

# Press release

Stockholm, December 19, 2016



## **SCA to acquire BSN medical, a leading medical solutions company, for EUR 2,740m\* on a debt- and cash-free basis**

**SCA has entered into an agreement to acquire BSN medical, a leading medical solutions company, from the private equity group EQT. BSN medical develops, manufactures, markets and sells products within wound care, compression therapy and orthopedics. The purchase price amounts to EUR 2,740m\* on a debt- and cash-free basis. The completion of the transaction is subject to customary regulatory approvals. Closing is expected to take place during the second quarter 2017.**

BSN medical is an innovative medical solutions company with well-known brands such as Leukoplast, Cutimed, JOBST, Delta Cast, Delta Lite and Actimove which are long established brand leaders in their key markets. BSN medical has a strong go-to-market and supply chain with sales in more than 140 countries and production in 11 countries. BSN medical has approximately 6,000 employees.

“The BSN medical acquisition is an excellent strategic fit for SCA supporting our vision to improve well-being through leading hygiene and health solutions, two closely interlinked areas. BSN medical has leading market positions in several attractive medical product categories and provides a new growth platform with future industry consolidation opportunities. Our incontinence business, with the global leading TENA brand, shares similar positive market characteristics, customer and sales channels, which provide opportunities for accelerated growth through cross-selling,” says Magnus Groth, President and CEO, SCA.

BSN medical reported net sales for year 2015 amounted to EUR 861m (SEK 8,050m) and adjusted EBITDA\*\* of EUR 201m (SEK 1,879m), adjusted operating profit\*\*\* of EUR 137m (SEK 1,281m), an adjusted operating margin\*\*\* of 15.9% and adjusted return on capital employed\*\*\* of 7.7%. The reported net sales for BSN medical for the first nine months of 2016 amounted to EUR 627m (SEK 5,872m), adjusted EBITDA\*\* of EUR 151m (SEK 1,414m), adjusted operating profit\*\*\* of EUR 103m (SEK 965m) and an adjusted operating margin\*\*\* of 16.4%.

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**SCA is a leading global hygiene and forest products company.** The Group develops and produces sustainable personal care, tissue and forest products. Sales are conducted in about 100 countries under many strong brands, including the leading global brands TENA and Tork, and regional brands, such as Libero, Libresse, Lotus, Nosotras, Saba, Tempo, Vinda and Zewa. As Europe's largest private forest owner, SCA places considerable emphasis on sustainable forest management. The Group has about 44,000 employees. Sales in 2015 amounted to approximately SEK 115bn (EUR 12.3bn). SCA was founded in 1929, has its headquarters in Stockholm, Sweden, and is listed on Nasdaq Stockholm. For more information, visit [www.sca.com](http://www.sca.com).



On a pro forma basis, giving effect to the acquisition, SCA's net sales for the full year 2015 would have increased from SEK 115.3bn to SEK 123.4bn. Pro forma adjusted EBITDA\*\* for the full year 2015 would have increased from SEK 19.0bn to SEK 20.9bn, adjusted EBITDA margin would have increased from 16.5% to 16.9%, pro forma adjusted operating profit\*\* for the full year 2015 would have increased from SEK 13.0bn to approximately SEK 14.0bn\*\*\*\*, adjusted operating margin\*\* would have remained at 11.3%\*\*\*\* and adjusted return on capital employed\*\* would have decreased from 12.0% to 10.7%\*\*\*\*.

The acquisition is expected to be accretive to SCA's earnings per share from year one. BSN medical has high cash conversion and an asset light business model.

BSN medical's global addressable market size 2015 is estimated to amount to EUR 11.6bn\*\*\*\*, with an estimated market growth (CAGR 2015-2020) of approximately 4%\*\*\*\*, mainly driven by an aging population, increased prevalence of chronic conditions and increased access to health care.

"BSN medical provides an opportunity for SCA to expand our market presence through adding adjacent medical product categories with shared underlying market and customer characteristics of our incontinence business. This acquisition will significantly strengthen SCA's customer offering, channel presence and market access. This will further strengthen and develop SCA's global market leading position within incontinence products under the TENA brand. At the same time, the BSN medical business will benefit from SCA's strong presence in healthcare and retail sales channels as well as SCA's extensive knowledge in brand building and focus on digitalization," says Magnus Groth, President and CEO, SCA.

In relation to the acquisition, SCA expects to realize annual synergies of at least EUR 30m with full effect three years after closing. These include sales synergies from accelerated growth from cross-selling of BSN medical products and SCA incontinence products as well as cost synergies primarily in supply chain and administration. Restructuring costs are expected to amount to approximately EUR 10m and are expected to be incurred in the first three years following completion.

Transaction costs amount to approximately EUR 25m of which approximately EUR 15m will be recognized as an item affecting comparability during Q4 2016. The remaining costs will be recognized as an item affecting comparability during Q2 2017.

Intangibles related to the acquisition is expected to amount to approximately EUR 2.7bn.

The acquisition will be fully debt funded and SCA has committed credit facilities in place. SCA remains fully committed to retaining solid investment grade rating.

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\*Based on an estimated net debt as per December 31, 2016, of EUR 1,340m

\*\*Excluding items affecting comparability

\*\*\*Excluding items affecting comparability and including BSN medical's purchase price allocation amortization

\*\*\*\*Including BSN medical's purchase price allocation amortization and SCA's estimated purchase price allocation amortization

\*\*\*\*\*Based on market data and company estimates

### Conference call

A conference call, in English, for media, analysts and investors will be held today at 09:30 CET with Magnus Groth, President and CEO of SCA and Fredrik Rystedt, CFO of SCA. The conference call including slides will be live webcasted at [www.sca.com](http://www.sca.com). You can also participate by telephone, call: +1 646 851 2407, +44 (0)20 7162 0077 or +46 (0)8 5052 0110. Specify "SCA" or conference id 961028. Please call in good time before the conference starts.

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**NB:** This information is information that SCA is obliged to make public pursuant to the EU Market Abuse Regulation or the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 07:15 CET on December 19, 2016.

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