

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



# SCA

# Capital Market Day

# 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.

# 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

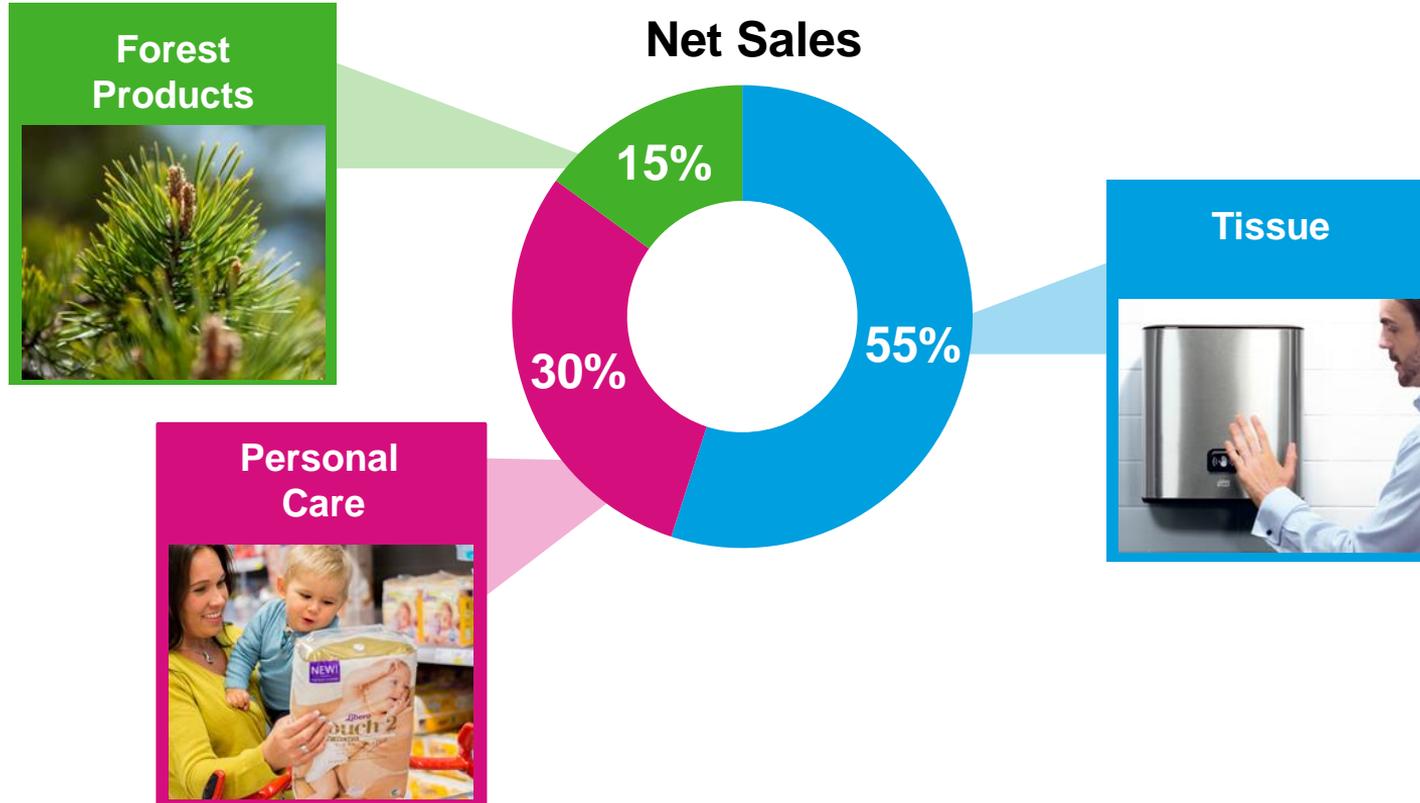
 countries

Number of employees

# 44,000

*\*Excluding items affecting comparability*

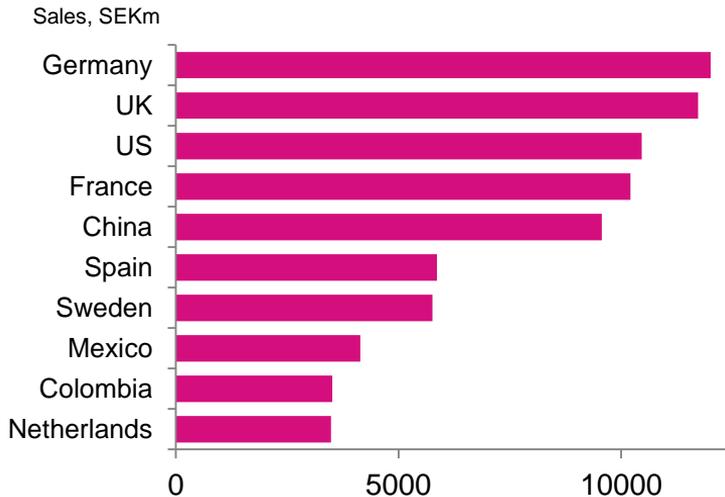
# Sales by Business Area 2015



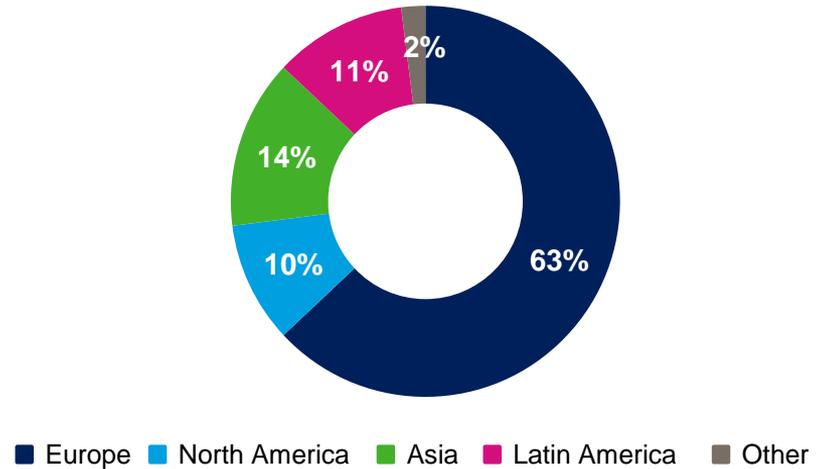
# Sales by Country and Region 2015



## 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

Incontinence Products:



1

AfH Tissue:



1

Consumer Tissue:



2

Baby Diapers:



4

Feminine Care:



5



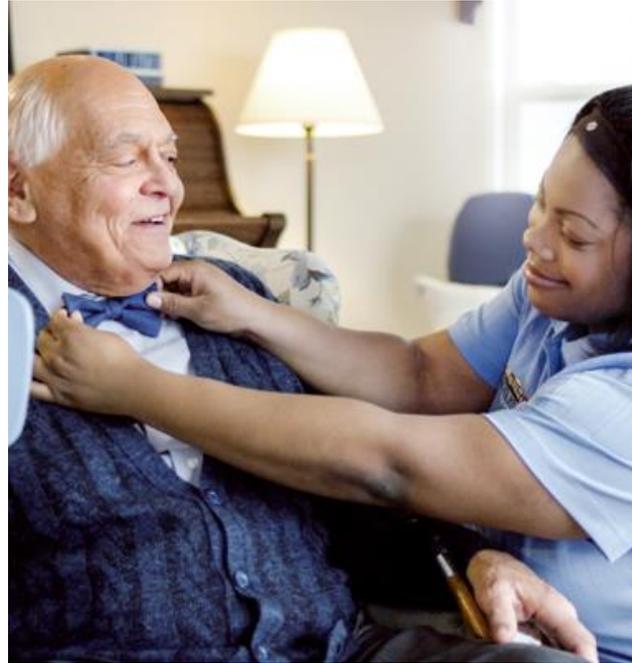
# Favorable Market Trends



Global population growth



An aging population



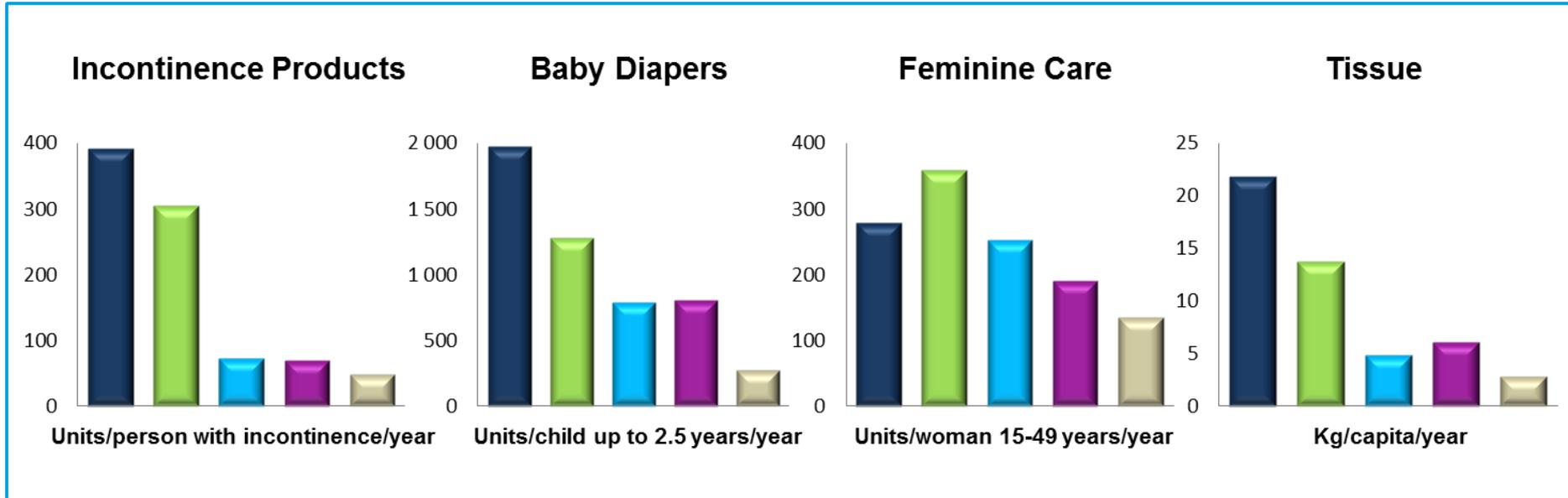
Increasing disposable income



Increased insight that good hygiene improves health and well-being

# Usage of Hygiene Products

High potential in markets with low penetration

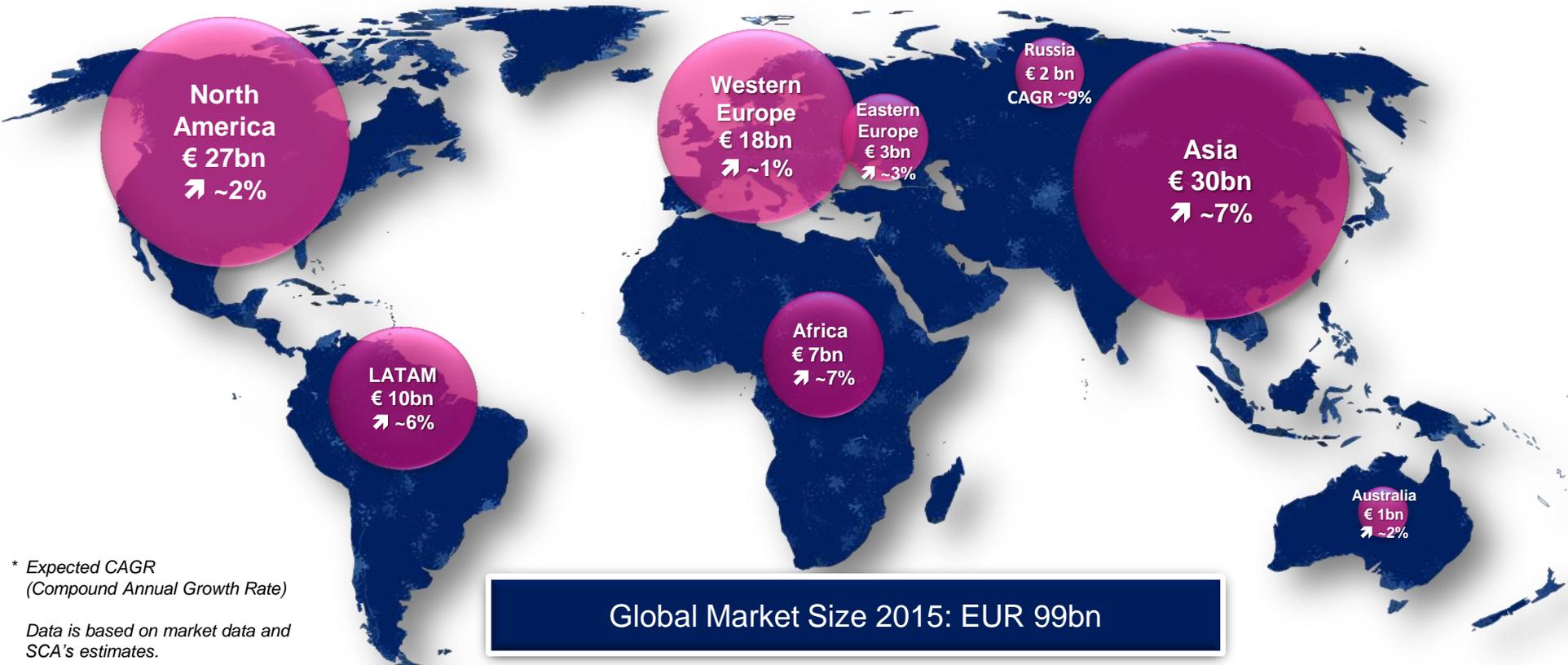


■ North America ■ Western Europe ■ Eastern Europe ■ Latin America ■ Asia

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



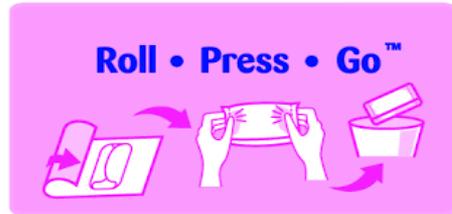
## 3. Tier-up to premium



# 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



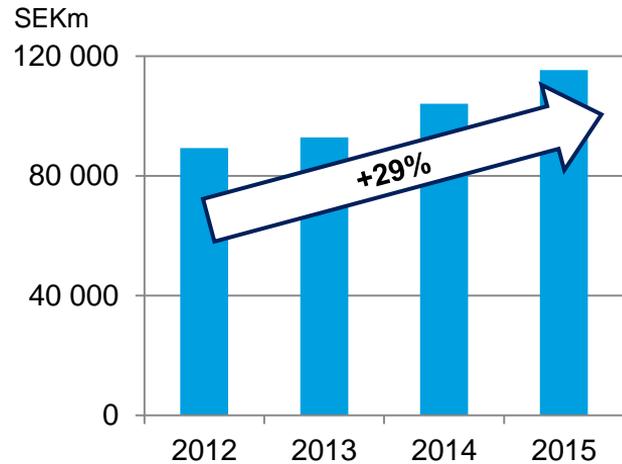
Fredrik Rystedt, Executive Vice President and CFO



