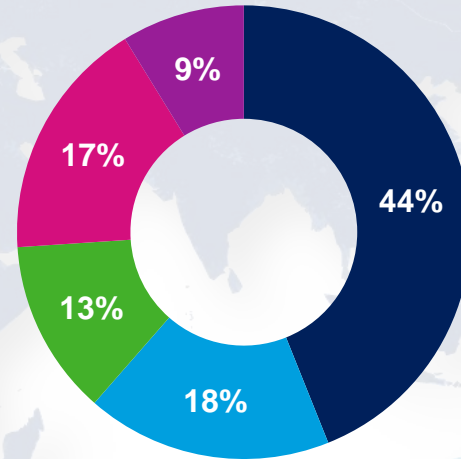
Higher market growth in Emerging Markets

Global Hygiene Emerging Markets



- Market size 2015: EUR 47bn
- Market growth CAGR* 2015-2020: ~5-7%

Global Hygiene Mature Markets

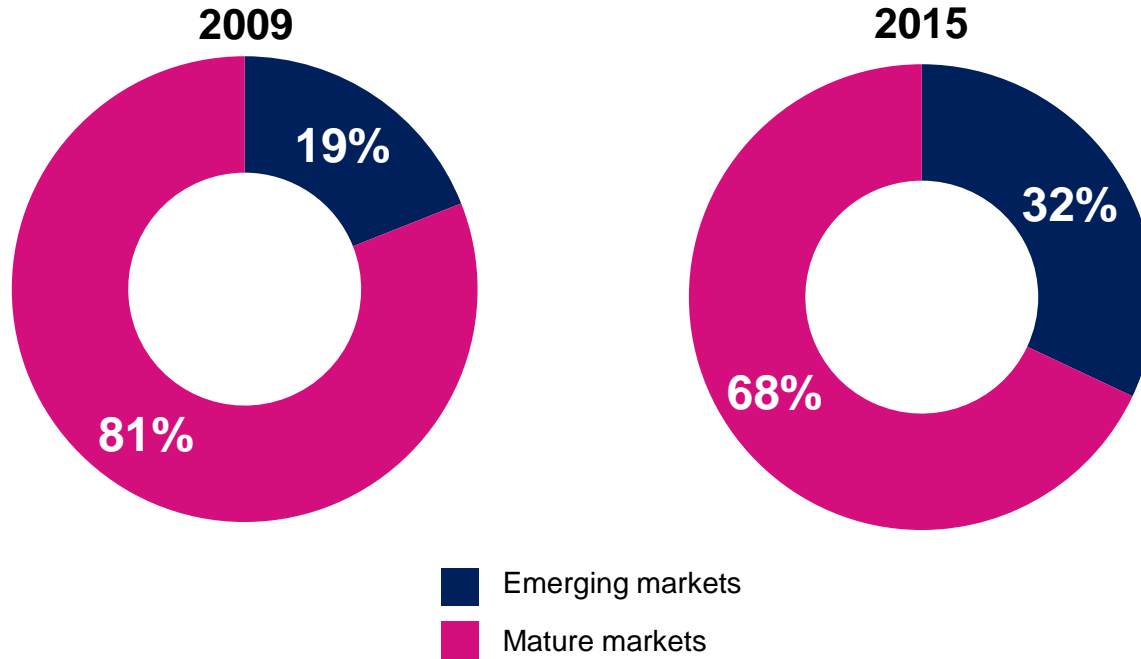


- Market size 2015: EUR 52bn
- Market growth CAGR* 2015-2020: ~1-2%

* Expected CAGR (Compound Annual Growth Rate)
Data is based on market data and SCA's estimates

SCA in Emerging Markets

Organic sales growth of 11% in 2015



Hygiene Emerging Markets Size and Growth

Bubble size: Market size
↗ CAGR* 2015 - 2020



* Expected CAGR
(Compound Annual Growth Rate)

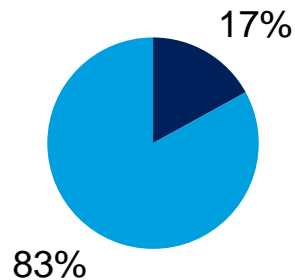
Data is based on market data and
SCA's estimates

Emerging Markets Growth CAGR* 2015-2020: ~5-7%

Initially Lower Margins in Emerging Markets

2013

Share of Operating Profit



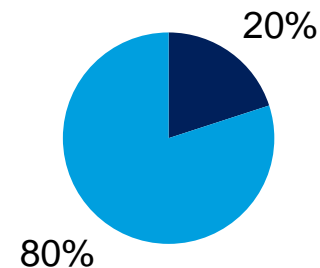
Operating Margin	2013*	2014*	2015
Mature markets	11.5%	13.0%	13.3%
Emerging markets	7.7%	6.4%	7.0%
Total Group	10.6%	11.1%	11.3%

