

# SCA Interim Report

## 1 January – 30 June 2008



**Jan Johansson**  
**President and CEO**

# Q2 2008 – Summary

- **Good sales growth**
- **Strong performance in our hygiene businesses**
- **Profit decline in our packaging and saw mill operations**



# Q2 2008 – Market update

## Hygiene businesses

- Stable demand in the main markets
- Strong growth in emerging markets

## Packaging and Forest Products

- Weakened demand in packaging and saw mill markets
- High inventory levels of liner and solid wood products led to further price pressure



# First half 2008 results



<b>SEK millions</b>	<b>H1</b>	<b>H1</b>	
unless otherwise stated	<b>2008</b>	<b>2007</b>	<b>Change, %</b>
Net sales	<b>54,852</b>	51,743	6
EBIT	<b>4,670</b>	4,730	-1
EBIT-margin (%)	<b>8.5</b>	9.1	
Profit before tax	<b>3,649</b>	3,876	-6
Earnings per share (SEK)	<b>4.14</b>	4.26	-3
Operating cash flow	<b>2,651</b>	2,804	-5
Debt/Equity ratio	<b>0.66</b>	0.56	
Debt payment capacity (%)	<b>32</b>	33	



# Q2 2008 results

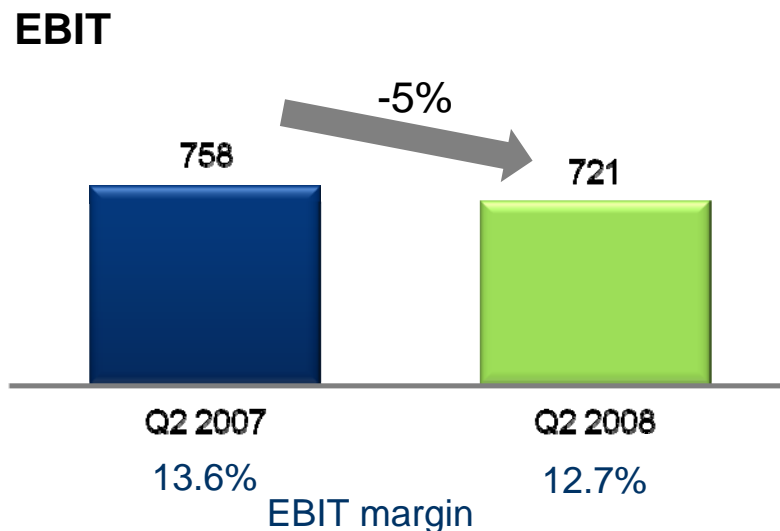
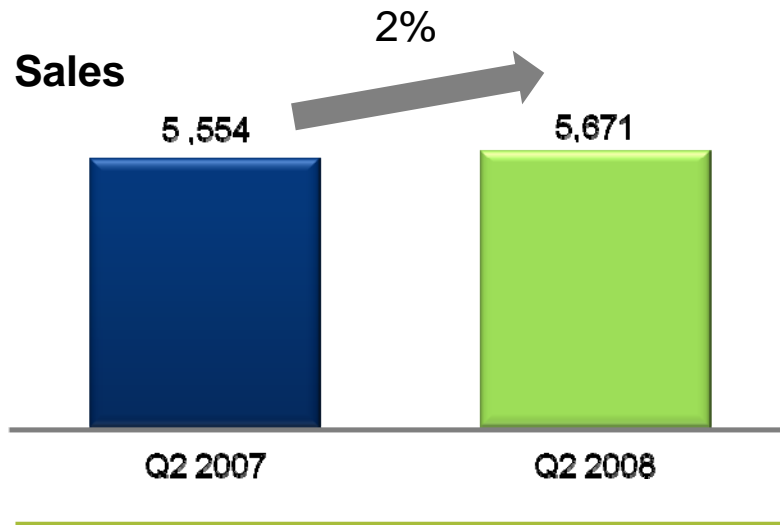
## SEK millions

unless otherwise stated

	<b>Q2 2008</b>	<b>Q2 2007</b>	<b>Change, %</b>
Net sales	<b>27,339</b>	26,128	5
EBIT	<b>2,199</b>	2,448	-10
EBIT-margin (%)	<b>8.0</b>	9.4	
Profit before tax	<b>1,703</b>	2,013	-15
Earnings per share (SEK)	<b>1.96</b>	2.23	-12
Operating cash flow	<b>1,795</b>	1,742	3