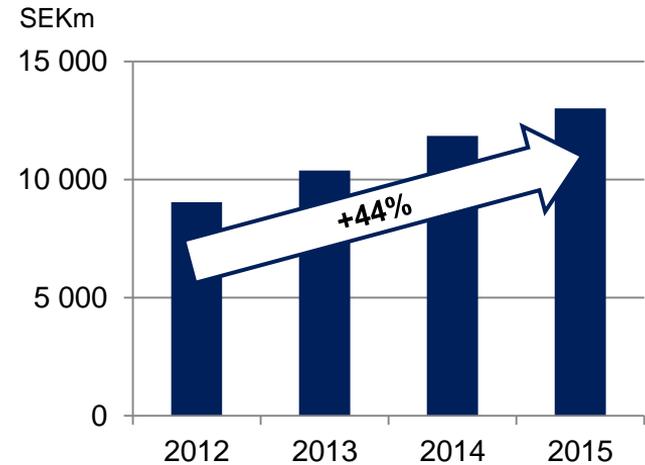
# SCA Performance



## Sales



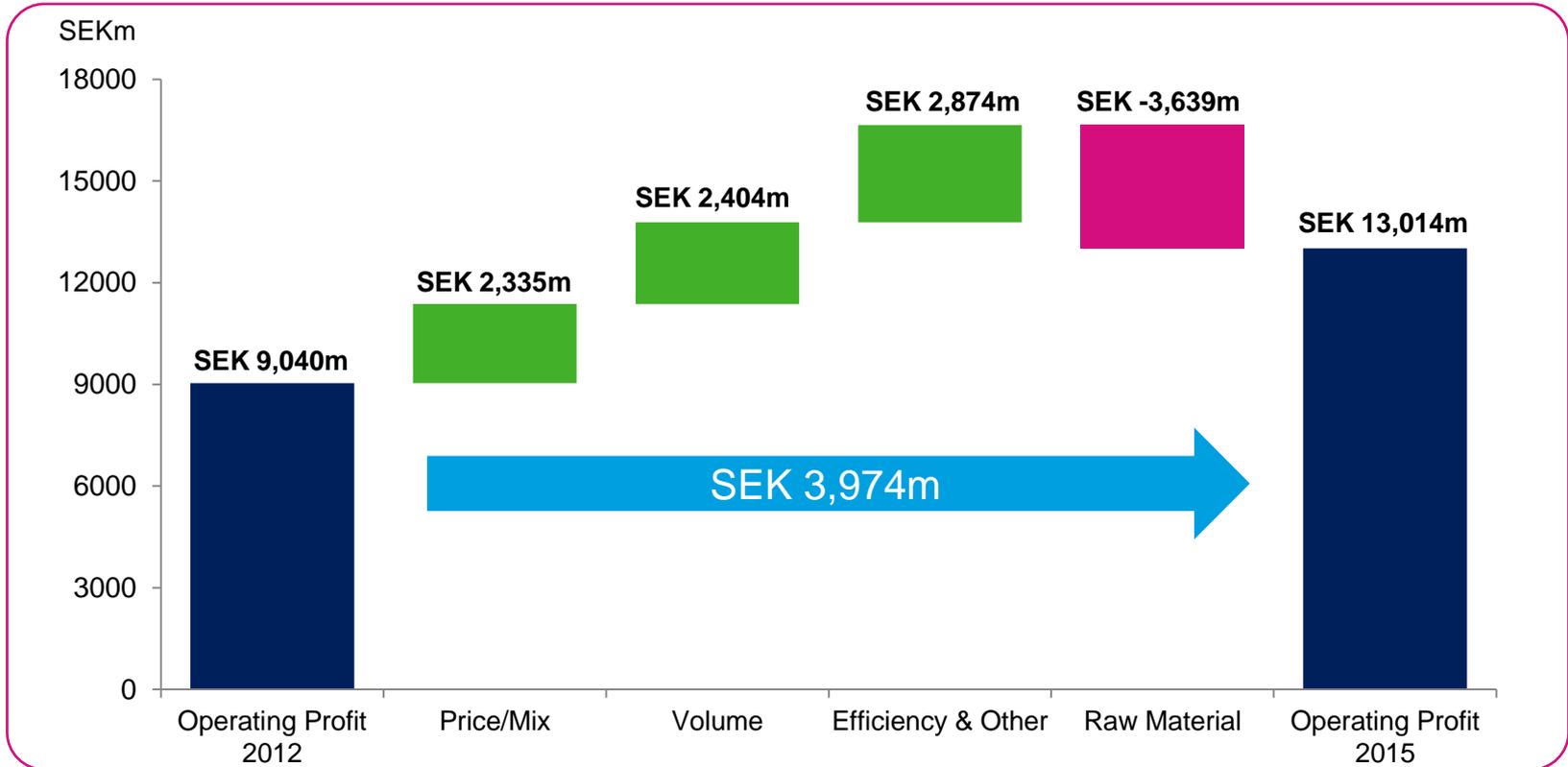
## Operating Profit\*



\* Excluding items affecting comparability

# SCA Group Operating Profit\*

2012-2015

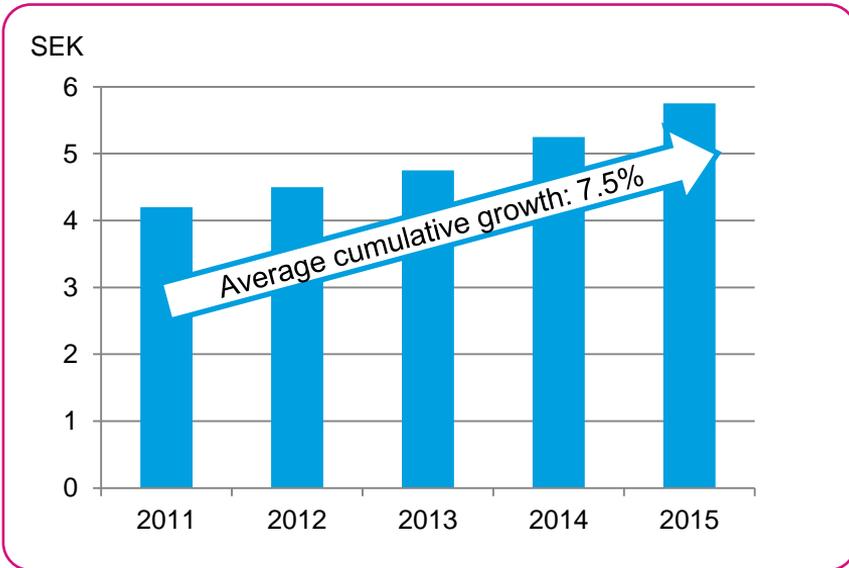


\* Excluding items affecting comparability

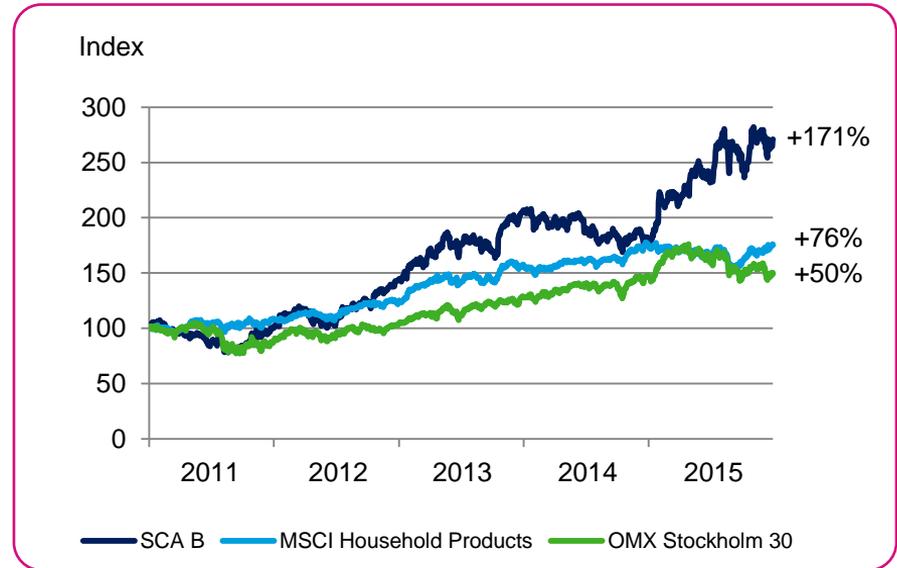
# Dividend and Total Shareholder Return



## Dividend per Share



## Total Shareholder Return

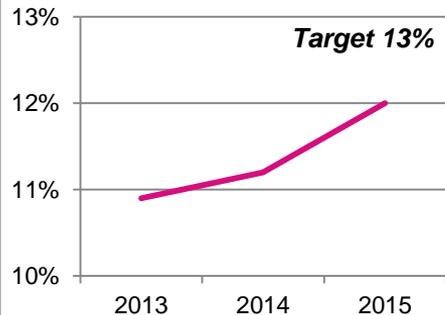


# SCA Creates Value

## SCA Creates Value

Return above  
Cost of Capital

### Return on Capital Employed\*



## 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

\* Excluding items affecting comparability

# 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

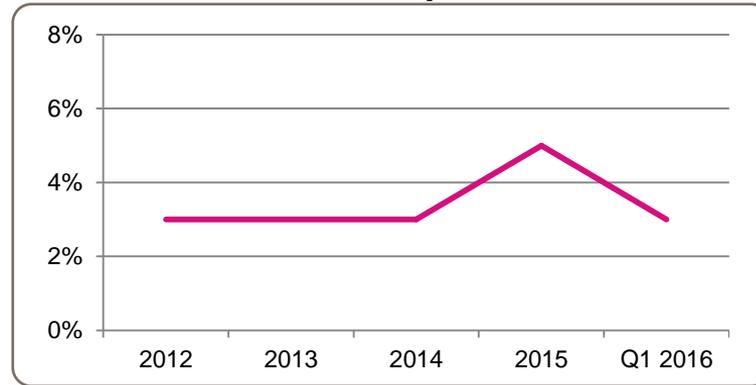
- Effective capital structure
- Maintain a solid investment grade rating
  
- SCA aims to provide long-term stable and rising dividends to its shareholders

# Organic Sales Growth

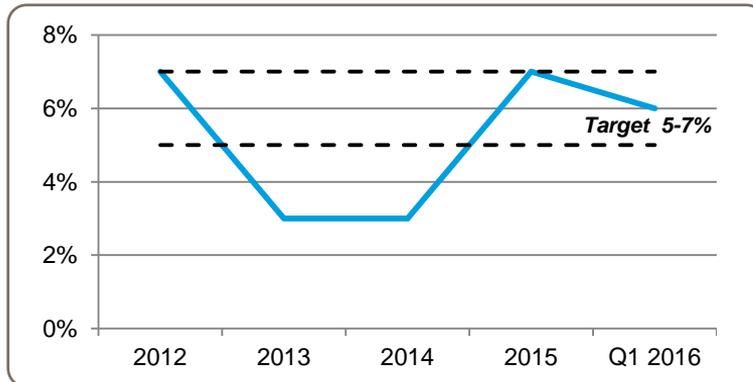
## Outcome vs. Targets



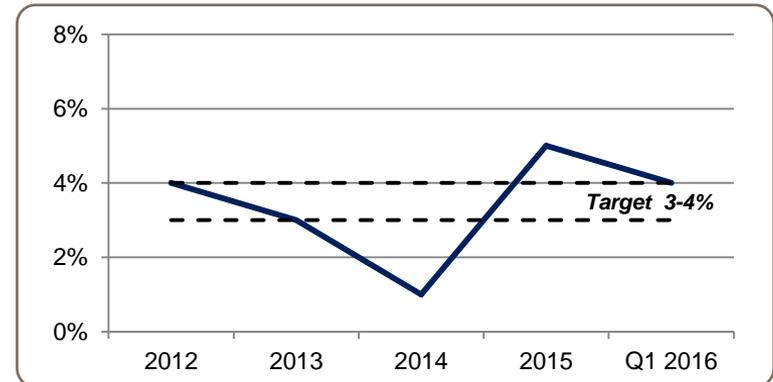
Group



Personal Care



Tissue

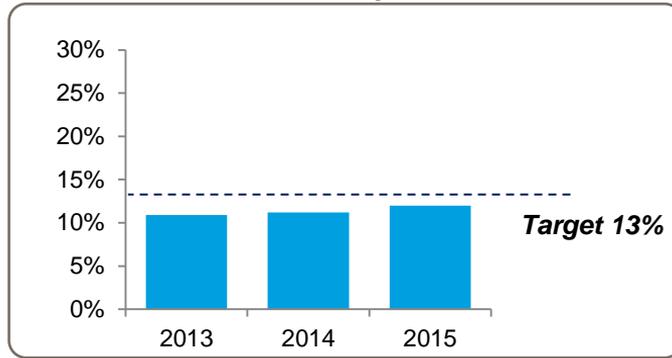


# Return on Capital Employed

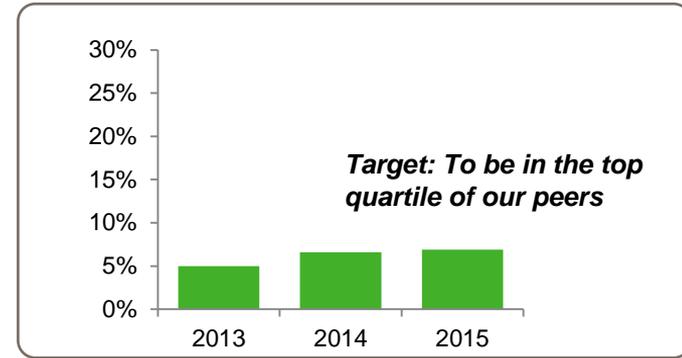
## Outcome\* vs Targets



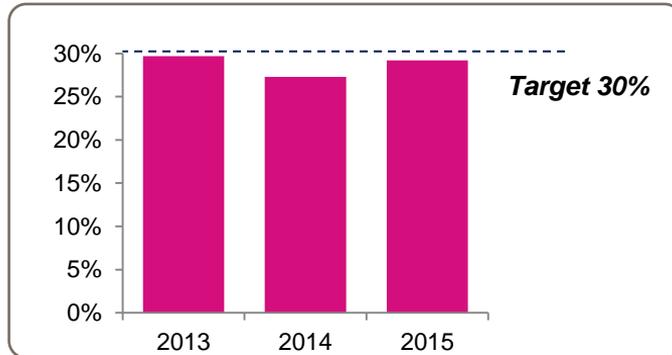
### Group



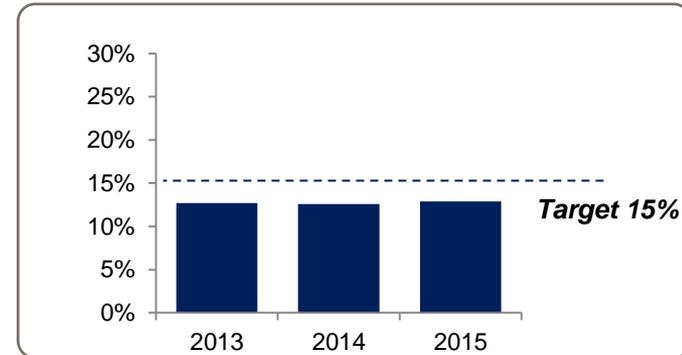
### Forest Products



### Personal Care

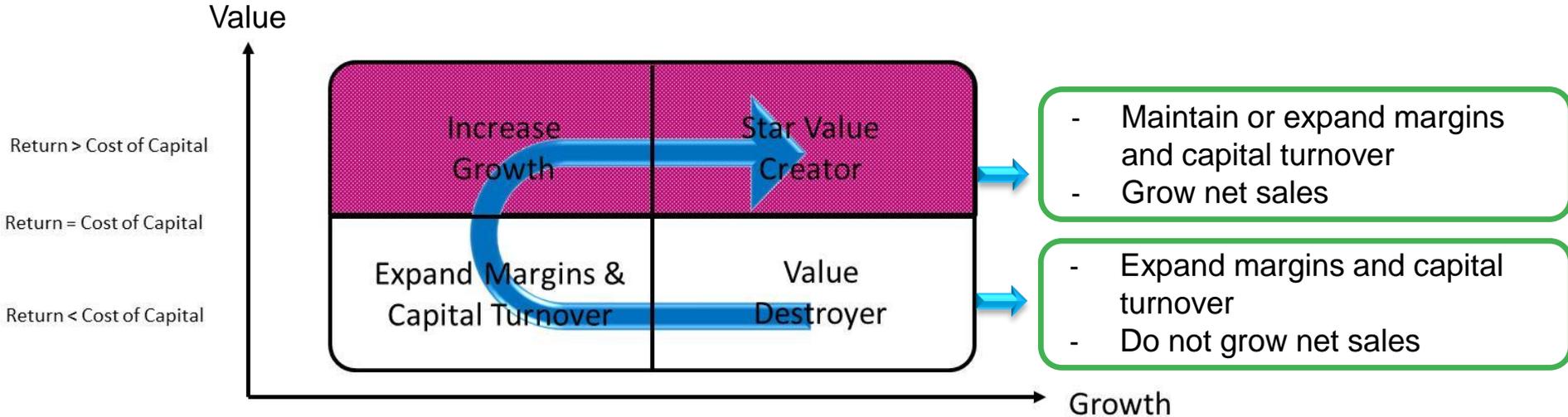


### Tissue



\* Excluding items affecting comparability

# Profitable Growth



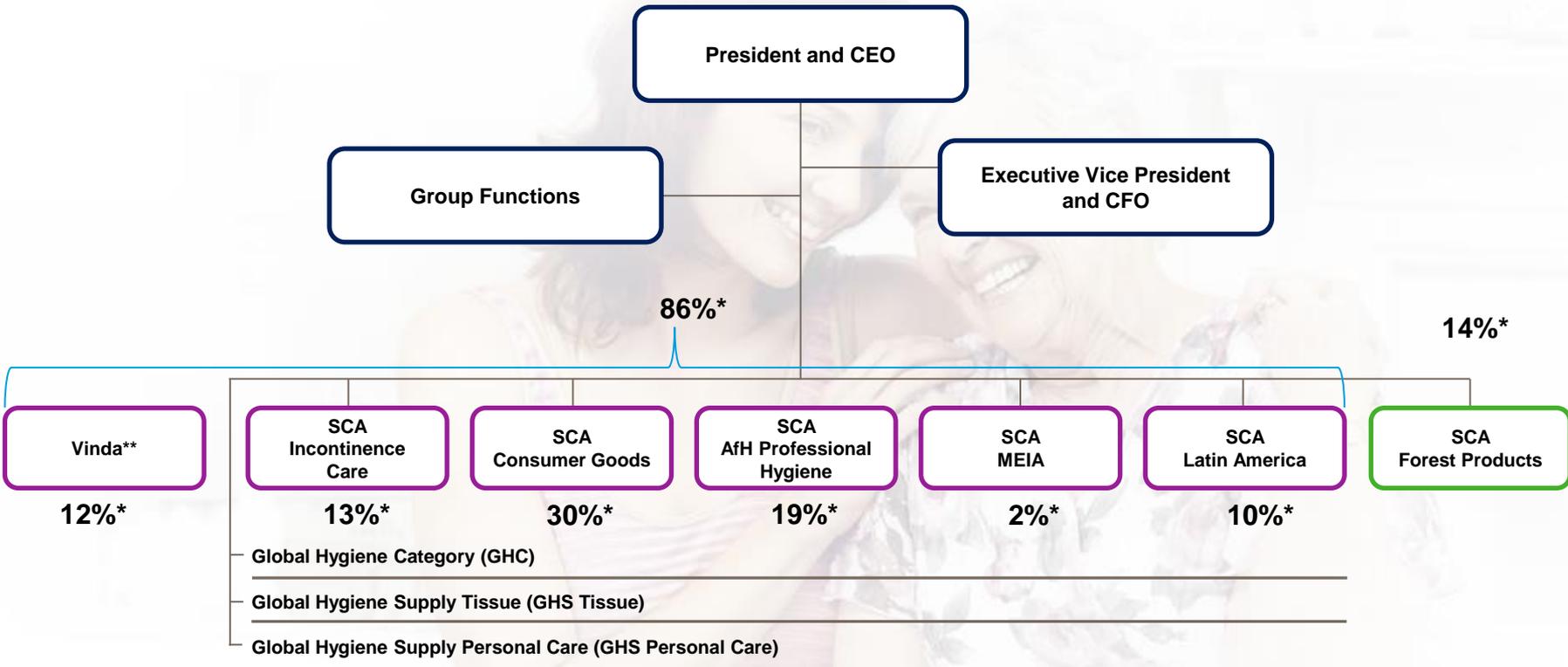
# Incentive Program Supports Value Creation



