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SCA streamlines brand portfolio for tissue in Europe to increase profitability

SCA will streamline its brand portfolio for tissue products in Europe. The current excessively fragmented flora will be successively consolidated to fewer brands that are more distinctly segmented. These measures are intended to result in increased profitability for SCA's European tissue operations.

"Streamlining is a logical step to take and has a fundamental aim: to increase profitability," says Mats Berencreutz, President of SCA Tissue Europe. "It involves creating a more distinct, simpler brand portfolio for the European market to build even stronger brands."

The streamlining action now being taken is a logical progression of SCA's strategic acquisition of P&G's European tissue business in 2007. The consolidation will result in a simpler and more distinct line of brands in the consumer segment and coordination gains for SCA. This effort is expected to stretch over three to five years, with the aim of creating pan-European brands for SCA's tissue products.

The world market for consumer tissue amounts to more than SEK 290bn, with Europe accounting for one fourth. SCA is Europe's largest supplier, with a market share of 26% and it currently markets tissue products to European consumers under 12 different regional brands. About 40% of sales are carried out under the SCA brand, while the remaining products are sold under retailers' brands.

This also means that our brand strategy will streamline SCA's tissue products in Europe into two categories. One category targets personal hygiene, such as toilet paper, while the other is aimed at object hygiene, that is, such products as kitchen rolls.

"The differentiated approach provides a clear segmentation that facilitates a further broadening of the product offering. This will make it simpler under each brand to successively add products with new functions," says Mats Berencreutz.

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