**excluding gains on forest swaps*

■ Emerging markets
■ Mature markets

2015

Share of Operating Profit





SCA
Care of Life



SCA Latin America



Pablo Fuentes, President SCA Latin America

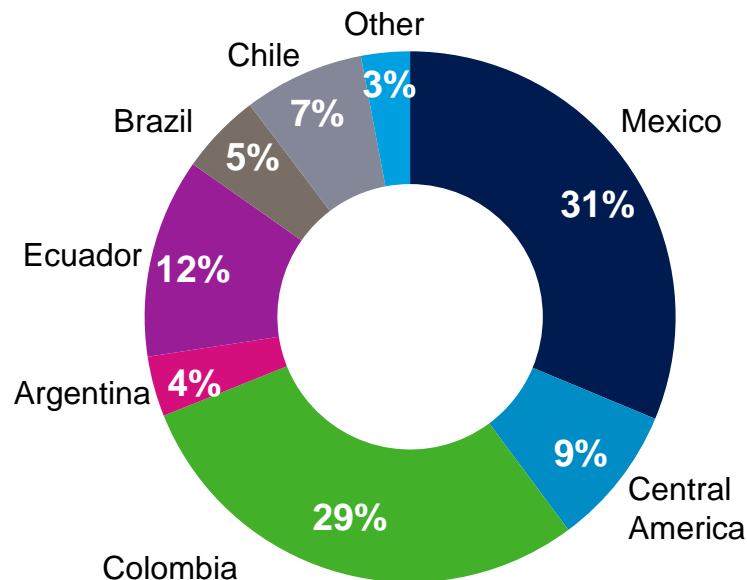


SCA Latin America

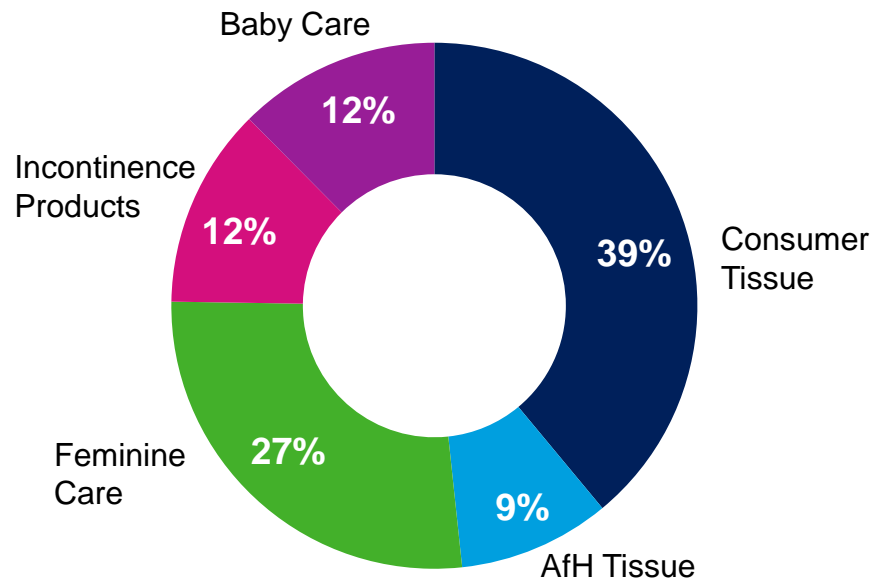
10% of SCA Group Sales Q1 2016



2015 Sales by Country



2015 Sales by Category



Products and Brands

Feminine Care



Incontinence Products



Baby Care



Consumer Tissue



AfH Tissue

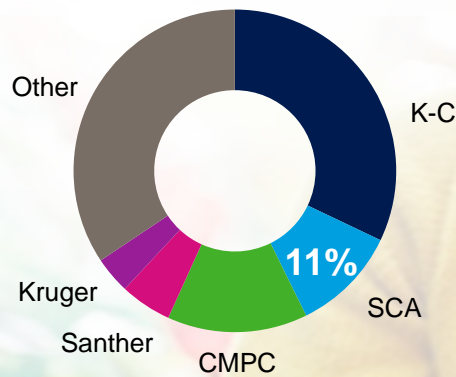


Market Positions 2015

Latin America

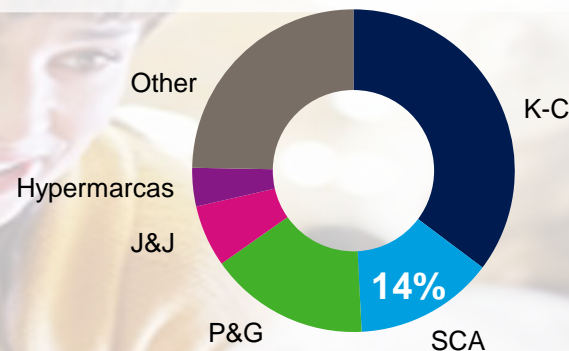
Tissue

- Market size: USD 6.4bn
- Market growth CAGR* 2015-2020: 5-6%
- Market positions: #3 Tissue
(#3 in Consumer Tissue and AFH tissue)



Personal Care

- Market size: USD 5.3bn
- Market growth CAGR* 2015-2020: 5-6%
- Market positions: #3 Personal Care
(#1 Incontinence products; #1 Feminine Care, #5 Baby)



* Expected CAGR (Compound Annual Growth Rate)
Data is based on market data and SCA's estimates

SCA Market Positions

#1 in Latin America in Feminine and Incontinence



Mexico and Central America

Femcare	# 1
Inco	# 1
Tissue	# 2
AfH	# 3
Baby	# 3



Colombia

Femcare	# 1
Inco	# 1
Tissue	# 1
AfH	# 1
Baby	# 2

Ecuador

Femcare	# 1
Inco	# 1
Tissue	# 1
AfH	# 1
Baby	# 2

Brazil

Inco	# 2
------	-----

Chile

Femcare	# 2
Tissue	# 2
AfH	# 2
Inco	# 3

Argentina

Femcare	# 2
Inco	# 3

Market Trends

- Hygiene market in Latin America growing ~6%
- Consumption per capita still low in the region
- Uneven income distribution in most countries
- Modern retail channel growing but traditional channel is still important for low income consumers (split ~50/50)
- Consumers are generally loyal to brands



Key Achievements



- Double digit organic sales growth for five years
- Record high market share in Feminine category
- Successful AfH business model with strong growth in proprietary systems
- Significant recent market share gains in Consumer Tissue Mexico to consolidate as solid #2 brand
- Strengthened position in incontinence products in Brazil
- Recognized by Walmart Mexico as Best Supplier among all non-grocery categories