External Targets		Internal KPI Suite		Target Weight
By Business Area	Organic Sales Growth %	By Business Unit and Value Stream	Growth %	X%
	ROCE %		EBIT %	X%
			WC % to Sales	X%
			Operating Cash Flow incl. Strategic Capex	X%
			Other Measures	X%

Long Term Incentive Program based on Total Shareholder Return in relation to Competitors

# 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

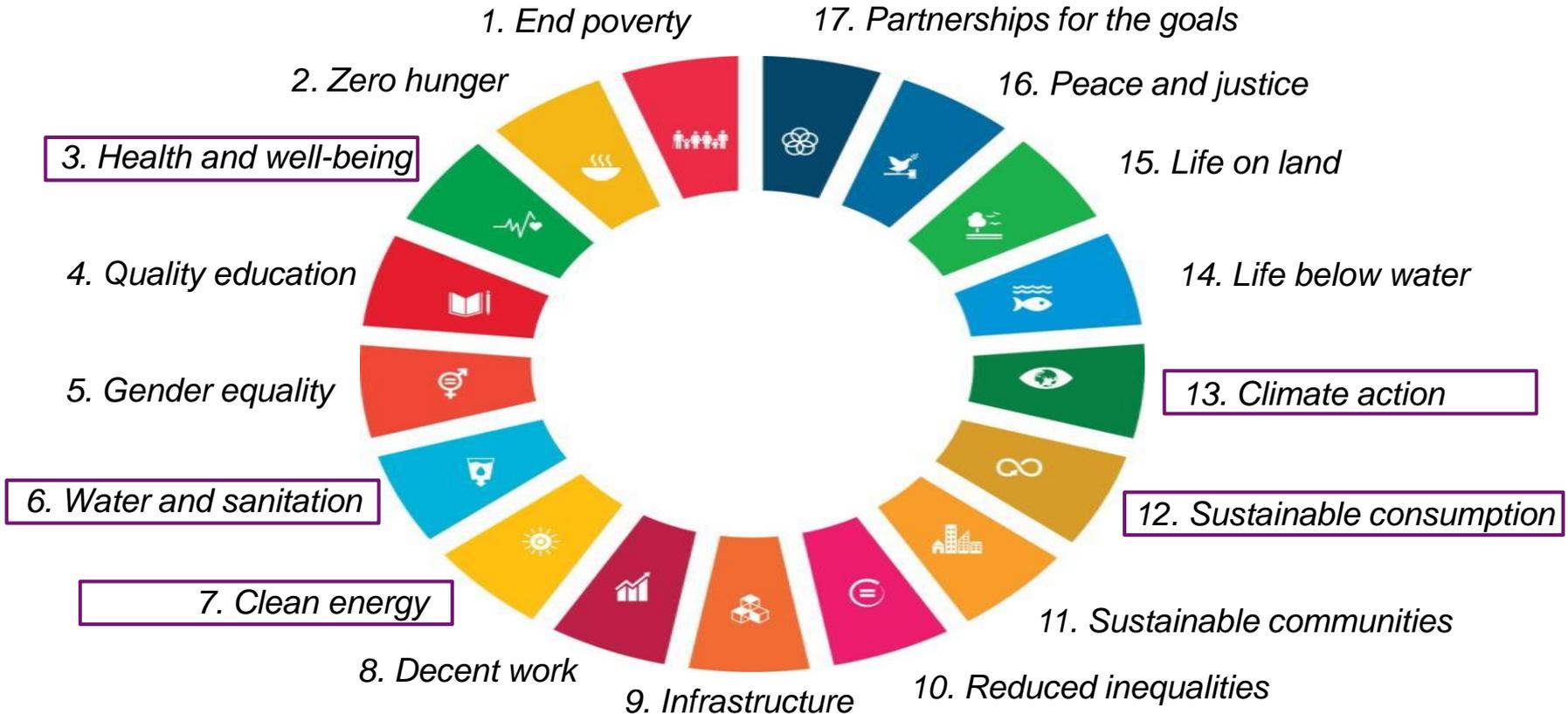


Kersti Strandqvist, Senior Vice President, Group Function Sustainability



# 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



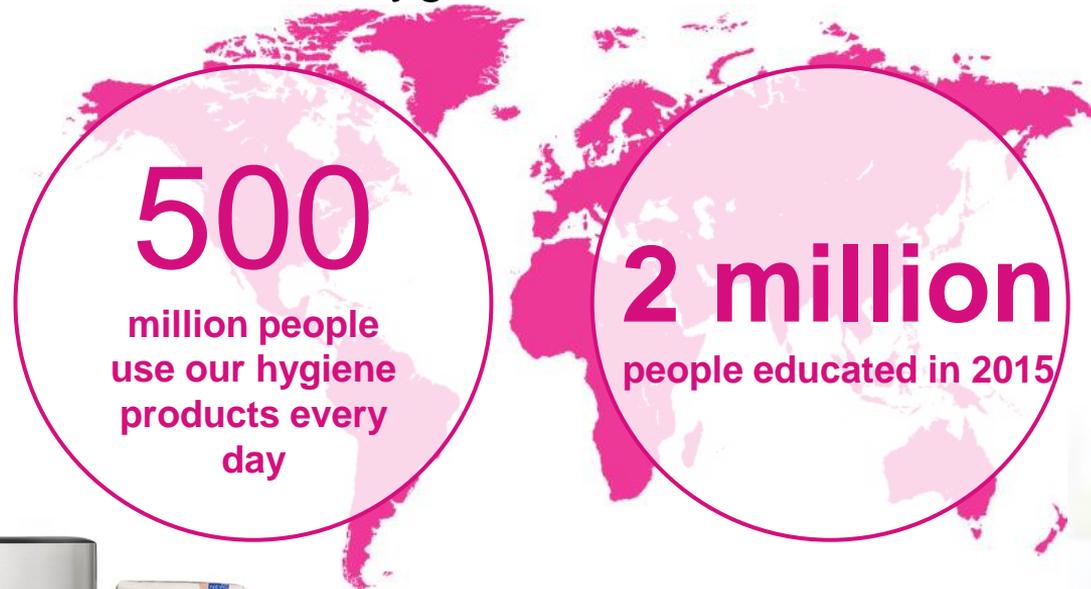
- Water
  - ◆ Tissue: -10% effluent water and organic content by 2020
  - ◆ Forest products: -10% phosphorous emissions
  - ◆ All: -10% suspended solids

# 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

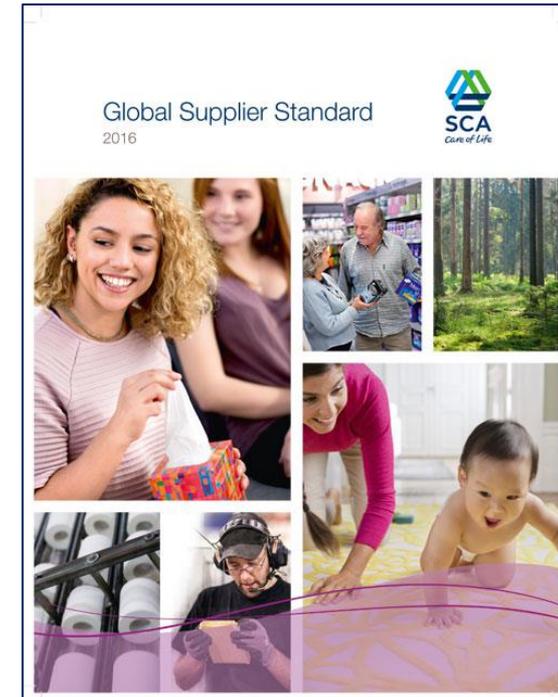


# Business Ethics and Compliance

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



# 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**

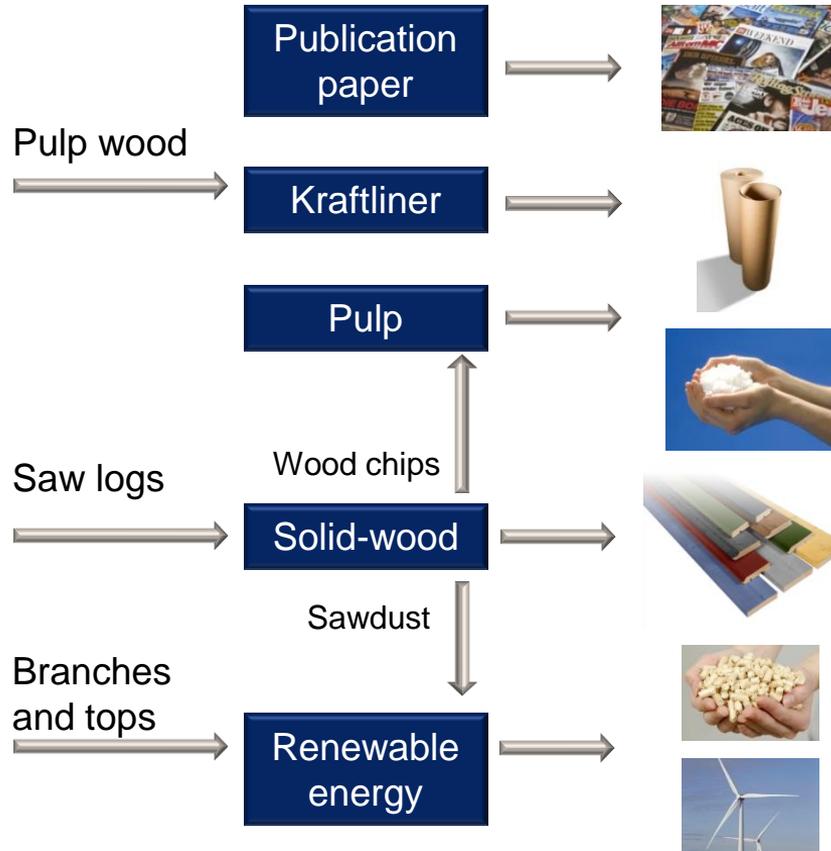
**Attractive  
position in  
softwood  
market**

**Integrated  
value chain  
creating  
competitive  
position**

**Future  
growth  
opportunities**

- **Liquid biofuels**
- **Green chemicals**
- **Renewable materials**

# Full Control of our Value Chain



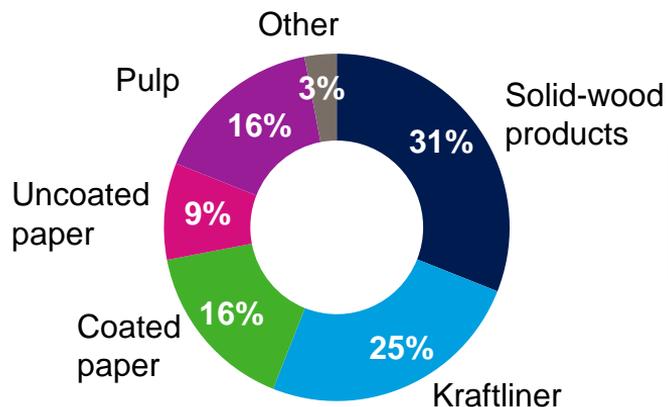
Logistics

# SCA Forest Products

14% of SCA Group Sales Q1 2016

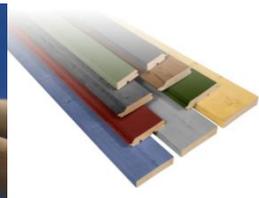
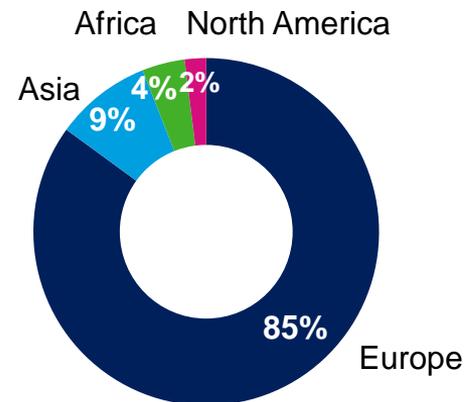


## 2015 Sales by Product Segment



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



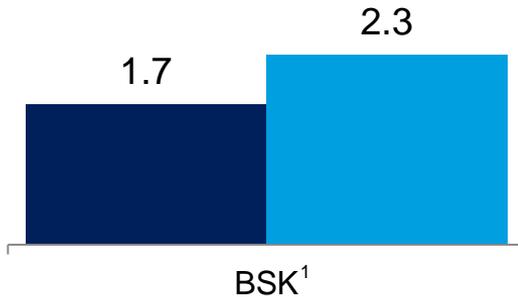
- Cash cost leader and superior environmental footprint
- Supports forest value
- Enables biorefinery development
- Start-up mid 2018

# SCA Well Positioned in Global Pulp Market



## Positive market growth outlook

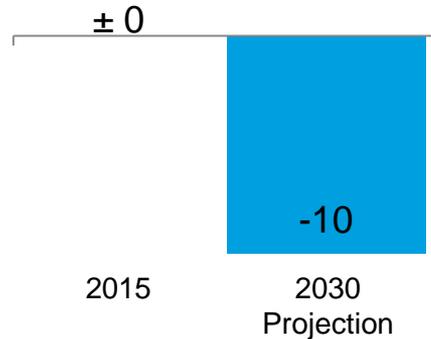
- Global market growth CAGR\* 2000-15
- Global market growth CAGR\* 2015-20



<sup>1</sup> Includes fluff pulp

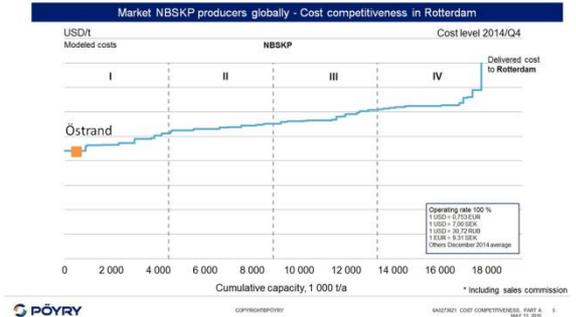
## Global supply shortage projected

Global supply surplus (shortage)  
million tons softwood pulp



- Limited supply sources
- Increased demand

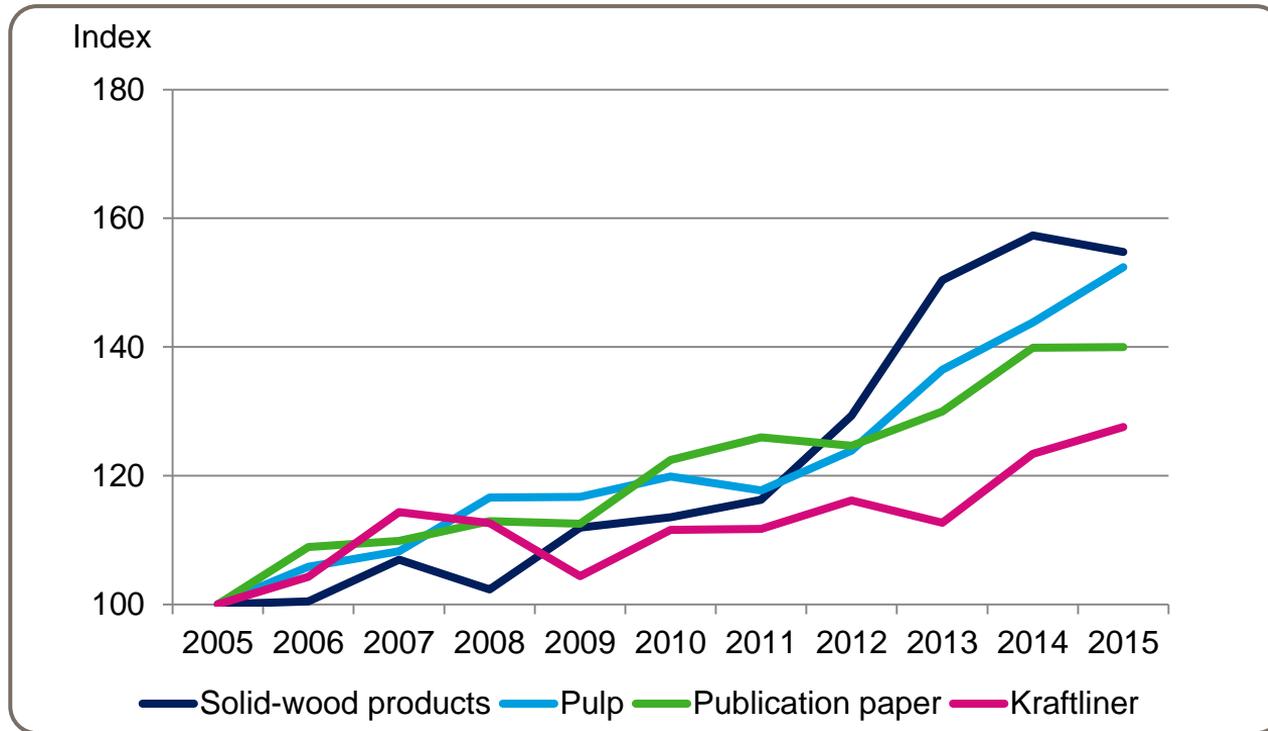
## Attractive position on global cost curve



