

**SVENSKA CELLULOSA AKTIEBOLAGET SCA** (publ)

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## **SCA to invest USD 240 million in Mexico**

**In a move to improve its offering to consumers, while at the same time strengthening competitiveness and profitability, SCA is investing in a new tissue plant in Mexico.**

**“This is a strategically important investment. The plant, which will be located near the key markets in and around Mexico City, will be integrated and highly efficient,” says SCA’s President and CEO Jan Johansson. “It will provide us the opportunity to enhance product quality and thereby improve our profitability and our offering to consumers.”**

Mexico has a stable economy, with a rapidly growing middle-class, low inflation and robust economic growth. Mexico is one of the paper and hygiene group SCA’s identified growth markets.

Currently, SCA’s sales of hygiene products in Mexico and Central America total SEK 2,910m (USD 458m), of which about two thirds is attributable to tissue. The tissue market in Mexico is well consolidated and SCA is currently second, with a market share of 18%. Producer brands, including SCA’s, are totally dominant on the Mexican convenience goods market.

“Market growth in Mexico has been 4-5% annually during the past five years and our assessment is that the market will grow approximately the same in the immediate years ahead,” says Jan Johansson.

Nearly 30 years ago, SCA formed a joint-venture company for hygiene products in Mexico. Jointly with the local company Copamex, a successful business was developed in personal care hygiene products. In 2004, SCA bought out Copamex from the joint-venture company and at the same time, SCA had the opportunity to acquire 50% of Copamex’s tissue operations, which shortly thereafter became a 100% acquisition.

The new investment is strategically important to advance positions with regards to profitability and customer offering.

In a first phase, a tissue machine will be built for dry crepe production, with a capacity of 60,000 tons per year. The project also comprises a recycled fiber plant, a converting hall with three lines for toilet paper as well as a distribution center. The start-up is planned for end of 2010. The investment amount is SEK 1,525 billion (USD 240 M).

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#### **NB**

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

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