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SCA to invest in incontinence care, tissue and solid-wood products

In order to meet rising demand, SCA is investing to boost its capacity in the European incontinence care segment and the tissue segment in Latin America. SCA will also invest in an automatic sorting system at the sawmill in Tunadal.

SCA is the world-leading provider of incontinence care products. To keep pace with powerful growth in demand for heavy incontinence products, SCA is investing in a new production line for TENA Pants at the plant in Hoogezand and a new line for TENA Flex at the plant in Gennep, both in the Netherlands.

The investment in Hoogezand is primarily aimed at supporting strong growth in Europe, where sales in the Pants segment are outpacing global growth in the segment. The total investment in Hoogezand will amount to EUR 16.7m, and the plant is scheduled to go into operation at the end of 2009.

The investment in Gennep will amount to EUR 19.8m and is also designed mainly to satisfy rising growth in Europe. The Flex products are sold primarily to hospitals and nursing homes and the segment is most developed in Europe, where SCA is the market-leader. The new production line will be started up in the third quarter of 2009.

An automatic sorting system will be installed at the sawmill in Tunadal. This investment, corresponding to EUR 22.6m, will both reduce production costs and boost the production volume while at the same time enhancing quality and increasing the yield of finished products from the consumed timber volume. The main markets for Tunadal's products are Scandinavia, the UK and France.

SCA's operations in Colombia, Ecuador, Peru and Venezuela are conducted through the 50%-owned venture capital company Productos Familia S.A., which sells tissue, baby diaper, feminine care and incontinence care products. In response to a robust sales trend for tissue products, the company is now investing in a new tissue machine. SCA's share of the investment cost is USD 32.5m. The investment will take place entirely within the framework of Productos Familia and will not require any new shareholder contributions.

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This information is such that SCO must disclose in accordance with the Securities Market Act.