# World Class Efficiency

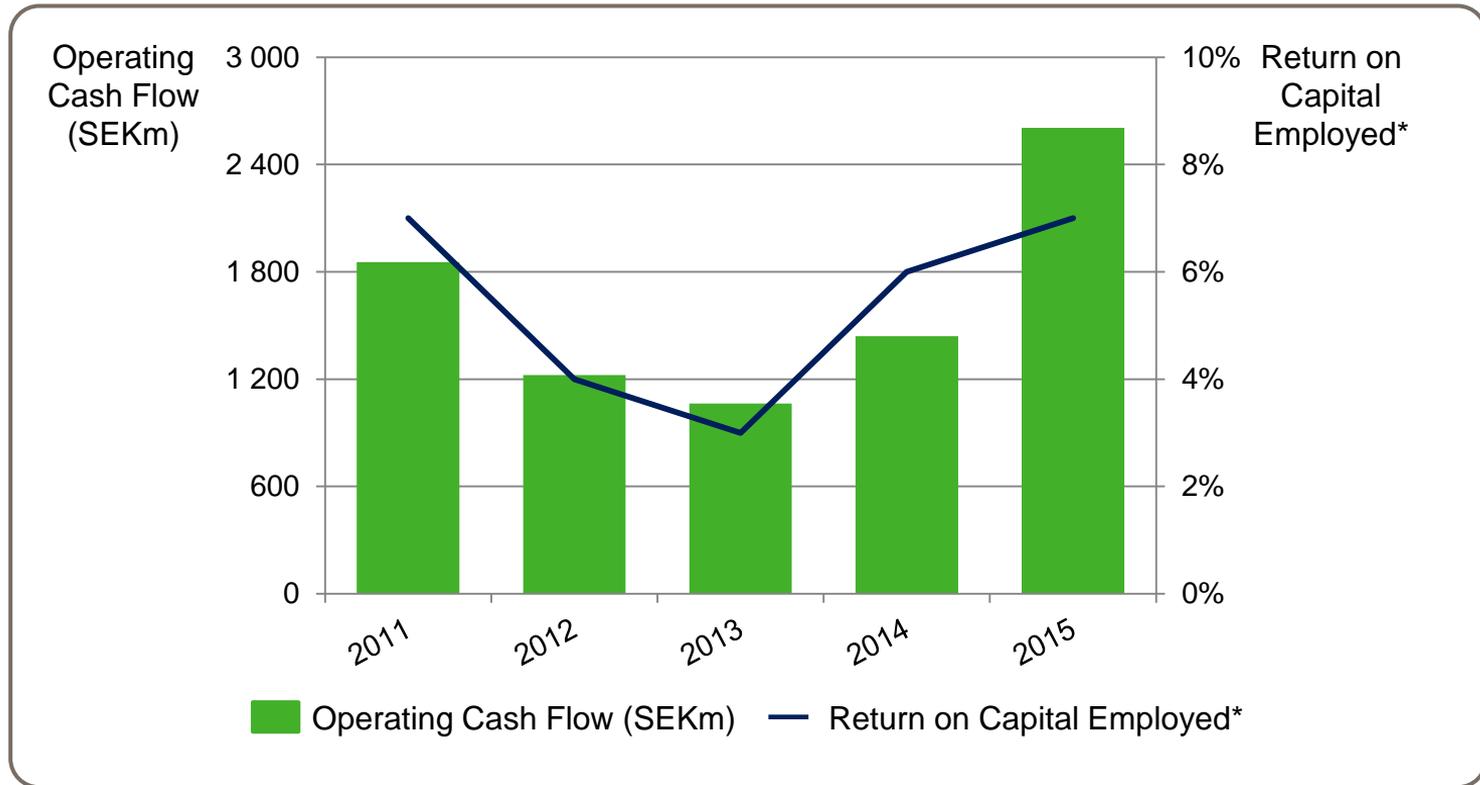


## Productivity tons or m<sup>3</sup>/employee



# 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*



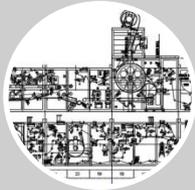
# Efficiency in Supply Chain



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

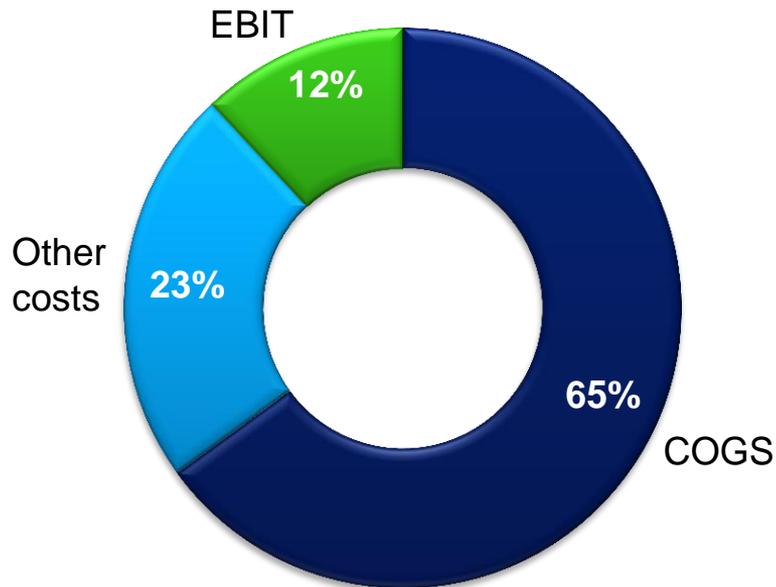


# Supply Efficiency has Big Impact on Profit



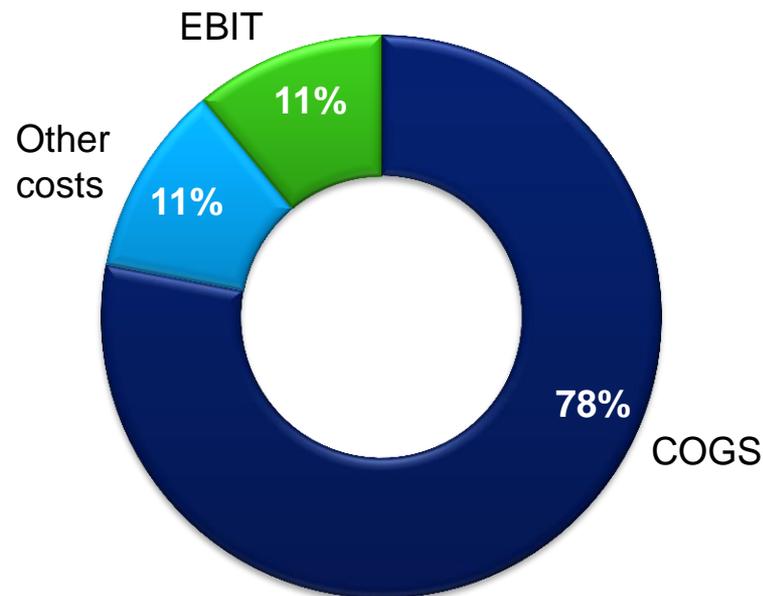
## Personal Care

% of sales



## Tissue

% of sales

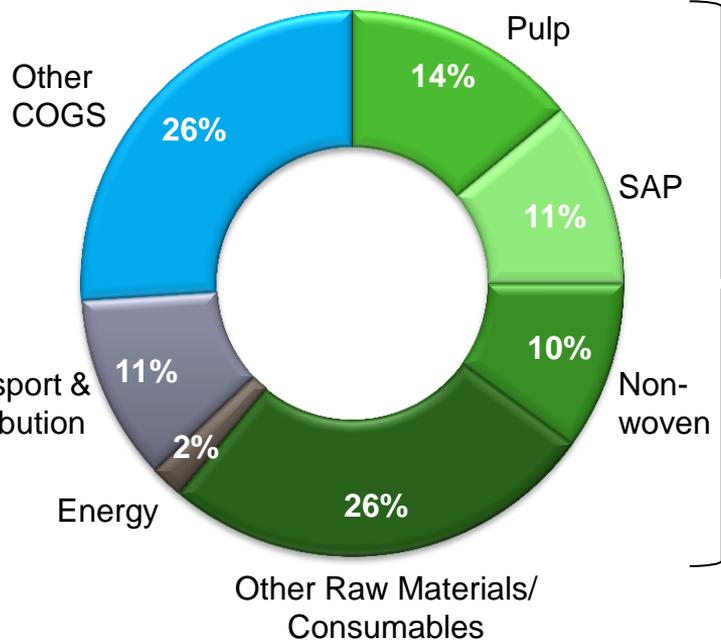


# Raw Materials is the Major Part of COGS



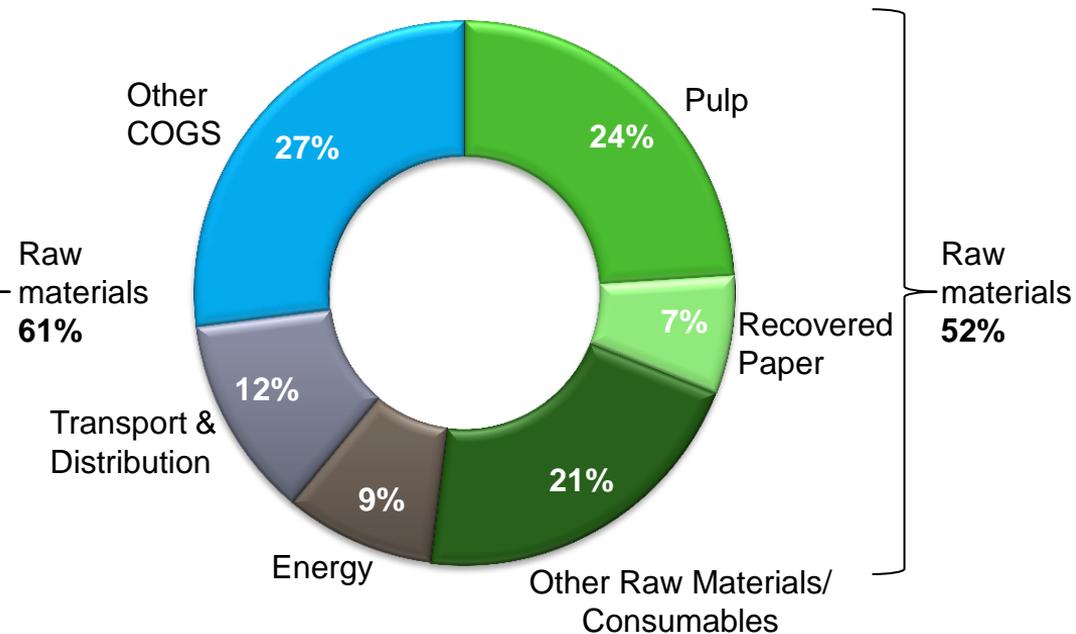
## Personal Care

% of COGS



## Tissue

% of COGS



# Key Achievements

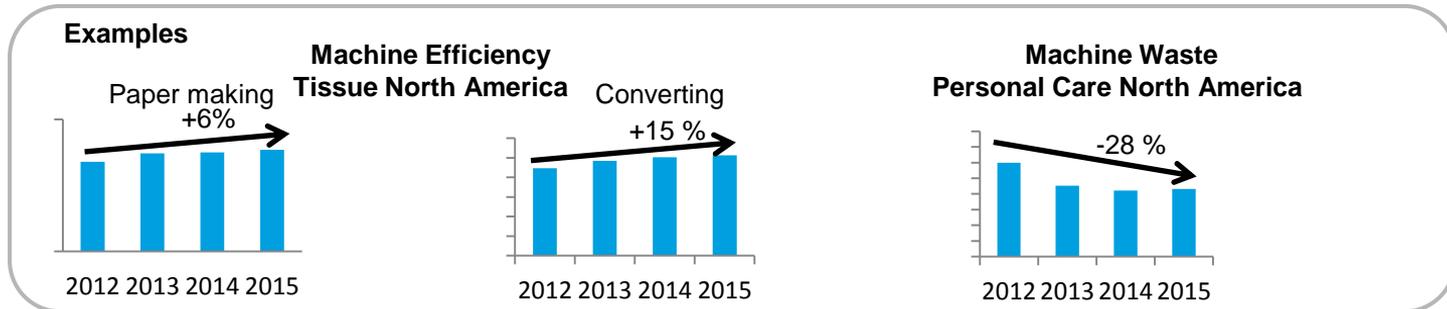


- Accident frequency rate reduced by 37% from 2011 to 2015
- Annual efficiency improvements and savings of 1.5-2.0% of COGS
- Reduced climate impact
- Roll out of innovations at a higher pace than ever

