

INFORMATION

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Acquisition of Metsä Tissue not approved by European Commission

The European Commission announced today that it has not approved SCA's acquisition of the Finnish company Metsä Tissue. This decision means that the agreement reached on 30 May 2000, through which SCA acquired a majority shareholding in Metsä Tissue from Metsä-Serla, will not be completed. According to the agreement, SCA was to pay EUR 295 M for 65% of the shares, corresponding to a debt-free payment for the entire company amounting to EUR 650 M. The agreement also listed the undertakings to divest certain operations that SCA was prepared to submit to the Commission, in the event that undertakings were necessary to obtain approval. It was furthermore prescribed that the seller would be entitled to compensation under certain circumstances, if the transaction could not be completed as a result of competition-related obstacles. However, this amount would be a maximum of SEK 150 M.

As part of this matter, SCA submitted its commitments to divest businesses corresponding to some 75% of the acquired operations in Sweden, Norway and Denmark, including Swedish manufacturing units with a combined capacity amounting to approximately 100,000 tons. However, in addition to further concessions in Sweden and Denmark, the Commission demanded that SCA also divest operations in the consumer and AFH area in Finland as a prerequisite for its approval. The Commission's assessment is based on each Nordic country being considered a separate market for consumer and AFH tissue.

A basic aim of the acquisition of Metsä Tissue was to substantially strengthen SCA's position in Finland and complement certain existing market positions in the other Nordic countries. For SCA, acceptance of the Commission's demands would be incompatible with this goal.

The Commission's decision does not affect the terms and conditions of the other transactions for which agreement was reached between SCA and Metsä-Serla on May 30, 2000. These are SCA's sale of 50% of its shares in Modo Paper and SCA's acquisition of Metsä-Serla's European corrugated board operations. Neither does the decision affect SCA's existing minority stake in Metsä Tissue acquired prior to the agreement with Metsä-Serla.

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