

INFORMATION

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Press conference today, 13:30 CET

A press conference will be held at Biblioteksgatan 29 Konferenser AB, Stockholm.

Telephone conference at 16:00 CET

Instructions for participating in the telephone conference.

- 1. Dial +46 -8-598 00 160 several minutes prior to the start of the conference*
- 2. Standby until conference begins*

SCA is expanding in the United States through the acquisition of tissue operations from Georgia-Pacific and a bid for a packaging company

SCA is making an important breakthrough into the North American market through acquisitions in the fields of hygiene products and packaging. The acquisitions are being made in the growth areas of tissue paper used by large consumers and in so-called protective packaging, primarily for the high-technology industry. Both fields offer attractive growth opportunities and represent a natural step in SCA's strategy to make acquisitions selectively in areas with strong growth and good prospects for profitability.

The tissue acquisition

At a cost of USD 850 M on a debt-free basis, SCA has acquired parts of the assets of Georgia-Pacific Corporation (GP) in Away From Home (AFH) tissue in the United States. The acquired business constitutes a priority product segment within SCA and supplies large users in various categories (restaurants, offices, factories, schools, hospitals, etc.). The AFH unit has annual sales of approximately USD 640 M with approximately 2,200 employees. SCA currently conducts limited specialized activities within the AFH segment and rapidly expanding operations in incontinence products on the North American market. These operations generate sales of in total approximately USD 200 M.

With the acquisition, SCA is achieving national market coverage in the U.S. and a market share of 17% in the AFH tissue segment. This gives SCA a strong number-three position, behind the merged GP/Fort James and Kimberly-Clark. These three companies account for approximately 85% of the AFH tissue segment, compared with 42% for the three largest players in Europe.

The acquisition is expected to result in a CVA index of approximately 1.3, thereby exceeding SCA's weighted capital costs by approximately 30%. The business is expected to contribute SEK 0.85 per share, to SCA's net profit in the first 12 months. SCA's total sustainable cash flow from operations is expected to increase by 12%, corresponding to SEK 2.50 per share (based on a debt equity ratio of 0.7). This is based on an operating profit margin (EBITDA) of 17%, which is expected to improve considerably in the long term. The consideration paid is SEK 1.3 billion less than the book value of the acquired assets. The acquired balance sheet includes goodwill of SEK 2.6 billion, which means that SCA's goodwill increases by only SEK 1.3 billion. The acquisition increases SCA's net debt by SEK 7.9 billion.

The table below shows the EBITDA multiple where consideration has also been given to the tax effect that arises since the transaction is, in reality, an acquisition of assets and liabilities, which increases the tax base and facilitates effective tax deductions. The present value of this tax effect amounts to approximately USD 150 M, compared with an acquisition of shares. In addition, the figures for 1998 and the forecast for 2001 reflect normal years, while 1999 and 2000 figures were affected by restructuring due to the merger in 1999 of Wisconsin Tissue (Chesapeake) with GP's tissue operations.

Multiples	1998	1999	2000	2001
EBITDA	7.4	9.6	8.9	7.7
EBITDA, adjusted	6.1	7.9	7.4	6.4

Production of converted tissue products amounted to 435,000 short tons last year. However, the maximum capacity is 550,000 short tons annually. The paper is converted to tissue in five highly modern plants with good geographical distribution. Mother rolls are produced in four different mills with a total production capacity of approximately 370,000 short tons per year, of which the mill in Menasha, Wisconsin, one of the larger tissue mills in the U.S. has an annual capacity of 220,000 short tons. The average capacity of the tissue machines exceeds the average in the U.S. GP has guaranteed SCA a long-term supply of mother rolls totalling approximately 100,000 short tons per year.

The acquisition includes rights to the following AFH brand names Coronet, Mainstreet, Second Nature and Park Avenue. In addition, SCA is taking over GP's sales force that covers the entire U.S. market, a very well developed customer service centre in Neenah, Wisconsin, and a complete management organization for the operations. SCA intends to strengthen the new operations in North America through contributing its expertise in product development, technology and marketing and integrating its existing operations in North America.