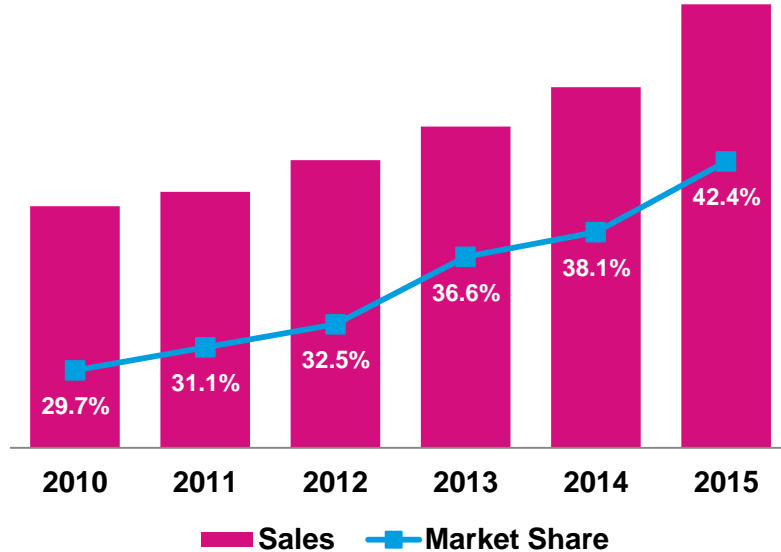
Profitable Growth

Growth in Feminine Care Market Share and Sales



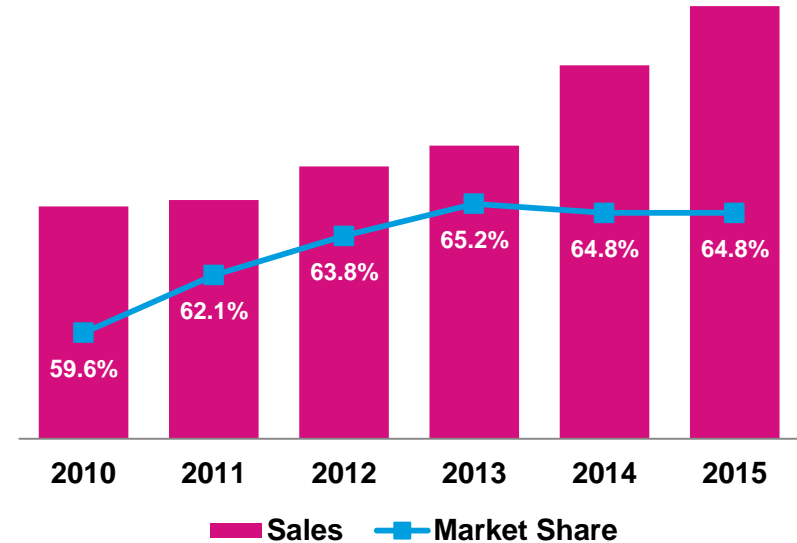
Mexico

◆ Organic sales growth: 13% (CAGR* 2010-2015)



Colombia

◆ Organic sales growth: 13% (CAGR* 2010-2015)



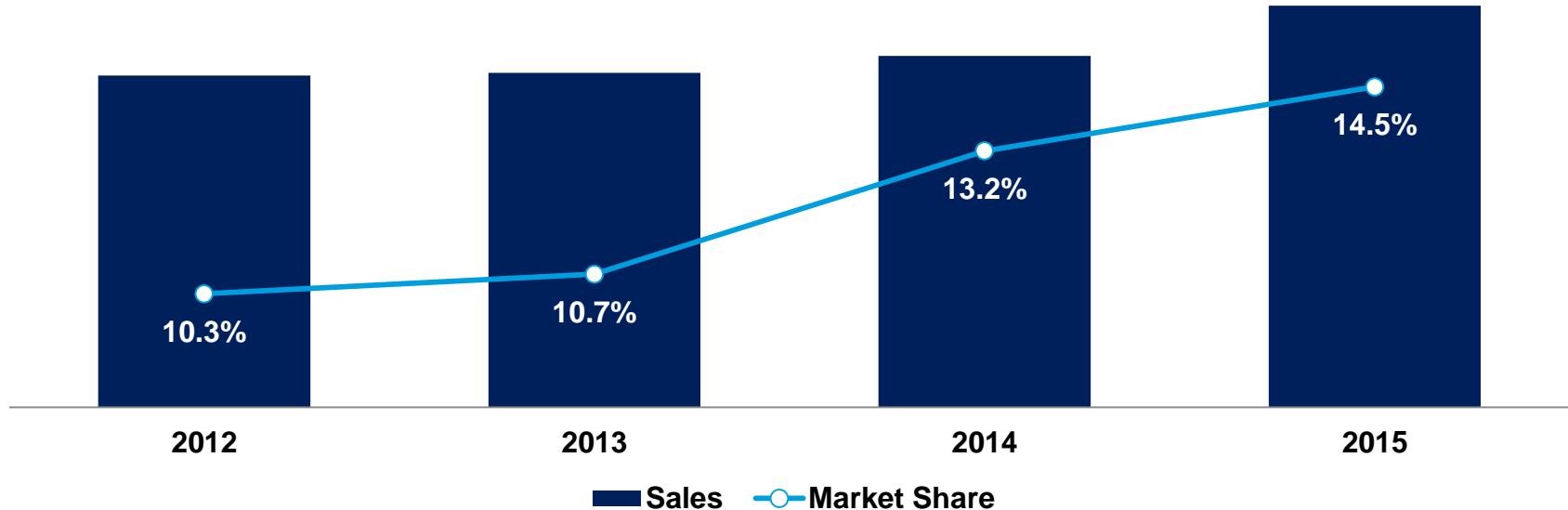
* CAGR (Compound Annual Growth Rate)

