

INFORMATION

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SCA acquires UK tissue producer

SCA has acquired tissue producer Benedetti Paper Division for a price amounting to SEK 135 M on a debt-free basis. Benedetti is currently the third largest tissue producer in the Away-From-Home (AFH) segment in the UK, with sales of approximately SEK 390 M from its converting operations. The acquisition will give SCA a more complete product portfolio. After the acquisition this spring of CartoInvest and its new tissue mill in Oakenholt, Wales, the intention is to transfer Benedettis' production capacity to the Oakenholt mill, consolidating SCA's AFH-activities in the UK to one plant.

Benedettis' UK operations comprise two converting companies, Pendigo and KSS, which are supplied with base tissue (mother reels) by external suppliers and together produce some 20,000 tons of converted products. The acquisition will considerably strengthen SCA's position on the UK tissue market and SCA will reach a market share of about 17 percent. The UK tissue market consumes 765,000 tons of tissue paper each year, of which the AFH segment accounts for nearly one third.

Based on forecast operating surplus for the year the acquisition's EBITDA multiple amounts to 7.8, while the relationship between the purchase price and annual sales is 0.35. It is estimated that the present value of future, free cash flow will exceed the purchase price by approximately 90 percent, yielding a CVA index of 1.9. The acquisition does not require the approval of the UK competition authorities and is expected to have a positive effect on SCA's earnings per share within the first 12 months.

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