# Examples of Efficiency Gains and Savings



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



# 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

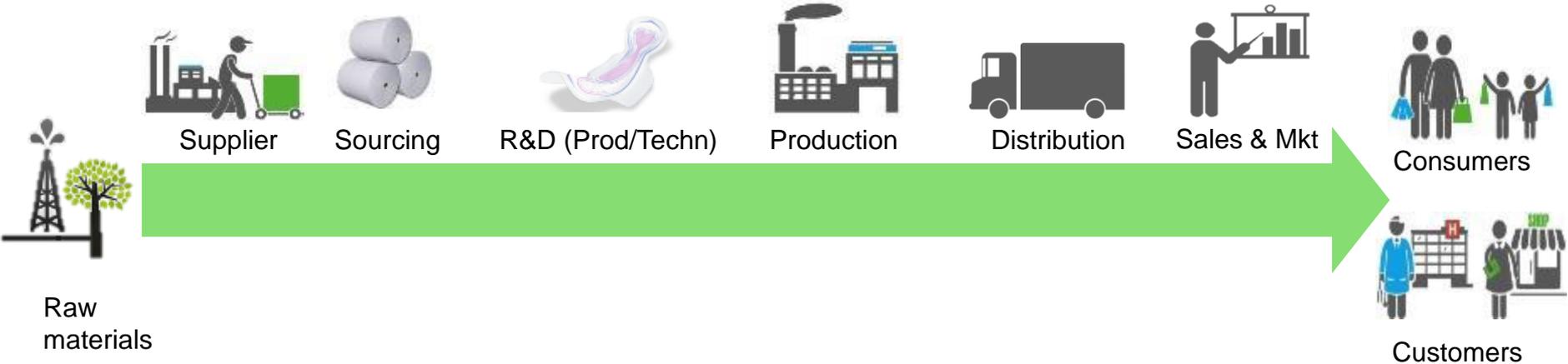
**Always in focus**

- 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

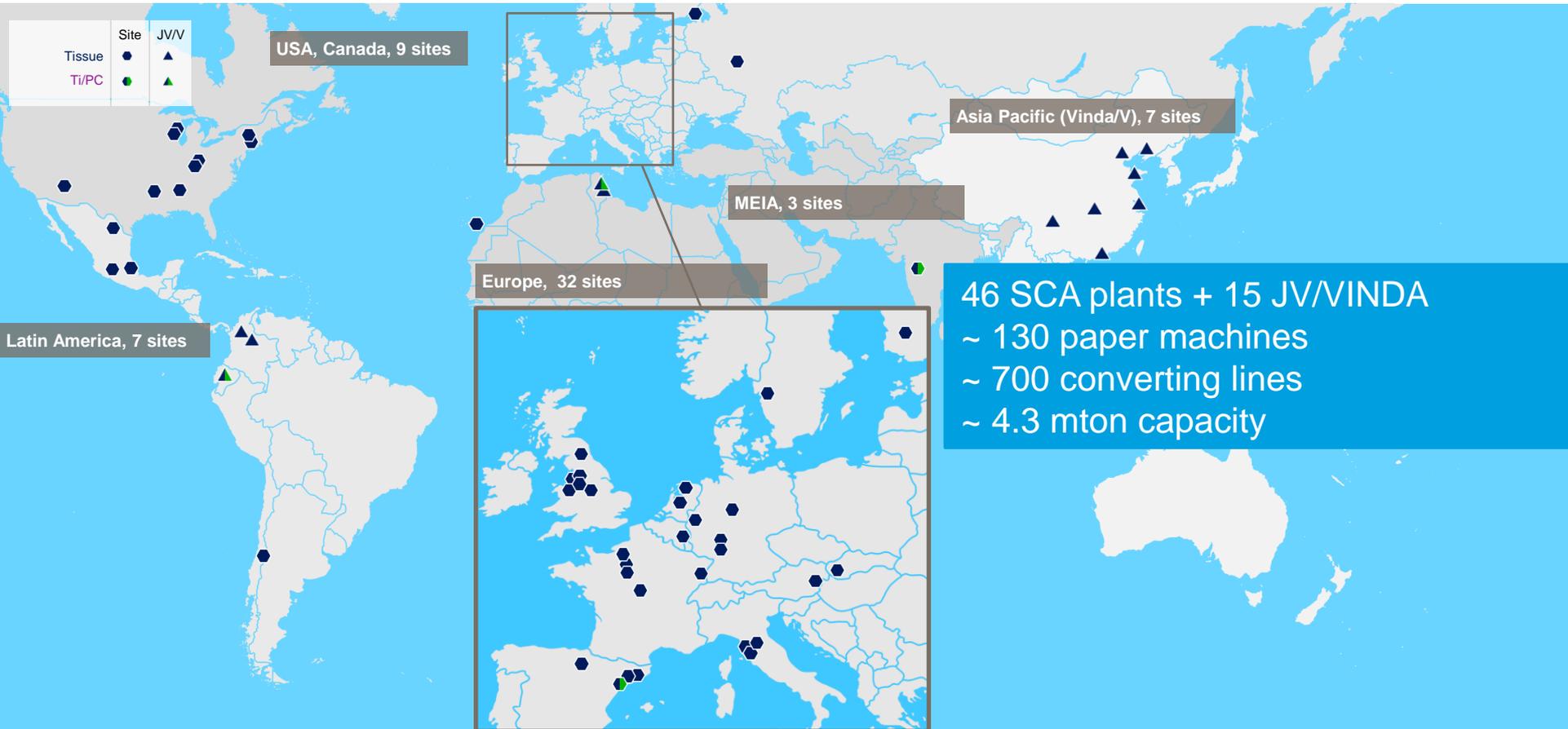
**Fit for the future**

# 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



	Site	JV/V
Tissue	●	▲
Tissue/Personal Care	●	▲

## 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.



90  
countries



#1



#2

## 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



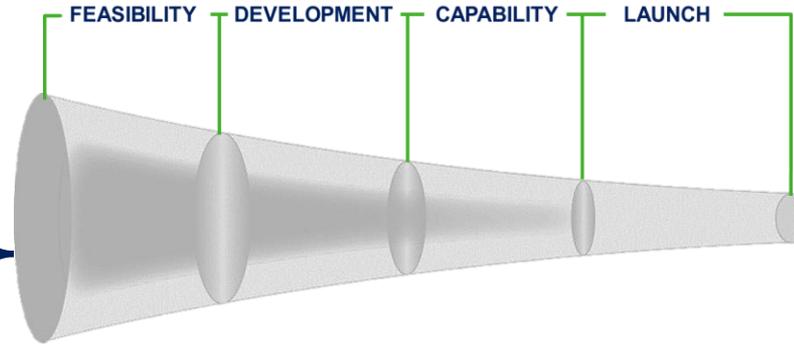
Consumer versus  
shopper behaviour



Portraits/personas  
Moodboard/film

# Combining Creativity and Efficiency

- Creative sessions
- Open innovation
- Research
- Customers
- Suppliers



# 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.



**Solution**



**Marketing  
Communication**

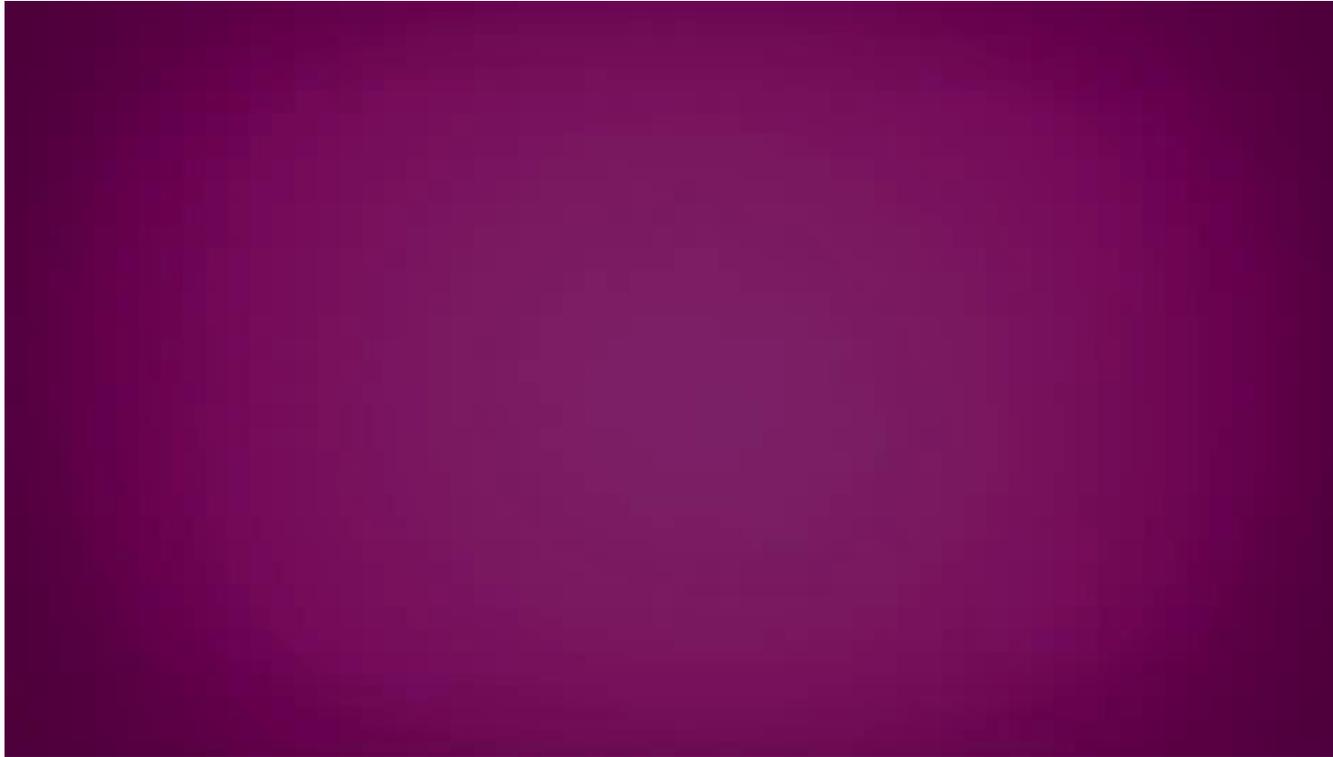
**Insight**

New and unique  
feminine care  
disposal solution

**Improved Market Share  
and Sales Growth**

# Video

Roll. Press. Go



# From Insight to Business Value

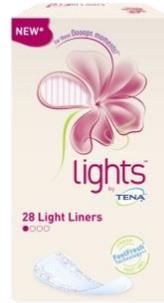
## lights by TENA



“... 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.”



**Marketing  
Communication**

**Increased  
Dispenser  
Placements**

**Solution**

**Insight**

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

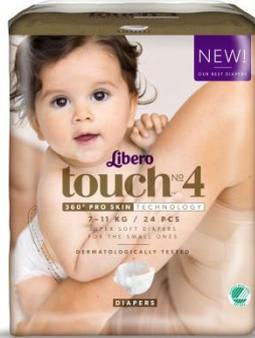
# From Insight to Business Value

## 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





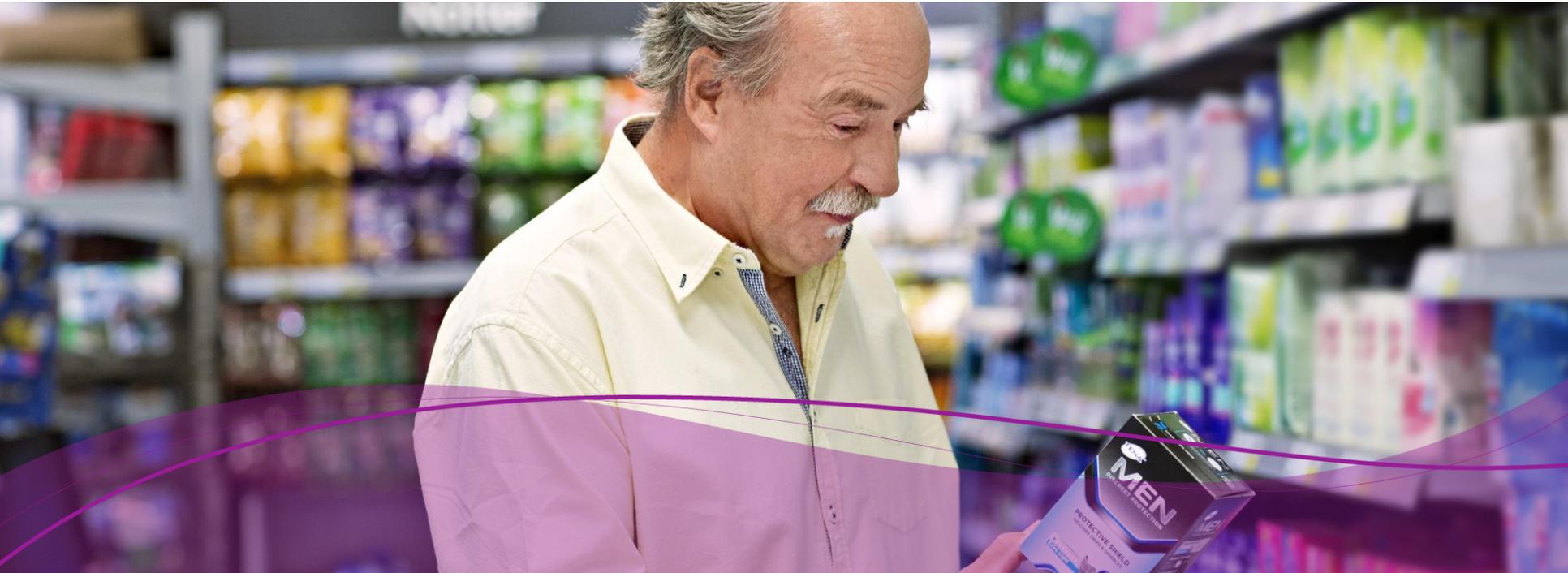
**SCA**  
*Care of Life*



# SCA Incontinence Care



Margareta Lehmann, President SCA Incontinence Care



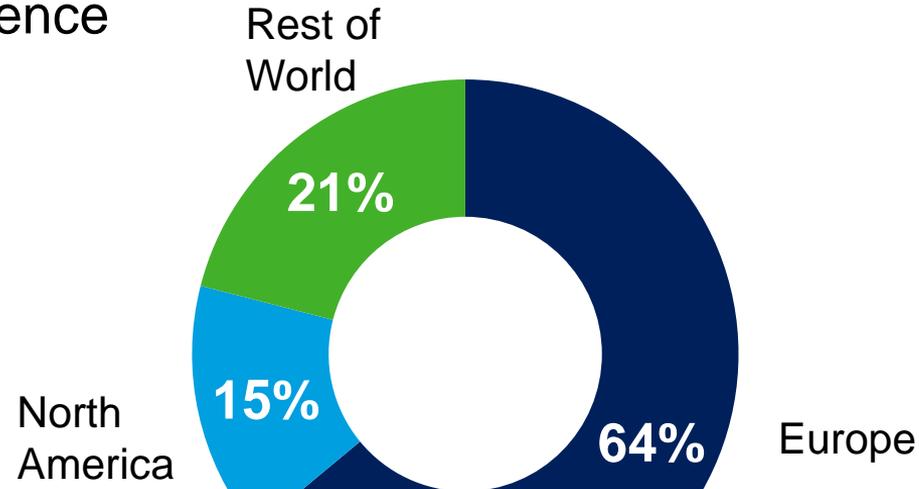
# SCA Incontinence Care

13% of SCA Group Sales Q1 2016



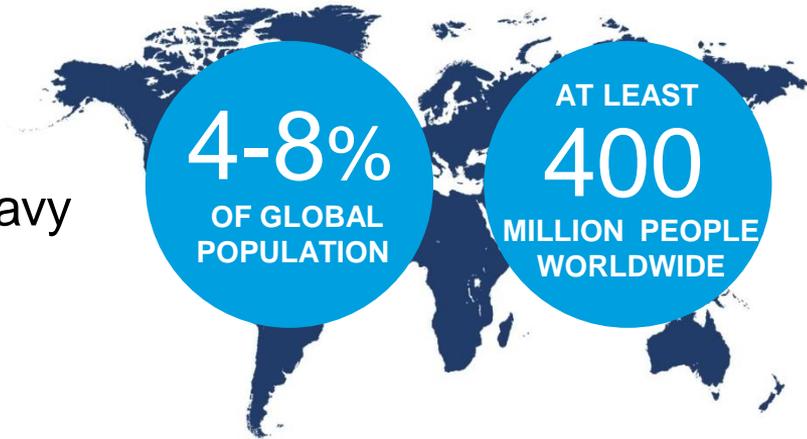
- TENA global leading incontinence brand
- Covering TENA sales in Europe, North America and Japan
- Sales across all channels: institutional, home care, retail, e-commerce

## Global Sales Split 2015



# 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

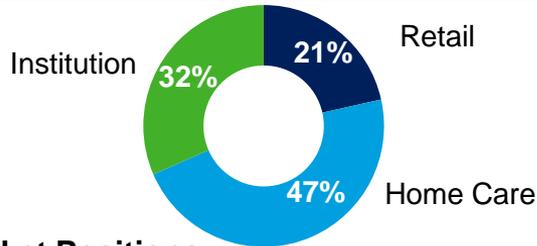
SCA is the Global #1 with the TENA brand



## European Market

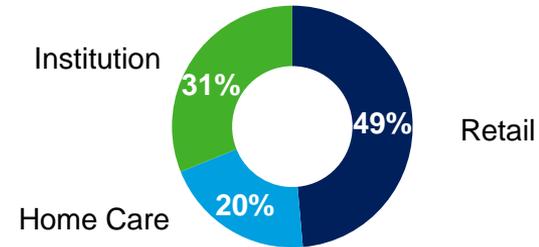
- Market size 2015: EUR 2.8bn
- Market growth CAGR\* 2015-2020: 2-3%

### Channel split

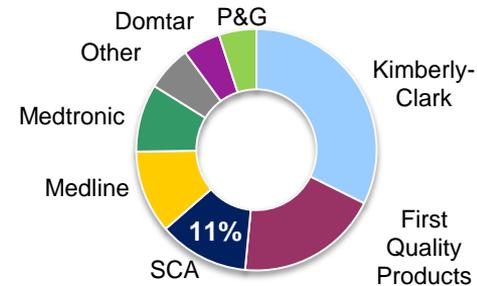
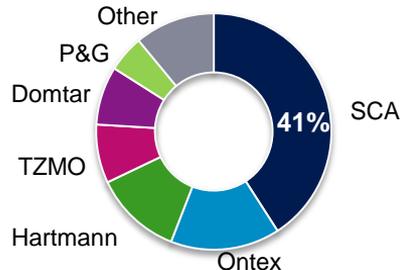


## North American Market

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



### Market Positions



\* 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



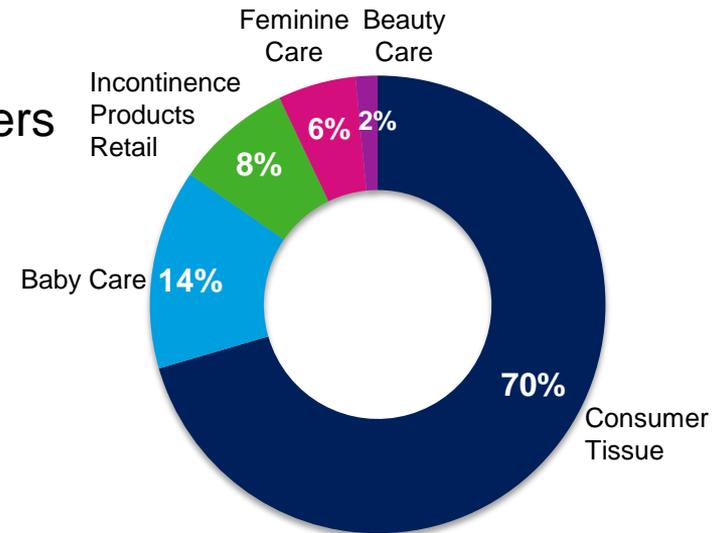
# SCA Consumer Goods in Europe

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

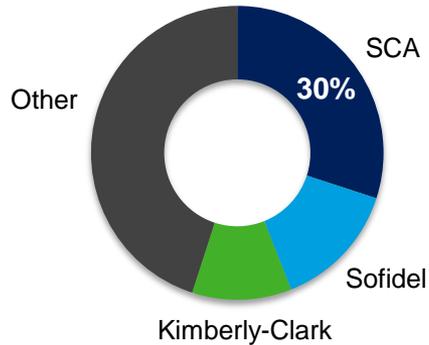


# Market Positions 2015

## Strong market positions in Europe

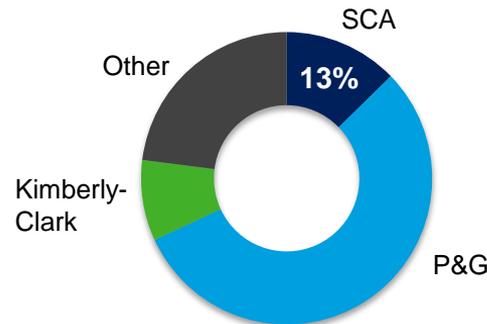
### Consumer Tissue

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



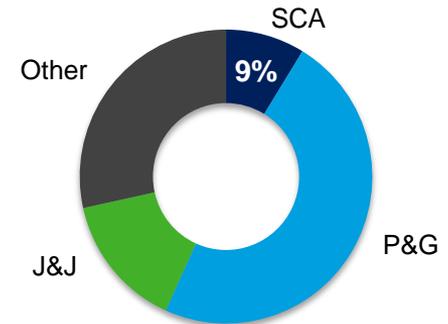
### Baby Care

- 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





**SCA**  
*Care of Life*



# 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:

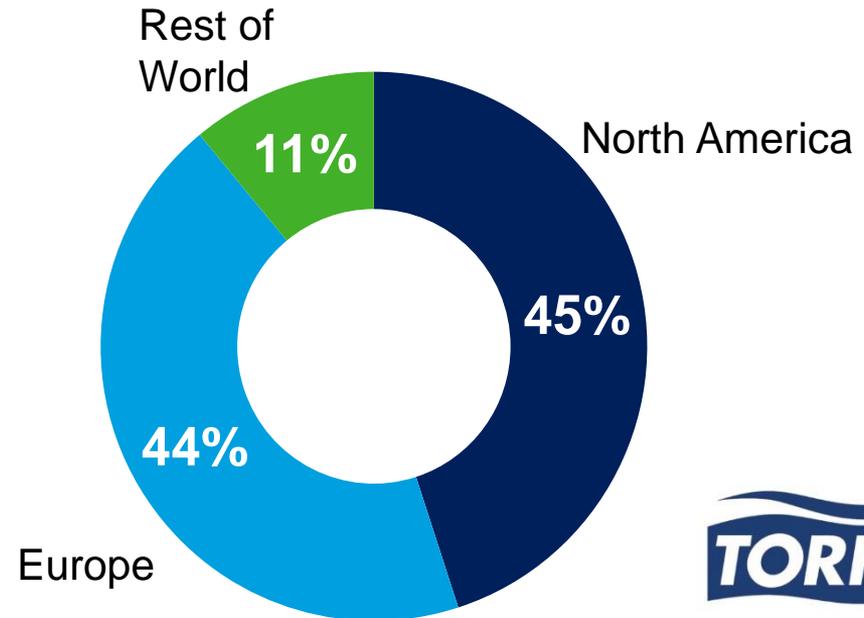
- ◆ Hotels, Restaurants, Catering
- ◆ Commercial Office Buildings
- ◆ Public Interest
- ◆ Healthcare
- ◆ Industrial