Profitable Growth

Growth in Mexican Consumer Tissue Market Share and Sales



◆ Organic sales growth: 7% (CAGR* 2012-2015)



* CAGR (Compound Annual Growth Rate)

Innovation



TENA Digital Campaign

Business objective

- Awareness of new product launch
- Drive Incontinence penetration

Results achieved

- 2.8m views and 126% “Fan “growth
- >21k target interactions (engagement)



Video

TENA



Top Priorities



- Continue to grow faster than the market
- Innovation launches supporting profitable growth
- #1 or #2 position in all categories in all markets where we compete
- Speed-to-market as a competitive advantage
- Extend the core
 - ◆ Enter and develop new categories to become the new core



Summary and Key Takeaways

SCA Latin America



- Hygiene markets with good growth opportunities
- SCA is growing faster than market delivering profitable growth
- Strong market positions with opportunities to strengthen further



Q&A



SCA
Care of Life



Vinda



LI Chao Wang, Founder, Chairman and Executive Director
Christoph Michalski, CEO and Executive Director





Welcome to Vinda

May 2016

Healthy Lifestyle
Starts with Vinda



Numbers at a Glance

Founded in

1985

Listed on the main board of
Hong Kong Stock Exchange

2007

Nearly

10,000
Employees

10

Key hygiene brands

1st

Chinese tissue company to
use 100% virgin woodpulp and
implement a branding strategy

Revenue in 2015

HK\$9.7 bn
(2007-2015 CAGR:23.4%)

14

Factories in mainland China,
Malaysia, Taiwan & Australia

What We Believe



Vision

To become Asia's first choice for hygiene products and services

Mission

Provide people with high quality hygiene products and services



Core Principles

Sustainability, Innovation, Professionalism & Integrity

Our Ambition



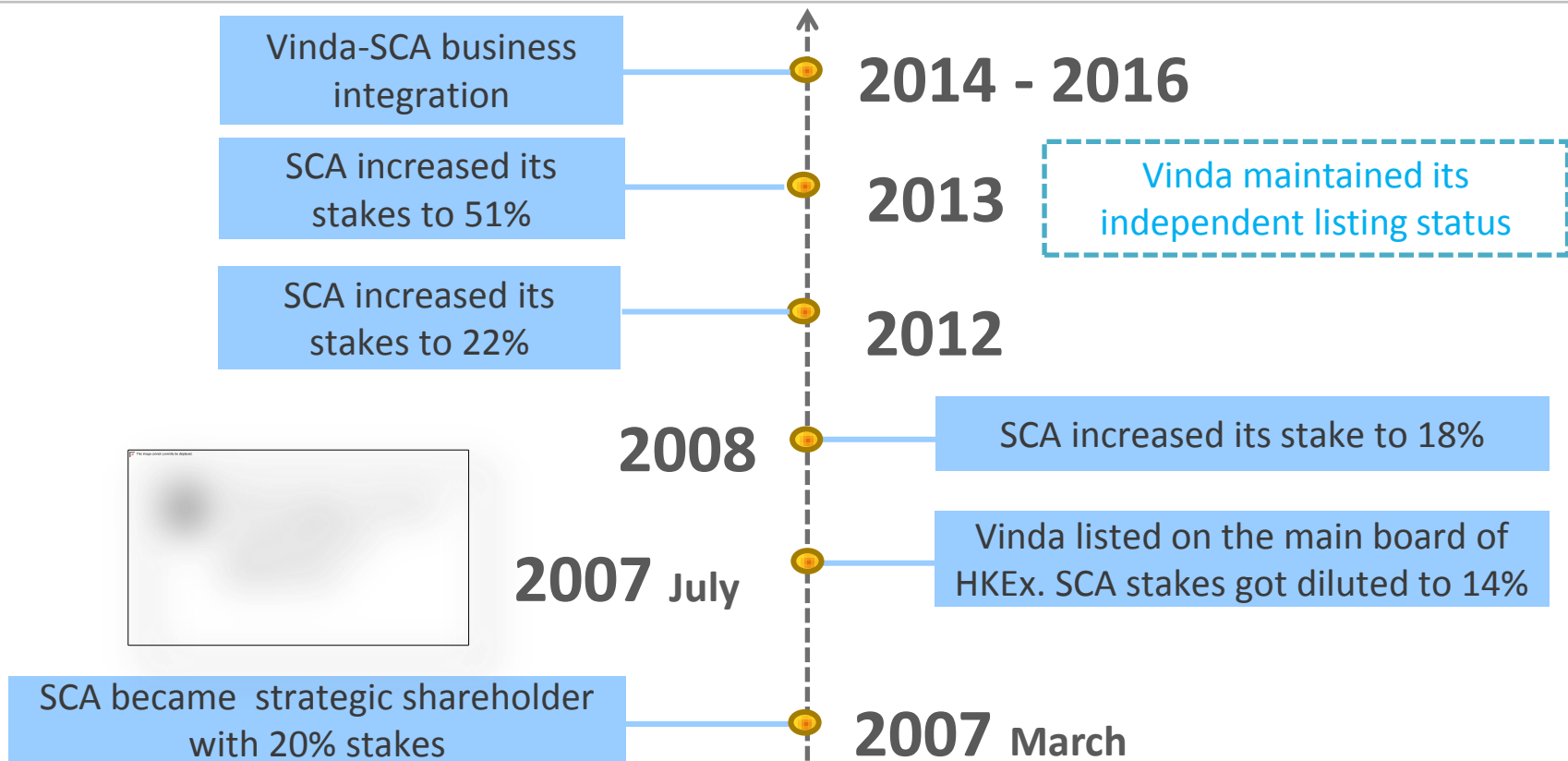
Ambition

To become a leading hygiene company in Asia

Milestones



Innovative Collaboration with SCA



Strong Support by SCA

A large blue double-headed arrow pointing left and right, containing white text.

