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SCA to acquire minority holding in Chinese tissue company Vinda

SCA has approved the purchase of 20% of the Chinese tissue company Vinda. With a market share of approximately 4%, Vinda is one of the four largest players within tissue in China.

SCA's CEO Jan Åström: "Acquisition of a stake in Vinda provides a good opportunity for SCA to establish an important position in the fast-growing Chinese tissue market. We will then be part owner in a profitable and fast-growing company with modern assets and a strong brand." The acquisition follows SCA's strategy to grow in China.

The brand Vinda is seen as one of the strongest Tissue brands in China, the second largest tissue market in the world. The company has a strong position in consumer tissue, being one of the clear leaders in the market. Vinda has five production plants in China: two in Guangdong and one in Beijing, Sichuan and Hubei.

The purchase price is set at CNY (yuan renminbi) 366 million corresponding to SEK 330 million. The acquisition corresponds to a CVA index of 1.15 and an EBITDA multiple with respect to 2007 anticipated EBITDA of 9.7. As a result of capacity expansion, the company has grown by more than 30 percent per year for the last two years and the strong growth is expected to continue.

Economic development in China is creating enormous demand for hygiene solutions in the AFH (Away From Home) market segment, tissue for bulk consumers. SCA is off to a flying start due to the investments in improved hygiene in the service sector being made by China in connection with preparations for the 2008 Summer Olympics in Beijing and the 2010 World Expo in Shanghai. At the end of 2006, SCA announced its establishment in the Chinese market with its global Tork brand.

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