■ 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



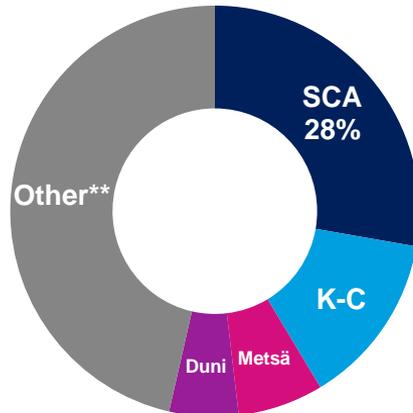
# Market Positions 2015

SCA is the Global #1 with the Tork brand



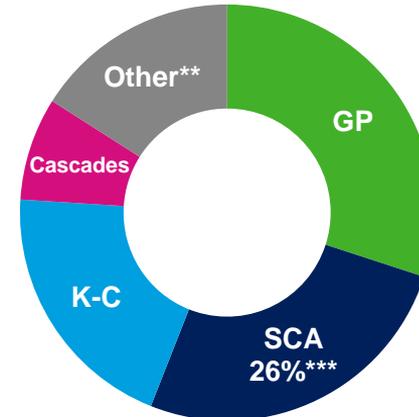
## European Market

- 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

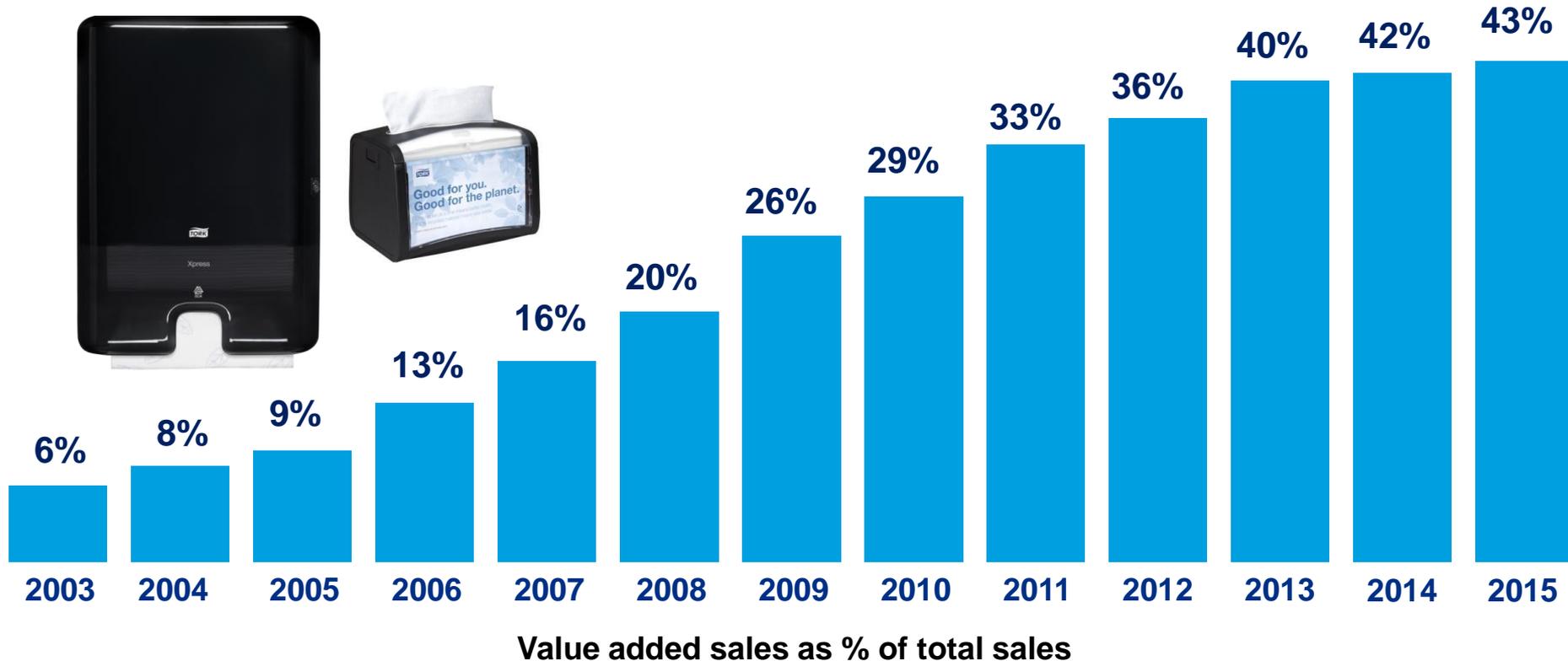


- Successful innovation launches
- Increase in Value Added Sales
- Customer awards
- Price discipline and range management across markets
- Growth in Global Accounts



# Profitable Growth – Achievement

## Value Added Sales Growth in North America

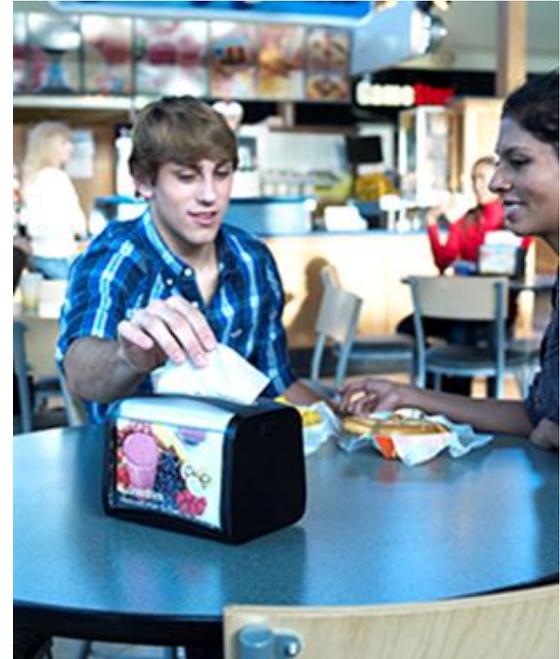


# Profitable Growth – Achievement

## 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](http://easycube.sca-tork.com) or email us at [TorkEasyCube@sca.com](mailto:TorkEasyCube@sca.com)

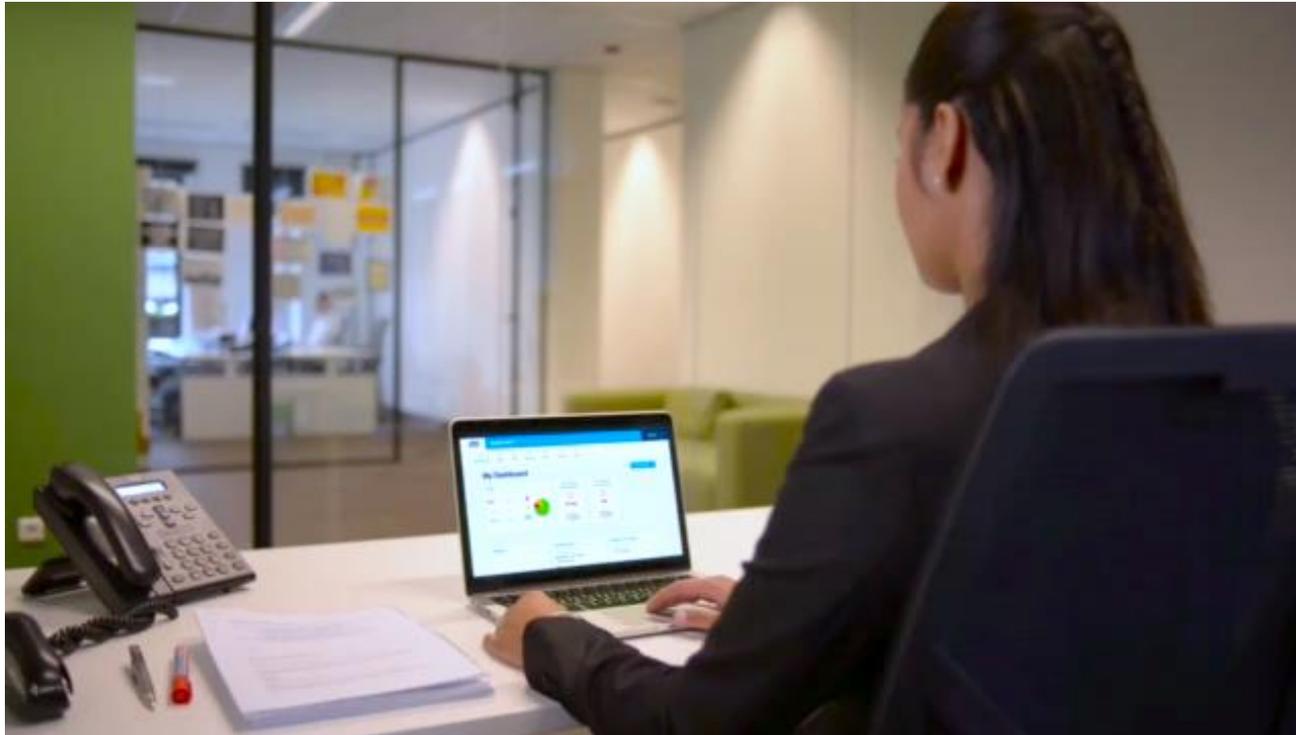


[www.torkusa.com](http://www.torkusa.com)



# Video

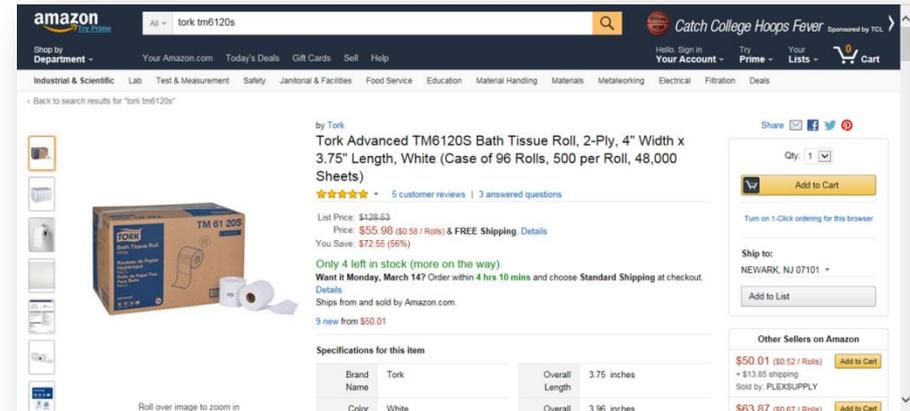
## Tork EasyCube



# 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



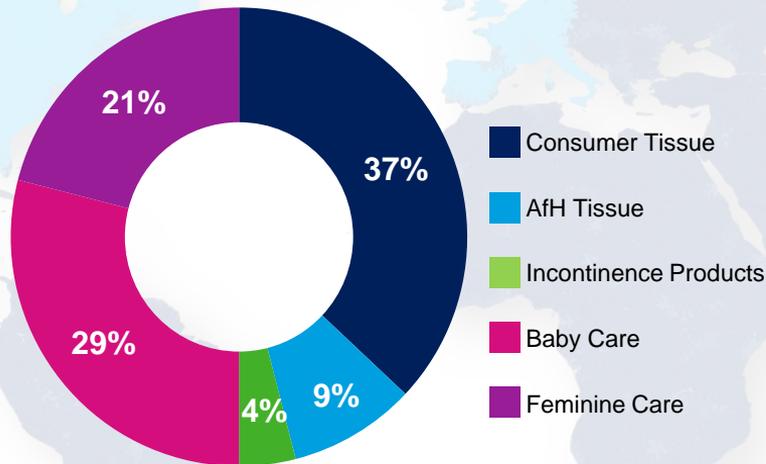
Magnus Groth, President and CEO



# Global Hygiene Market 2015

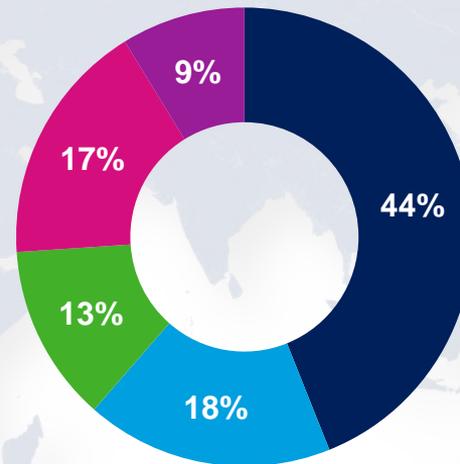
## Higher market growth in Emerging Markets

### Global Hygiene Emerging Markets



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

### Global Hygiene Mature Markets

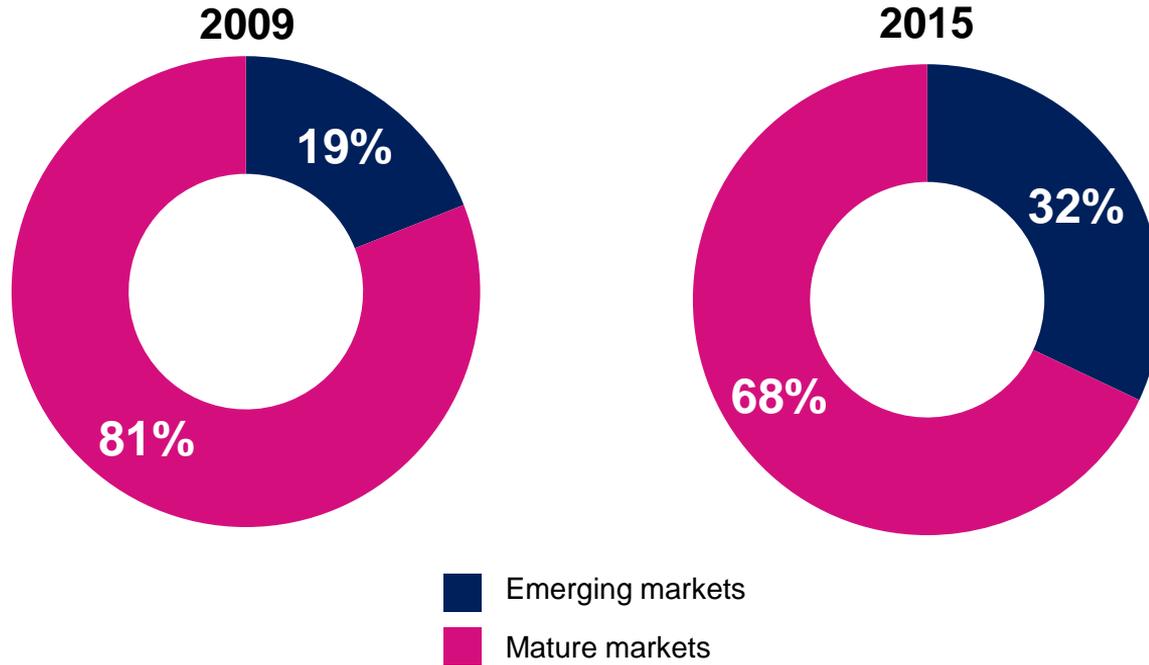


- Market size 2015: EUR 52bn
- Market growth CAGR\* 2015-2020: ~1-2%

\* 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

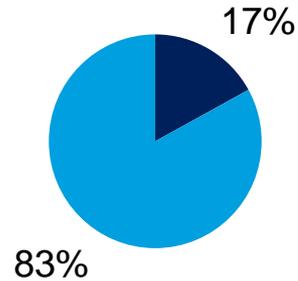
Emerging Markets Growth CAGR\* 2015-2020: ~5-7%