Vinda's speed-to-market, Asian insights & network,
with SCA's experience in global brand management

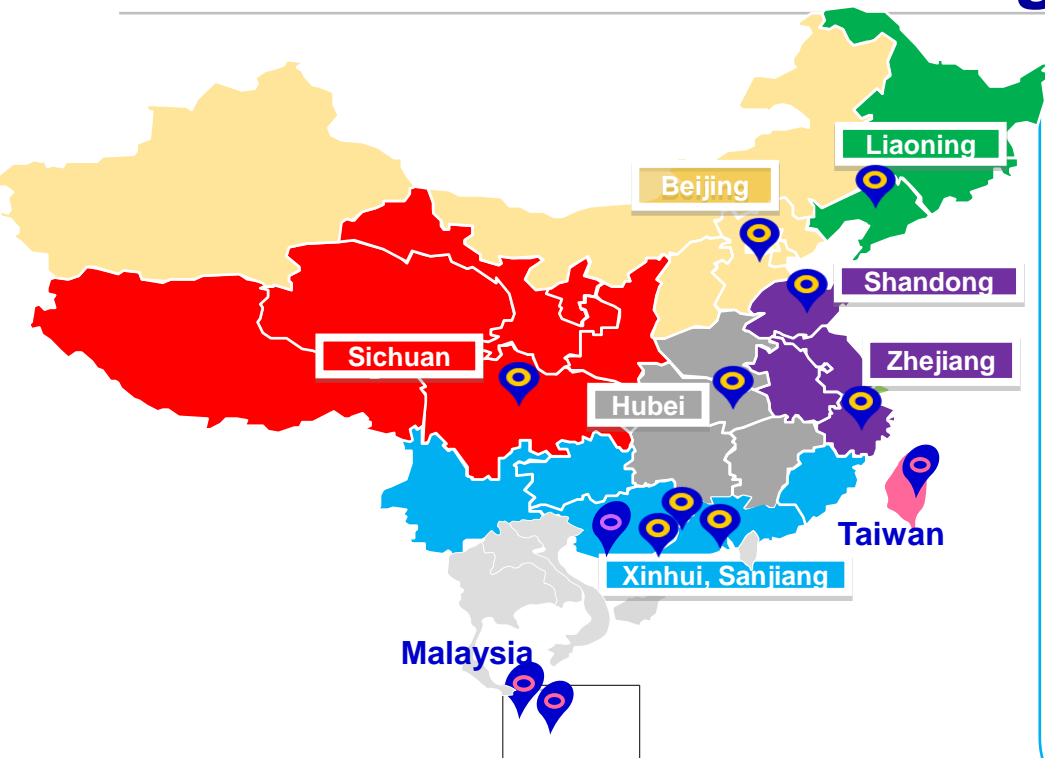
A large blue double-headed arrow pointing left and right, containing white text.


Vinda's legacy and expertise in Tissue,
with SCA's proven track record in Personal Care

A large blue double-headed arrow pointing left and right, containing white text.

Vinda's Innovation Centre Asia (ICA), fully supported by
SCA's global innovation, brand and technology resources

World Class Manufacturing



 Yangjiang production site under-construction

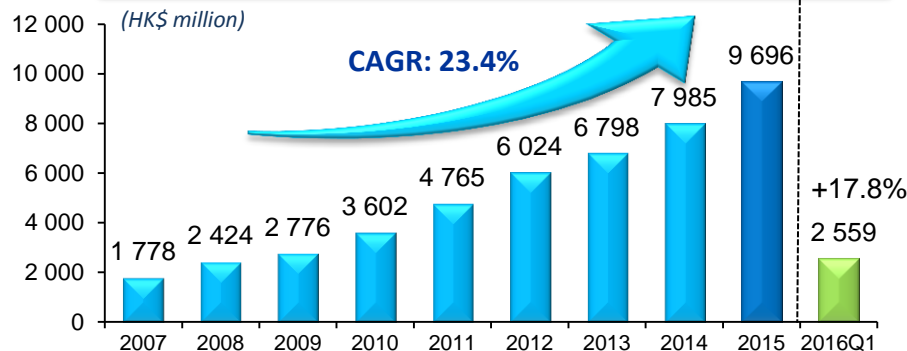
Annual Designed Production Capacity

Production sites	Tissue (Tons)	Personal Care
China		
<i>(By end of 2016)</i>		
Xinhui, Sanjiang	440,000	
Hubei	180,000	Baby
Zhejiang	150,000	Building Fempro & Inco
Shandong	110,000	
Liaoning	55,000	
Sichuan	75,000	
Beijing	30,000	
Yangjiang	Under construction	
Malaysia, Shah Alam	-	Baby, Fempro, Inco
Taiwan, Kaohsiung	-	Inco
Australia	Converting	
Total	1,040,000	

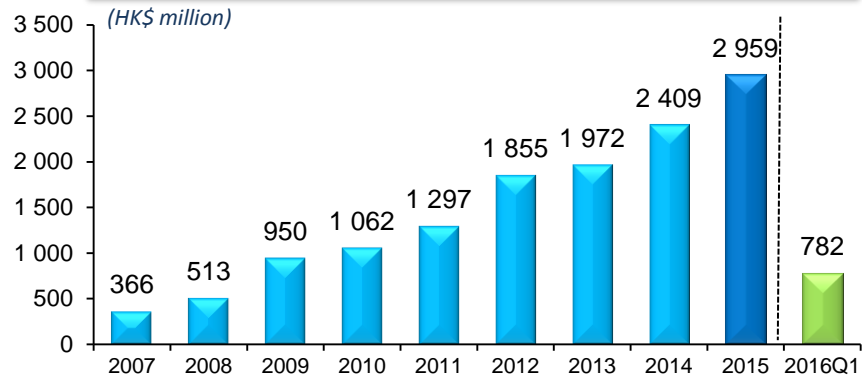
- Ongoing cost-free support from SCA on R&D, branding etc.

