

**SVENSKA CELLULOSA AKTIEBOLAGET SCA** (publ)

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Stockholm, June 18, 2008

## **SCA divests parts of its UK packaging operations and closes New Hythe mill – focus on value added packaging**

**SCA has today signed an agreement for the sale of the UK and Ireland conventional corrugated business. The purchaser is Spanish SAICA and the purchase price amounts to GBP 100 million (EUR 125 million). The divested business has annual sales of approximately GBP 240 million (EUR 300 million). After the divestiture, SCA will focus on specialized packaging in its operations in the UK and Ireland.**

“The European packaging market is in great need of consolidation. SCA’s focus is on increasing value added parts of the packaging business and also on creating growth in the Eastern part of Europe, while consolidating our existing operations in Western Europe. We carry through today’s deal as the investment required to rebuild a competitive position in the segments we divest is not justified, given our chosen strategy”, comments Jan Johansson, President and CEO of SCA.

The purchase price is GBP 100 million (EUR 125 million) and will be paid in cash. This transaction will improve operating profit and cash flow and will not result in neither capital gain nor capital loss. The transaction, which is subject to approval from relevant authorities, is expected to be completed during the third quarter this year. Approximately 1,800 people are currently employed in these operations. A supply agreement has been signed, where SCA will supply kraftliner at today’s volumes to SAICA over a five-year period and for testliner over a three year period.

SCA is also announcing the intention to close the New Hythe containerboard mill (testliner and fluting) with a capacity of 240,000 tons by mid 2010. One reason is that the new focus doesn’t require local paper production. Consultation with the unions will be initiated.

SCA will retain ownership of and continue to develop the specialized value-added packaging operations in the UK and Ireland. They show good profitability and strengthen the SCA overriding strategy, focusing on higher value added. These operations have a turnover of approximately GBP 130 million (EUR 163 million) with about 1,400 people employed.

SAICA is a privately owned Spanish paper and packaging company with sales of approximately EUR 1,600 million. SAICA operates paper mills and corrugated facilities in a number of European countries, including the UK.

### **Phone conference**

Questions will be answered by President and CEO Jan Johansson at today’s phone conference for media and analysts, Wednesday June 18<sup>th</sup>, at 11.00 CET.

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An audio playback version of the phone conference will be available as of 30 minutes after the end of the phone conference. Call +44 (0) 207 769 6425. The passcode to enter the recording is 1305749#.

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**NB**

This information is such that SCA must disclose in accordance with the Securities Markets Act.

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