

INFORMATION

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SCA and Johnson & Johnson will initiate cooperation in the North American and Nordic consumer product markets

SCA and Johnson & Johnson signed agreements today covering the consumer product sectors in the North American and Nordic markets.

SCA is acquiring Johnson & Johnson's adult absorbable incontinence product brand in the U.S. and Canada. The products are sold under the SERENITY brand name in the United States, with sales currently amounting to approximately USD 50 M per year, mainly through retail outlets.

Johnson & Johnson will continue to sell and distribute these products under the agreement with SCA. However, SCA will assume responsibility for product development and marketing, while product supplies will initially be organized under terms of a supply agreement with Johnson & Johnson. Production of the products will gradually be taken over by SCA and integrated within the Group's other plants in North America.

The transaction represents SCA's initial penetration into the retail sector of the North American market. The SERENITY brand is second in the North American mild incontinence market, which is the fastest growing segment of the market, of about 25%. SERENITY holds a total share of about 10% of retail sales of incontinence products. As a result of the agreement with Johnson & Johnson, SCA will now have the opportunity to build on its success in Europe within the mild incontinence segment. SCA's market share in Europe in this segment under the Tena Lady brand is currently about 70%, with annual sales growth of approximately 20%. Growth in this segment in the American market is also in the range of 20%.

With the acquisition of SERENITY, SCA will be able to participate in the favorable growth in the North American market and thereby strengthen its global market-leading position. SERENITY is expected to increase in sales by at least 20% annually during the next few years. Profitability is expected to increase over time to an attractive level in line with SCA's corresponding European operations.

In addition, SCA and Johnson & Johnson have reached an agreement whereby SCA's consumer products organization will sell and distribute Johnson & Johnson's consumer products to the retail segment in the Nordic countries. Some of the leading brand names include Natusan, Clean & Clear and Chiffonet. Annual sales amount to about SEK 350 M.

This cooperation will enable SCA to offer its retail customers a broader product range and thereby, in the Nordic region, enhance SCA's leading position in the hygiene products category.

SCA will also terminate SCA's license agreement governing Johnson & Johnson's "o.b." tampons in the Nordic countries now to be effective in two years. Annual sales of the product amount to approximately SEK 140 M. Johnson & Johnson owns the "o.b." brand, which is also a global brand name. SCA will continue to sell and distribute "o.b." in the Nordic region.

Tampons are not one of SCA's prioritized product areas. SCA is focusing on external feminine hygiene products, i.e., on panty liners and sanitary napkins.

Upon the termination of SCA's rights under the o.b. license agreement, it is possible that production of tampons will be discontinued at SCA's production plant in Tönsberg, Norway. Production volumes may become too small to maintain continued profitable operations at the plant. There is a risk, accordingly, that operations will be terminated in Tönsberg at some point in the future, but not before mid-year 2002. The company, however, will study opportunities for alternative production operations at the plant, which has approximately 170 employees today.

The agreements described above are pending approval by competition authorities in both Europe and North America.

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PS Further information can be obtained via SCA's homepage www.sca.se.