Strong Growth Trend (since Listing)

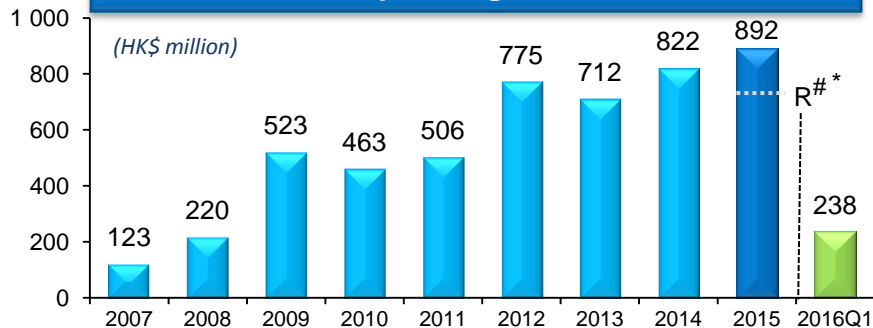
Revenue



Gross Profit



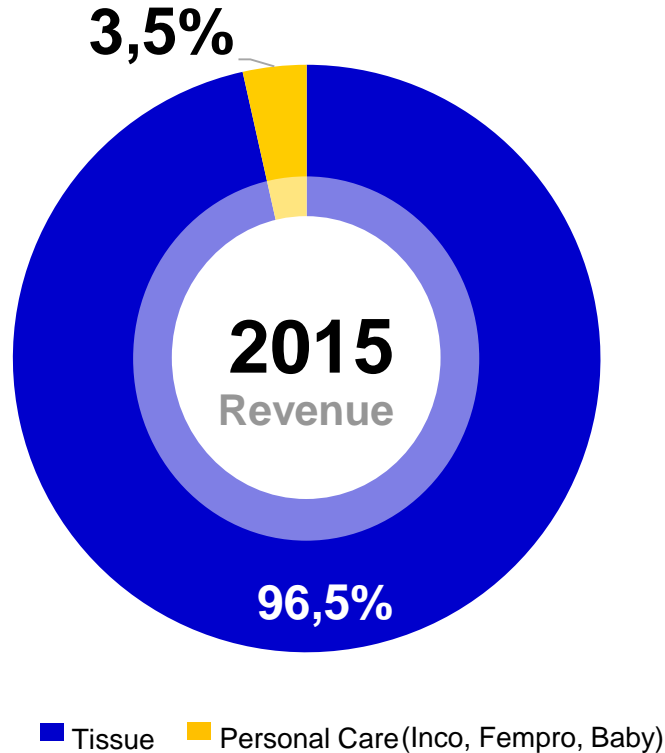
Operating Profit



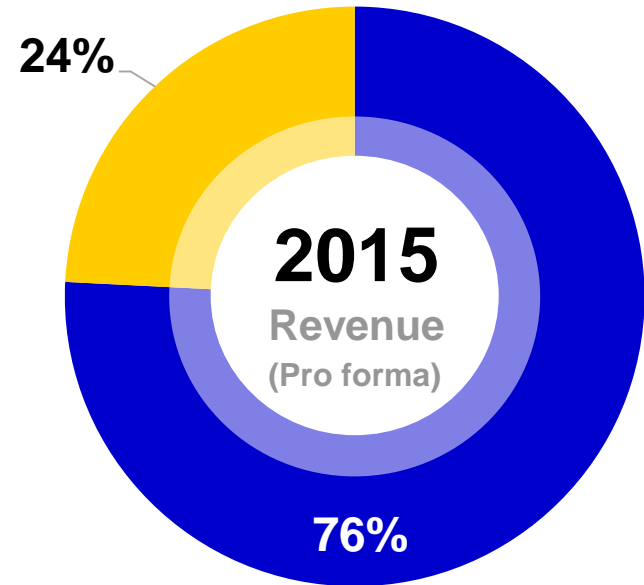
Vinda's Business



Business Categories



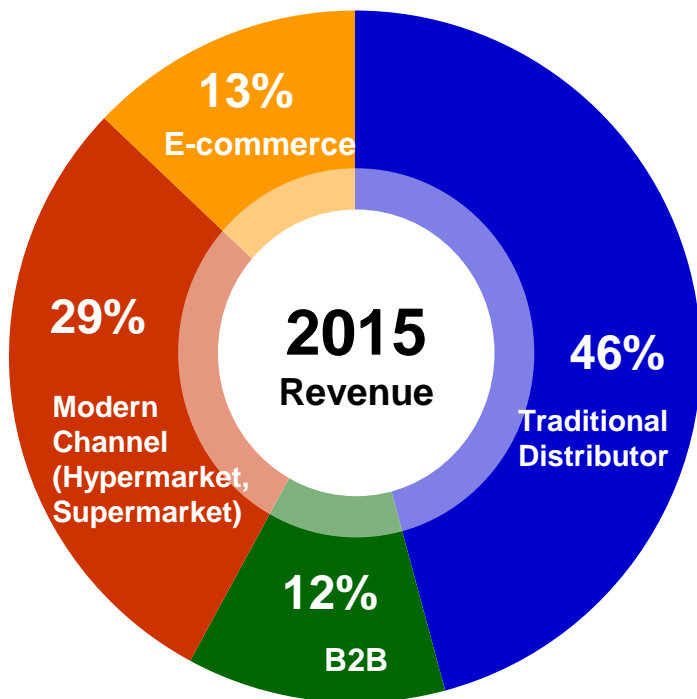
Pro forma with integration of SCA business in Malaysia, South Korea and Taiwan*