The transaction is subject to final approval of the U.S. public authorities, which is expected within the next few weeks.

The packaging acquisition

Furthermore, SCA has reached an agreement with the packaging company Tuscarora Inc. and some of its shareholders to acquire the company for USD 230 M. The company is the leading supplier in the U.S. of packaging systems used to protect electronic and industrial products, has been listed on the Nasdaq exchange since 1988. In 2000 the company's annual sales amounted to approximately USD 285 M, with about 2,200 employees.

The purchase price equals to USD 21.50 per share. Net debt amounts to USD 54 M after completion of the acquisition. The acquisition is expected to result in a CVA index of about 1.6, thereby exceeding SCA's weighted capital cost by at least 60%. The operations are expected to contribute SEK 0.35 per share to SCA's net profit in the first 12 months. The SCA Group's total sustainable cash flow from current operations is expected to increase by 5%, corresponding to SEK 1 per share (based on a debt equity ratio of 0.7). The acquisition increases SCA's net debt by SEK 2.6 billion, and goodwill by SEK 1.2 billion. Calculated on the basis of figures for the most recent 12-month period, the purchase price equals 6.2 times operating income before depreciation (EBITDA).

The Board of Directors of Tuscarora has recommended that the company's shareholders accept SCA's offer.

SCA Packaging has grown rapidly at the same time that its profitability has increased steadily. Since 1996 sales have increased by approximately 80% and the operating margin before depreciation (EBITDA margin) has risen from approximately 12% to approximately 17%. There has been a focus on such value added segments as packaging with quality printing, heavy-duty packaging, complete packaging systems and protective packaging. With the acquisition of Tuscarora, SCA is implementing its growth strategy of increasing the percentage of value added products through further investments in the field of protective packaging.

Companies in high-technology sectors demand high-quality and increasingly extensive packaging solutions to protect their generally expensive and fragile products. In the U.S., this segment of the packaging market amounts to approximately USD 1,25 billion annually. The markets in Europe and Asia are still less sophisticated than those in North America. Tuscarora has capitalized on this market trend posting an average annual growth of 15% in the past six years and an operating margin before depreciation (EBITDA) of about 17%. Tuscarora offers packaging solutions regardless of material, where the fiber-based portion amounts to approximately 20%.

The increasing globalization of the manufacturing of the high-technology segment places new demands on Tuscarora to be able to offer packaging solutions even outside the U.S. As a result, the company has established operations in Mexico, Great Britain and Ireland during the last years. In 1999, Tuscarora signed an alliance agreement with SCA's associated company, Singapore-based Central Package Group. To better utilize the synergies between Tuscarora's and SCA Packaging's European operations, a global division for protective packaging will be formed under the management of Tuscarora. This operation is expected to have annual sales of approximately USD 450 M.

The transaction is subject to approval by Tuscarora's shareholders and to the granting of the necessary permits from the public authorities involved.

Organization

SCA's acquisitions in the U.S. will form the platform for further expansion in North America within the hygiene products and packaging segments. Colin Williams, currently President of SCA Packaging, has been appointed head of the combined operations in North America. During the establishment period, Colin Williams will report to SCA's CEO pending integration at a later date of these operations with the Group's Hygiene Products and Packaging areas. Åke Reitz has been appointed CFO of the newly formed American holding company.

In addition to his duties as Deputy CEO and Chairman of SCA Hygiene Products, Jan Åström will function as acting President of SCA Packaging.

Stefan Angwald, President of SCA Hygiene Products, will be responsible for the required coordination and resource allocation to ensure realization of the synergies and coordination of strategic issues within SCA's globalized hygiene products sector. Colin Williams will be responsible for managing these issues within the packaging area. At the same time Colin Williams will maintain his responsibility for SCA Packaging's operations in Asia and Central America.

Stockholm, 22 January 2001

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