# Initially Lower Margins in Emerging Markets



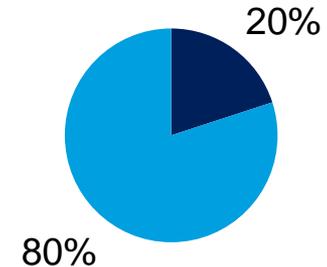
2013

Share of Operating Profit



2015

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



**SCA**  
*Care of Life*



# SCA Latin America



Pablo Fuentes, President SCA Latin America

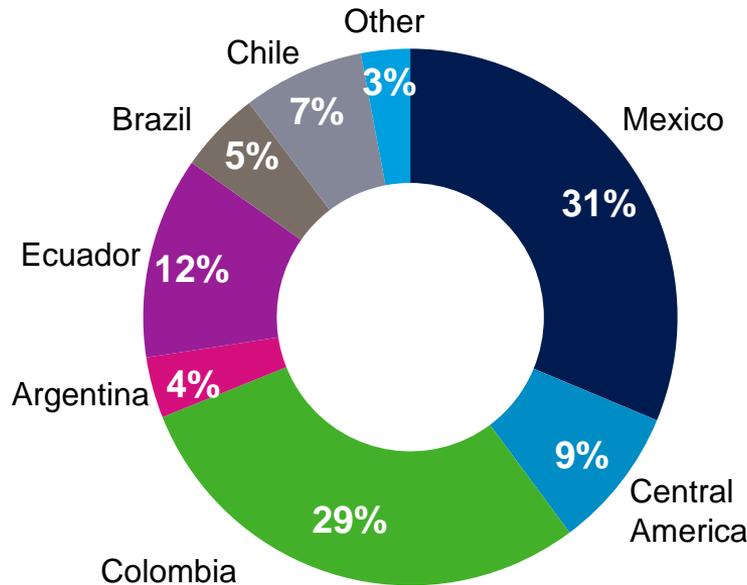


# SCA Latin America

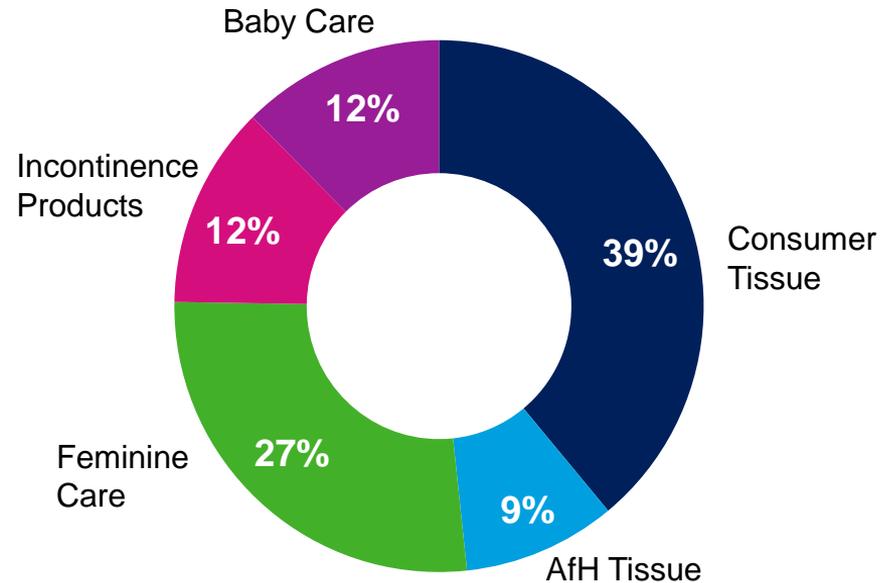
10% of SCA Group Sales Q1 2016



### 2015 Sales by Country



### 2015 Sales by Category



# Products and Brands

## Feminine Care



## Incontinence Products



## Baby Care



## Consumer Tissue



## AfH Tissue

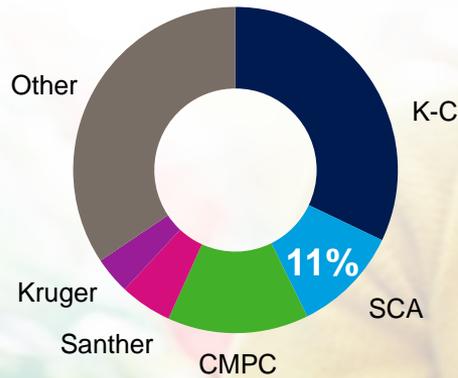


# Market Positions 2015

## Latin America

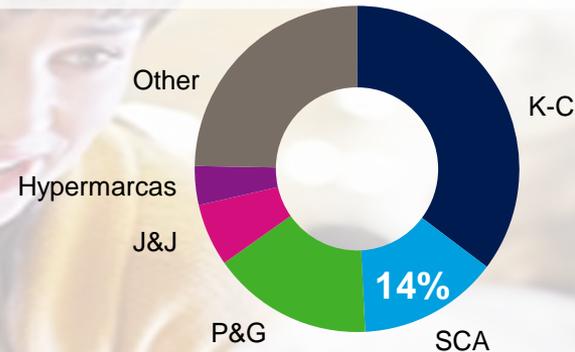
### Tissue

- 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

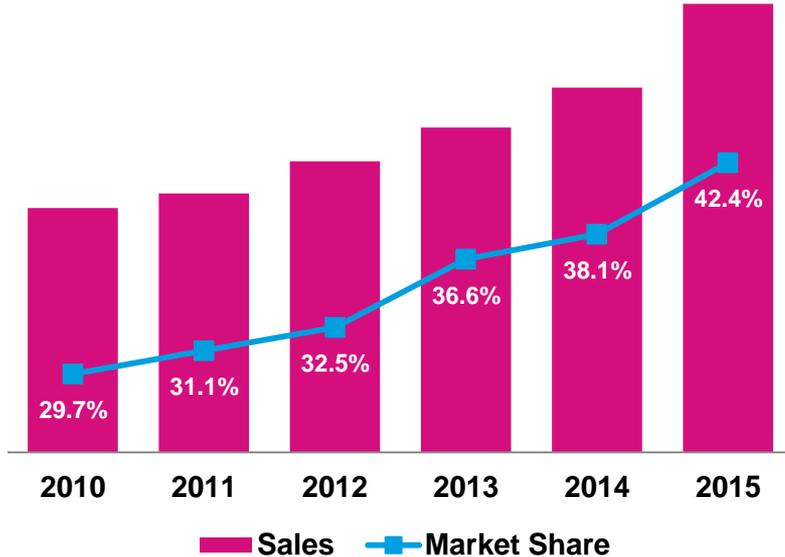
# Profitable Growth

## Growth in Feminine Care Market Share and Sales



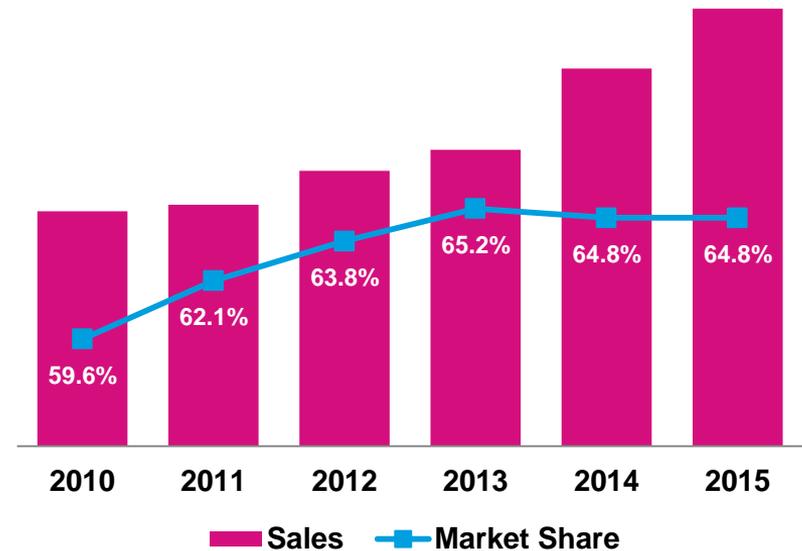
### Mexico

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



### Colombia

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



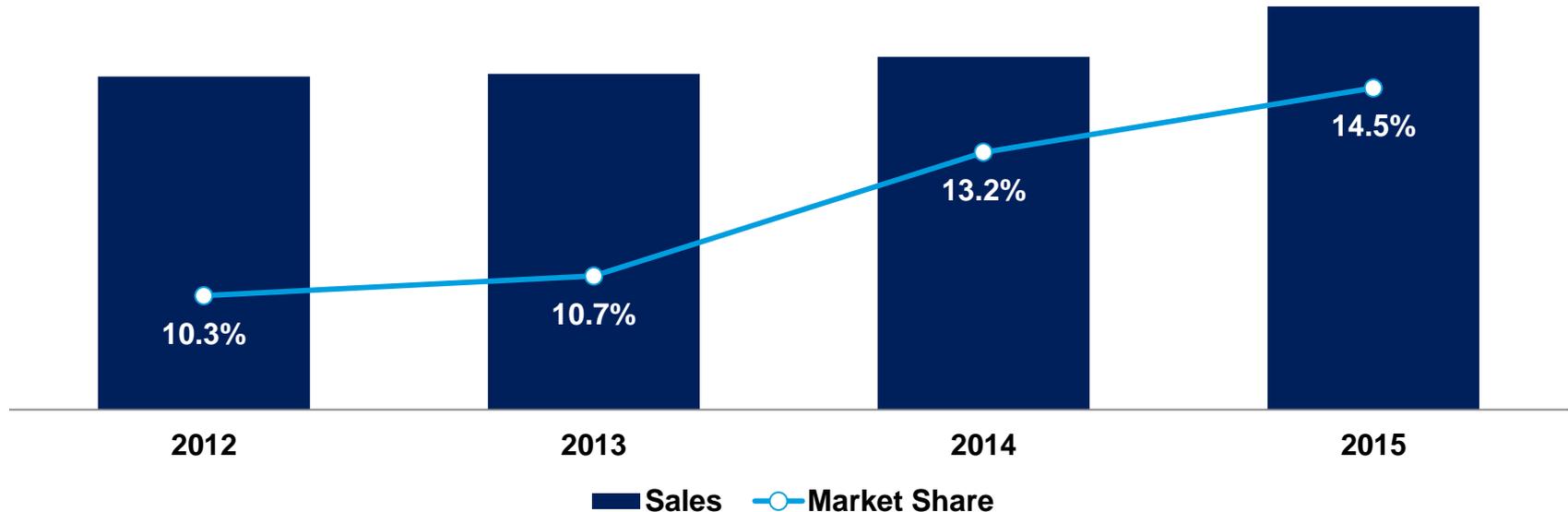
\* CAGR (Compound Annual Growth Rate)

# 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

**1<sup>st</sup>**

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

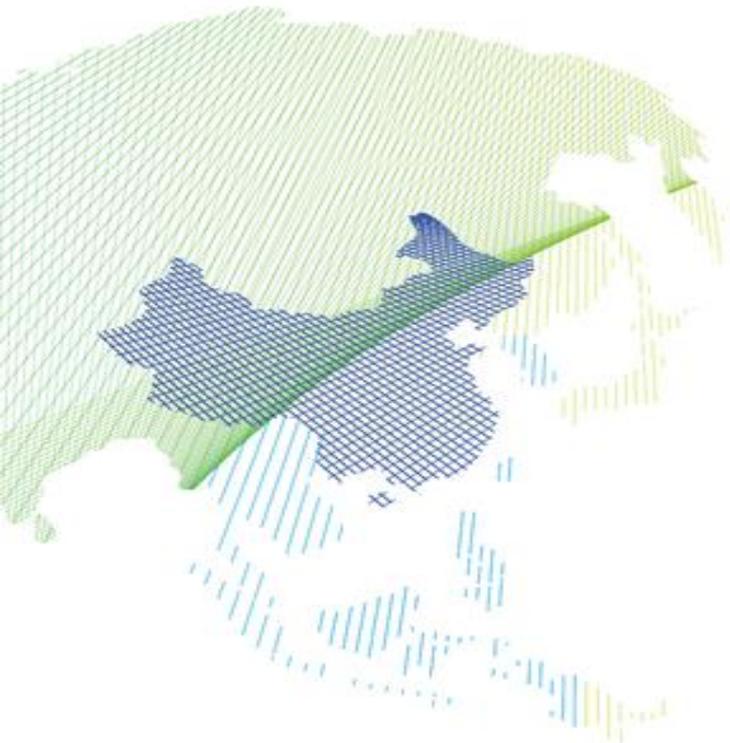
## Mission

Provide people with high quality hygiene products and services



## Core Principles

Sustainability, Innovation, Professionalism & Integrity



## Ambition

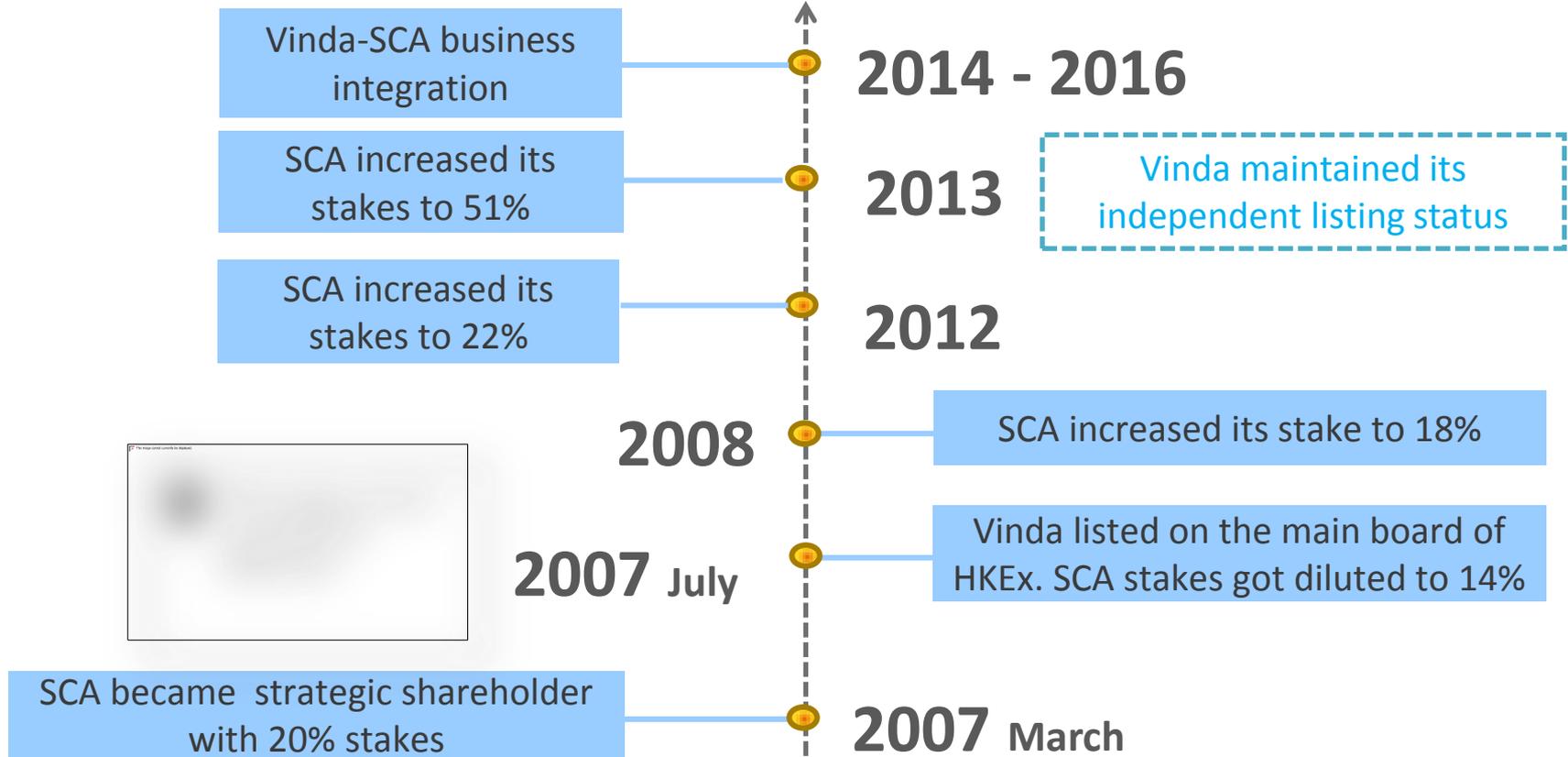
---

To become a leading hygiene company in Asia

# Milestones



# Innovative Collaboration with SCA



# Strong Support by SCA



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

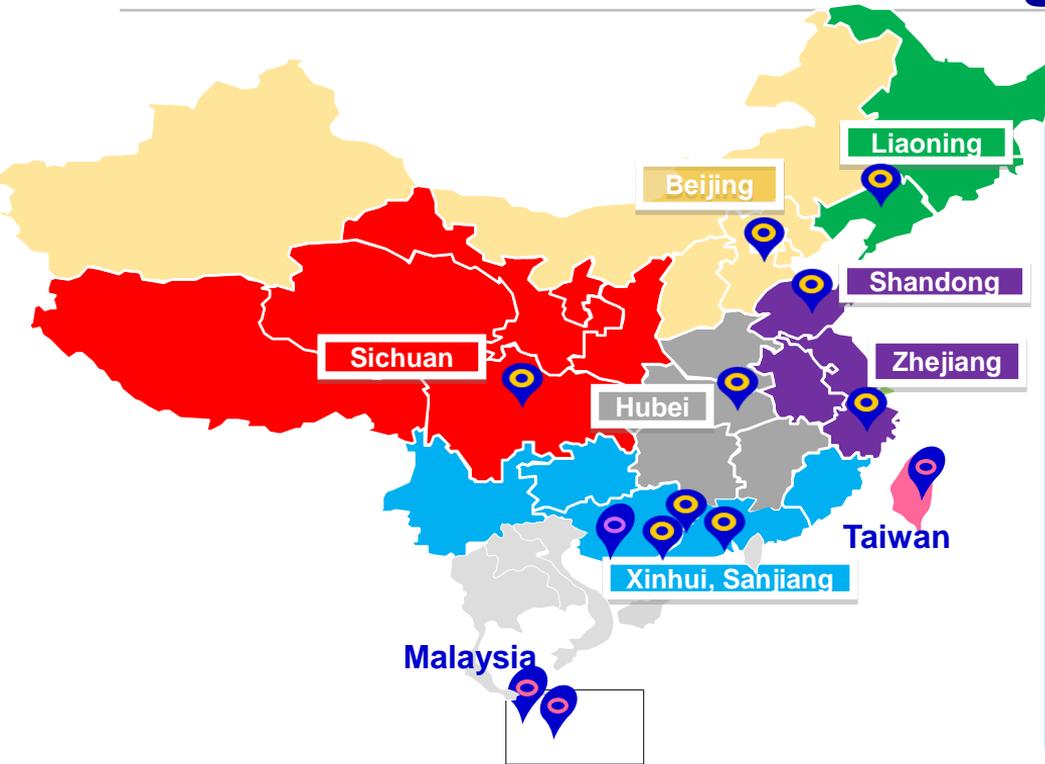


Vinda's legacy and expertise in Tissue,  
with SCA's proven track record in Personal Care