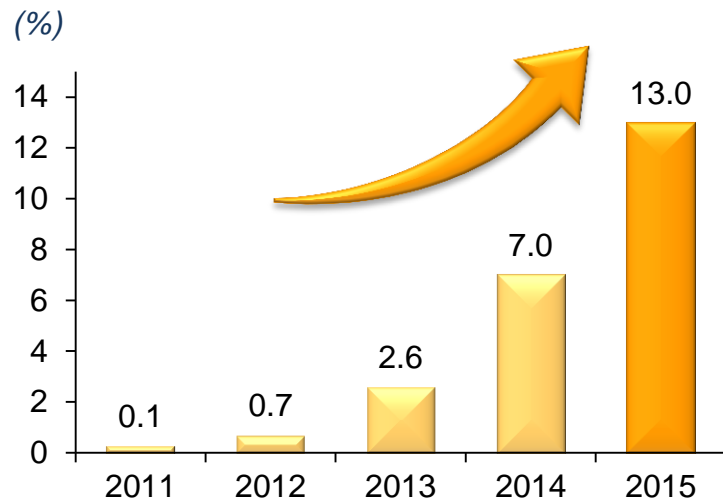
*Calculation of revenue of SCA business in Malaysia, South Korea and Taiwan based on trailing 12-month ended 30 September 2015

Note: not including elimination of any internal sales.

Channel Coverage



E-commerce Contribution to Vinda's revenue



Vinda has 269 sales offices & 1,656 distributors in China as of 31 Dec 2015.

Mid-Long Run Growth Catalysts (China)

Urbanisation

**Rise of
E-commerce**

**Stringent
environmental
regulations**

**Concern
over
product
safety**

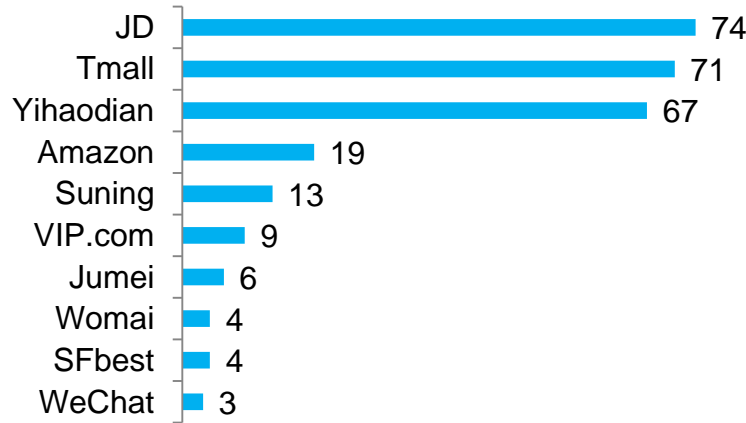
**One-Belt
One-Road**

**Aging
population**

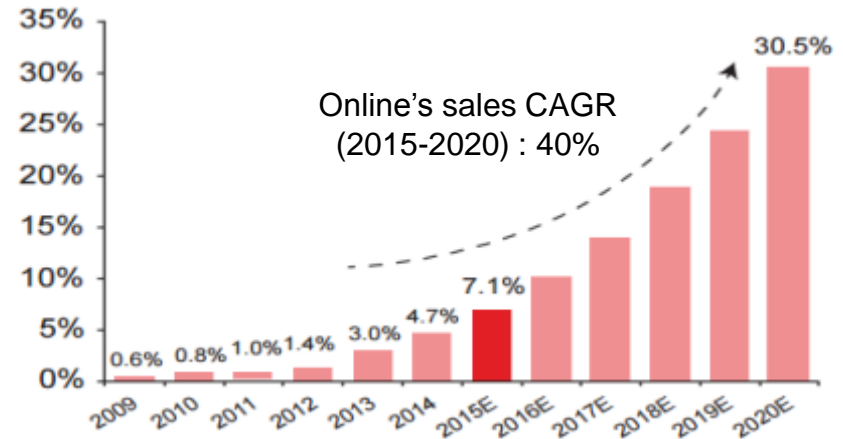
Rise of E-commerce (China)

