

INFORMATION

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SCA acquires the Portuguese tissue company Nisa

SCA has acquired all the shares in the Portuguese tissue company Nisa, which has a market share of approximately 20%. The acquisition, which is an additional step in the expansion and acquisition plan presented earlier this year, strengthens SCA's position in the hygiene-products segment in the Iberian Peninsula.

Nisa, which has 140 employees, is the market leader in Portugal in the retailers' brand segment, as well as being an important supplier to the Away From Home (AFH) market. SCA's total market share in Portugal following the acquisition amounts to 23%, promoting the company to second position in the market. Growth is approximately 5% annually and per-capita consumption about 7 kg (average for Western Europe: approximately 12 kg). Based on the low per-capita consumption, Portugal is expected to be one of the strongest growth markets in Western Europe during the next few years.

It is estimated that Nisa's sales for 1999 will total approximately SEK 150 M. The company's converting capacity amounts to 25,000 tons, based on modern equipment and a high technical standard. Nisa has a rather small and old tissue machine. When the Spanish company Panosa was acquired at the end of October, SCA stated its intent to replace the older tissue machines with a single new, modern unit in order to cover the Group's capacity needs in the region. SCA's tissue production capacity in the region is currently about 67,000 tons. A new machine is estimated to correspond to today's capacity.

SCA is currently the market leader in incontinence products in Portugal, supplying both the retail sector and the institutional market. Annual sales, including Nisa's contribution, will amount to SEK 300 M.

Following the earlier acquisitions of Marpo and Panosa in Spain, combined with today's acquisition of Nisa, SCA's annual tissue sales in the Iberian Peninsula region will total nearly 100,000 tons, promoting SCA to the leading position in the region. SCA estimates that its combined annual sales of tissue, incontinence products and baby diapers in the region will total SEK 1.6 billion.

At the request of the seller, the purchase price for Nisa is not being disclosed. The company, which is showing a good level of profitability, is being acquired for a multiple of 5 times the operating surplus (EBITDA) for 1999. The project shows a level of profitability that considerably exceeds SCA's yield requirement.

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