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

# World Class Manufacturing



## Annual Designed Production Capacity

Production sites	Tissue (Tons)	Personal Care
<b>China</b>	<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	
<b>Malaysia, Shah Alam</b>	-	Baby, Fempro, Inco
<b>Taiwan, Kaohsiung</b>	-	Inco
<b>Australia</b>	Converting	
<b>Total</b>	<b>1,040,000</b>	

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

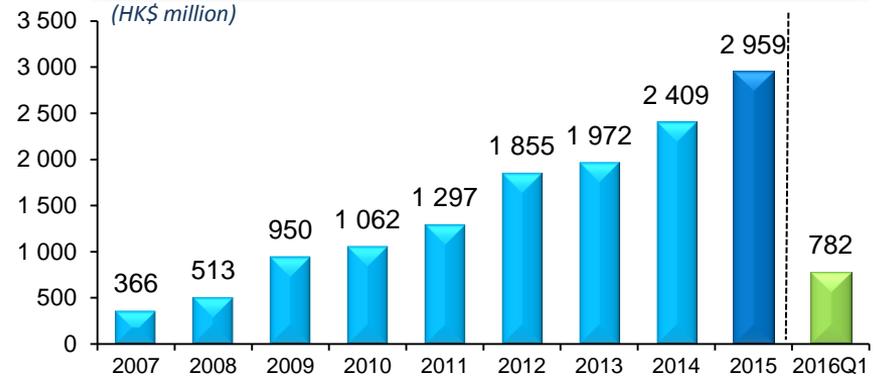
 Yangjiang production site under-construction

# Strong Growth Trend (since Listing)

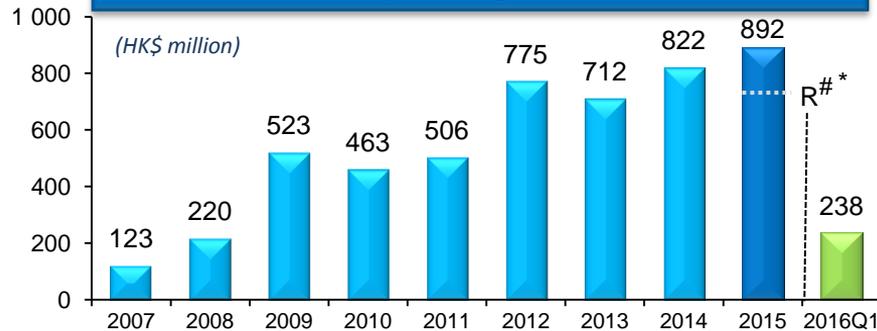
## Revenue



## Gross Profit



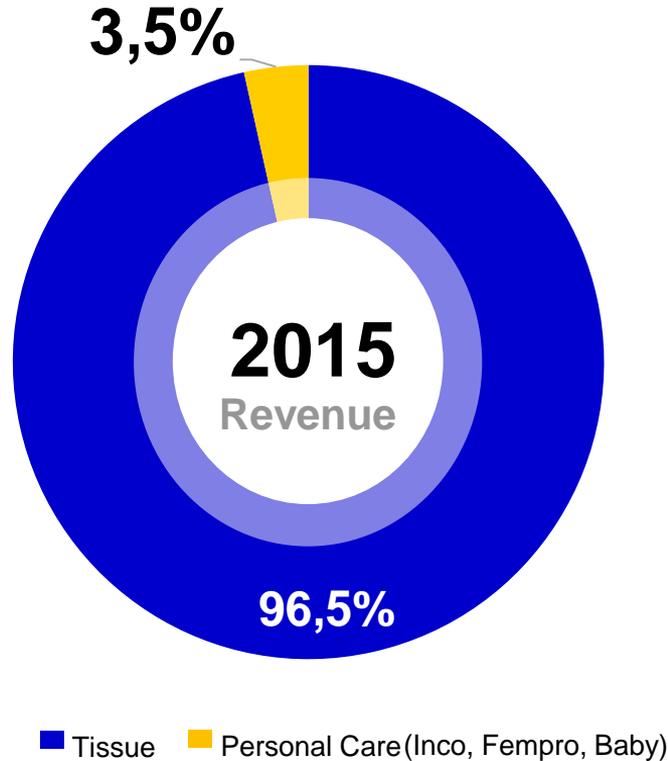
## Operating Profit



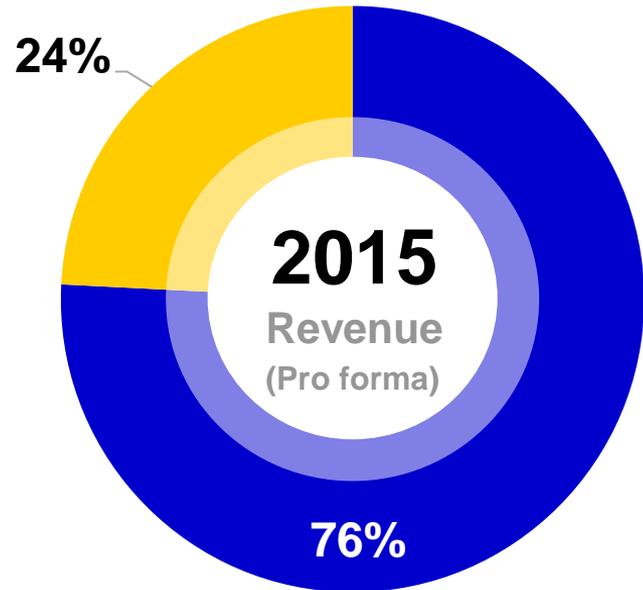
# Vinda's Business



# Business Categories



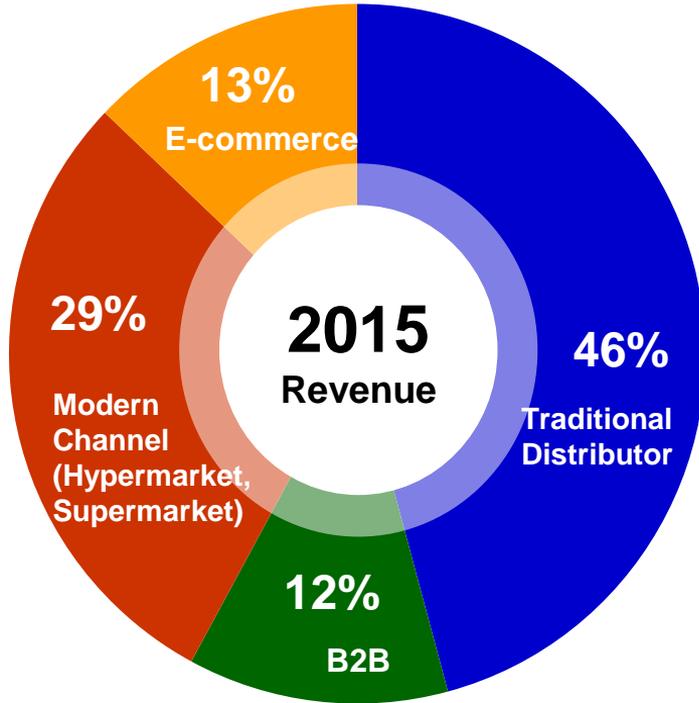
Pro forma with integration of SCA business in Malaysia, South Korea and Taiwan\*



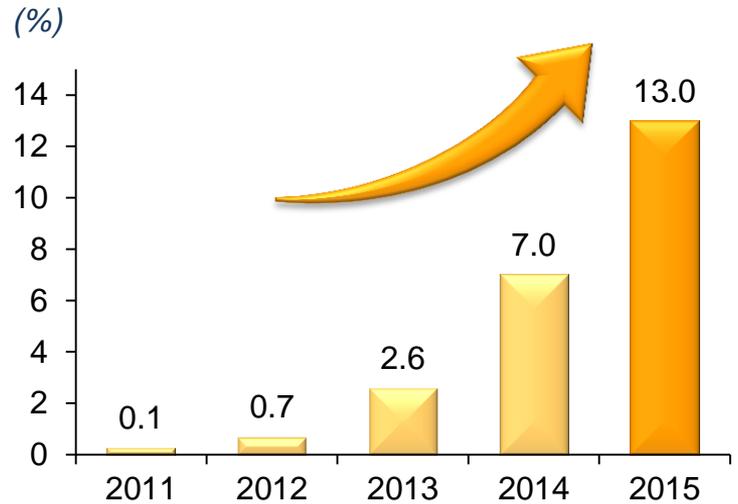
\*Calculation of revenue of SCA business in Malaysia, South Korea and Taiwan based on trailing 12-month ended 30 September 2015

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**

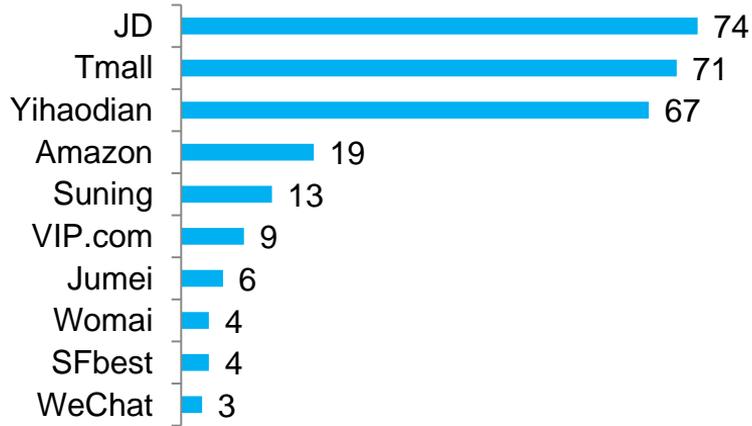
**One-Belt  
One-Road**

**Aging  
population**

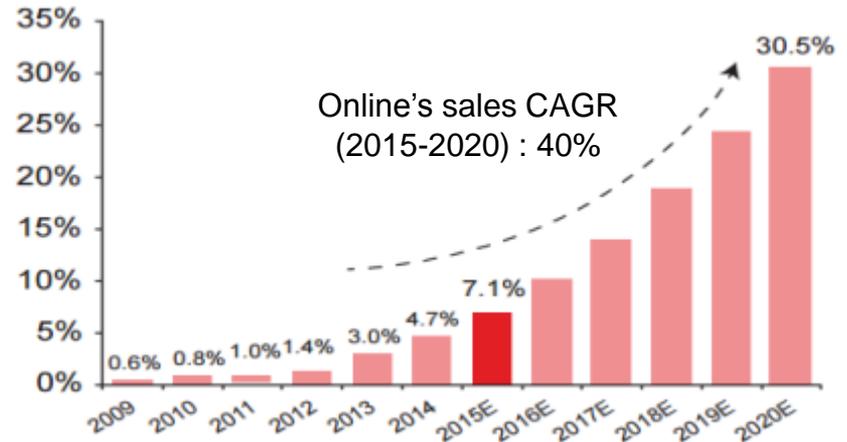
# Rise of E-commerce (China)

## Ranking of China E-commerce Retailers

(Composite Score)\*



## Online Sale's Market Share in China FMCG Sector



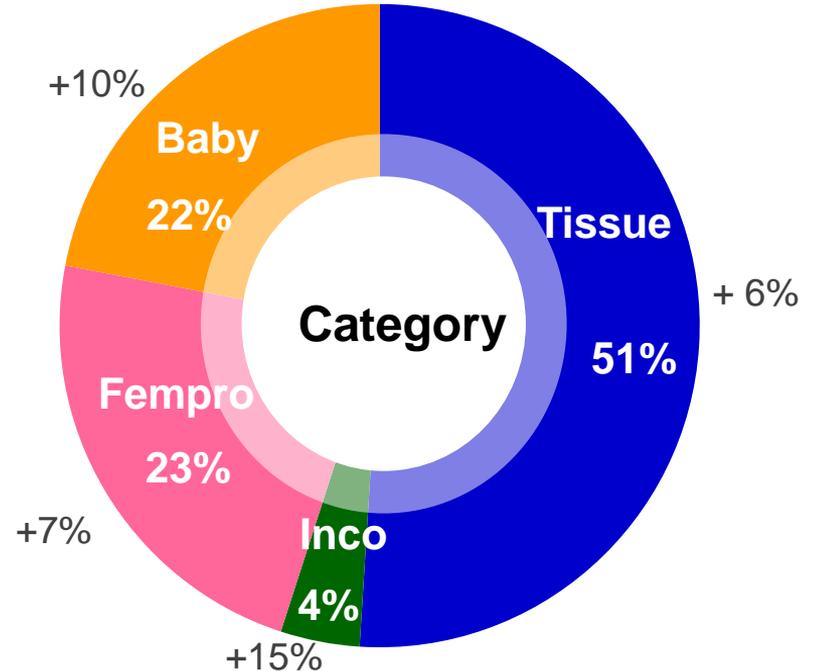
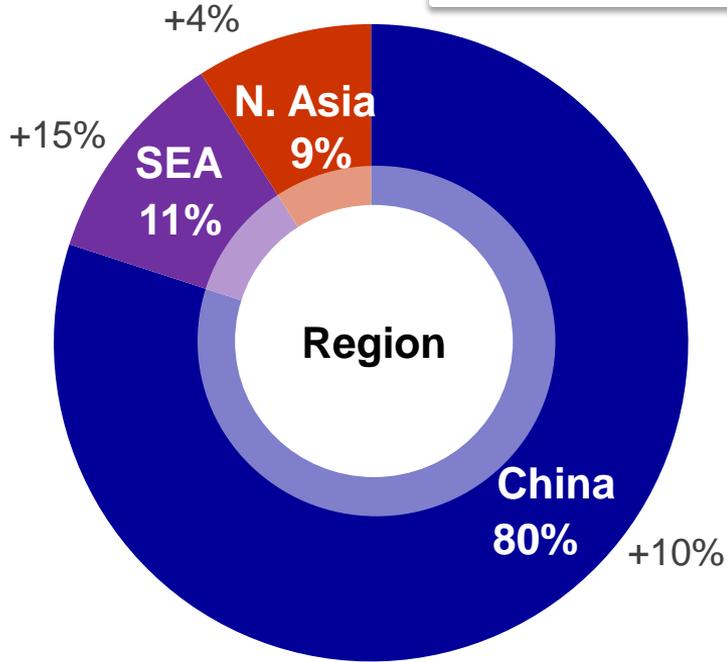
Source: Kantar Digital Power Study 2015

\* 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 China<sup>1</sup>
- # 1 in Hong Kong<sup>2</sup>



## Incontinence

- #1 in Taiwan<sup>2</sup>
- #1 in Malaysia<sup>3</sup>
- #1 in Singapore<sup>3</sup>
- Leading position in export market<sup>3</sup>



## Feminine

- Joint #1 in Malaysia<sup>4</sup>



## Baby

- #1 in Malaysia<sup>4</sup>
- #2 in Singapore<sup>5</sup>
- 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.

# Disclaimer



Information contained in our presentation is intended solely for your personal reference and is strictly confidential. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning the company and/or its business. We make no representation or warranty, express or implied, regarding, and assumes no responsibility or liability for, the fairness, accuracy, correctness or completeness of, or any errors or omissions in, any information or opinions contained herein.

In addition, the information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the company's assumptions are correct. Actual results may differ materially from those projected. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects.

This presentation does not constitute an offer or invitation to purchase or subscribe for any shares and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.



**Thank You**

*Healthy Lifestyle  
Starts with Vinda*



# Q&A







**SCA**  
*Care of Life*