Ranking of China E-commerce Retailers

(Composite Score)*



Online Sale's Market Share in China FMCG Sector



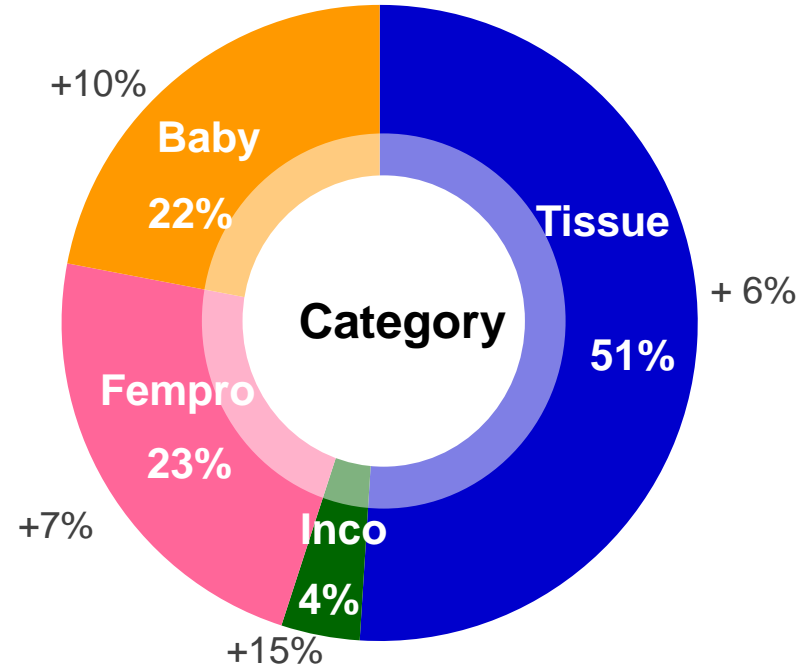
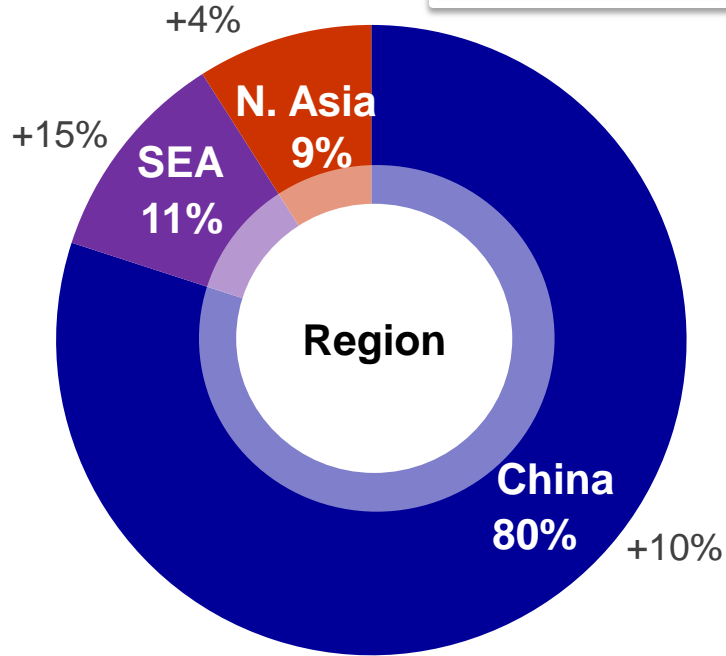
Source: Kantar Digital Power Study 2015

* Benchmark of Composite Score:

- Commercial strength (traffic, growth opportunity, profitability); Strategic strength (clearest ecommerce strategy); Operational strength (new product launch initiative, logistics and delivery, data analytics); Marketing strength (innovative digital marketing, mobile and social networking marketing); Organization and capability (mature and professional team, efficient and flexible organization)

Hygiene Market Size in Asia (2015)

2015 market size: ~EUR29B



Source:

1. South East Asia, North Asia: SCA GMD

3. China: China Paper Association & Vinda internal estimate

- South East Asia: Malaysia, Singapore, Indonesia, Philippines, Thailand, Vietnam, Cambodia
- North Asia: Taiwan, S.Korea, HK

Leading Market Position

Tissue

- # 1 brand in China¹
- # 1 in Hong Kong²



Incontinence

- #1 in Taiwan²
- #1 in Malaysia³
- #1 in Singapore³
- Leading position in export market³



Feminine

- Joint #1 in Malaysia⁴



Baby

- #1 in Malaysia⁴
- #2 in Singapore⁵
- Significant presence also in Thailand, Philippines, Taiwan, Korea and other countries



Note:

1. Kantar Worldpanel, aggregate value for first 40 weeks in 2015.

2. Nielsen, aggregate volume and value for 12 months ending 31 December 2015.

3. According to SCA's internal estimates.

4. Kantar Worldpanel Malaysia, MAT ending 6 December 2015

5. Nielsen, MAT ending 31 December 2015.

Innovation



Product

- 3 ply-softpack
- 4-ply coreless-roll
- Flushable toilet wipe
- Kitchen wet wipe
- Flat kitchen towel



Supply Chain & Technology

- Japanese paper-making machinery (Kawanoe zoki)
- Italian paper-making machinery (Toscotec)
- Fully automated warehouse

Branding & Marketing

- Sports campaign (bowling, volleyball, NBA)
- Animation campaign (Pleasant Goat, Kungfu Panda, Iced-age, spongebob)
- Tissue wedding gown & bus tour campaign



Our Priorities

1

**Drive Tissue
business in
China**

- Vinda brand in all market segments, build new categories.
- Tempo in premium and selected categories.
- Build Away-from-home market.

2

**Broaden
personal care
presence in
China**

- Become the leader in Incontinence with TENA & Dr. P.
- Establish Feminine as a future profit contributor.
- Selective presence in competitive Baby market.

3

**Drive personal
care growth in
Asia & roll out
Tissue business**

- Focus on markets where we are established.
- Sustained growth in Personal Care.
- Roll out tissue products.

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Thank You

Healthy Lifestyle
Starts with Vinda

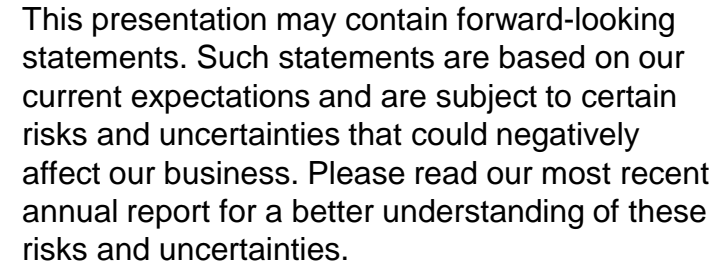
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Q&A

Summary and Key Takeaways

- Favorable market trends
- Solid strategy for value creation
 - Profitable growth opportunities in categories, geographies and in digital
 - Innovation driving consumer and customer value
 - Future efficiency opportunities
- Creating two divisions
 - Hygiene and Forest Products







SCA
Care of Life