# Personal Care



## Q2 2008

### Sales increased 2%

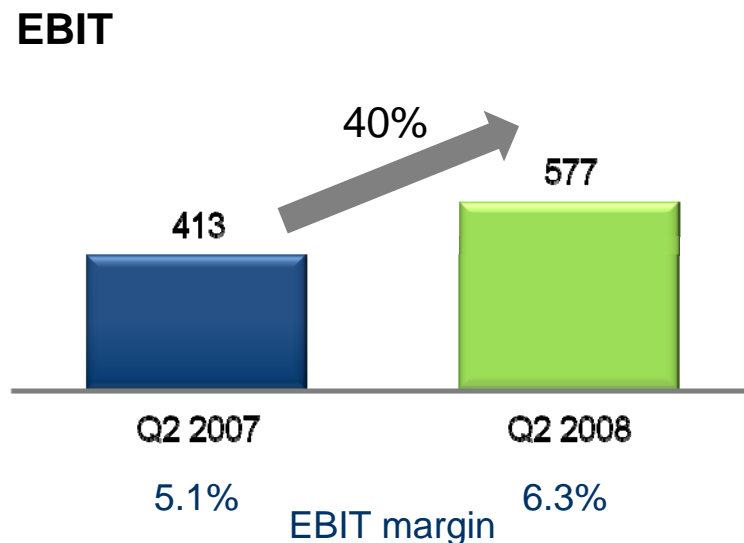
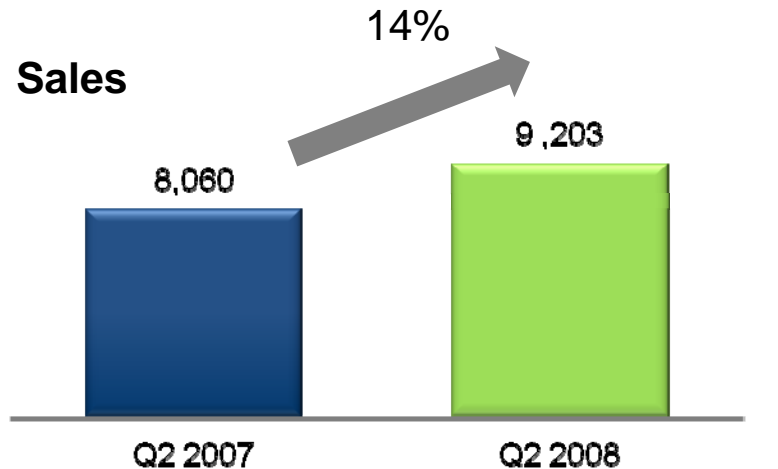
- Volume growth of 5%
- Sales growth of 19%\* in emerging markets
- Incontinence care, 8% sales growth
  - Double digit growth in retail channel
- Baby diapers, 2% sales growth
  - Strong growth in emerging markets
  - Negative impact from technology shift in Europe
- Feminine care, 2% sales decrease
  - Currency effects

### EBIT decreased 5%

- Positive mix
- Negative impact from ongoing shift towards more advanced technology in baby diapers
- Higher raw material costs



# Tissue



## Q2 2008

### Sales growth of 14%

- Sales growth of 23%\* in emerging markets
- Consumer Tissue, 25% sales growth
  - Acquisition
  - Price increases
  - High volume growth in Eastern Europe and Latin America
- AFH Tissue, 2% sales decrease
  - Higher prices and volumes in Europe
  - Negative currency impact from North America

### EBIT increased 40%

- Acquisition
- Price increases

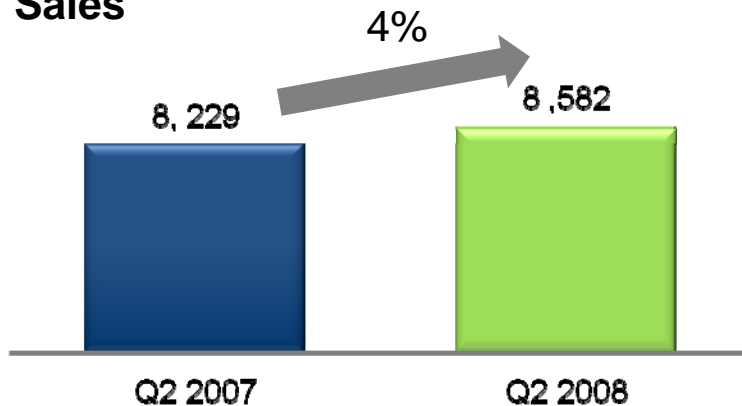
### Taken over two production facilities:

- Orleans from 1 April, Manchester from 1 July

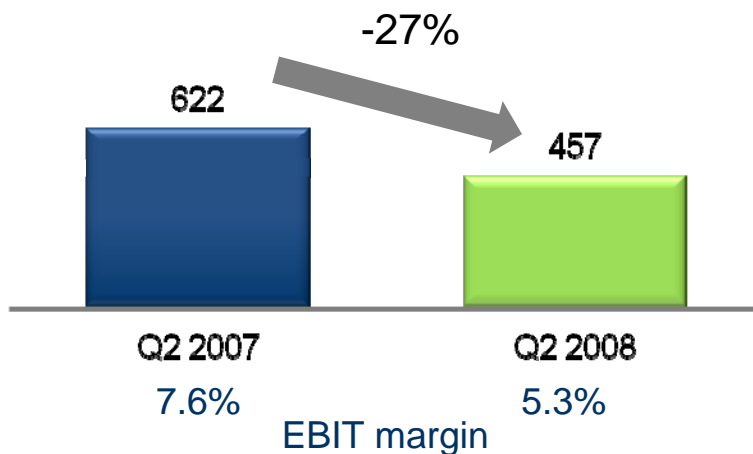


# Packaging

## Sales



## EBIT



## Q2 2008

### Sales growth of 4%

- Price increases

### EBIT decreased 27%

- Higher raw material and energy costs
- Production downtime and stop
  - Total cost of approximately SEK 60m
- High inventory levels of liner
  - Price pressure on liner
    - Increased external sales, negative impact of SEK 55m

### Divestment of conventional packaging business in UK and Ireland

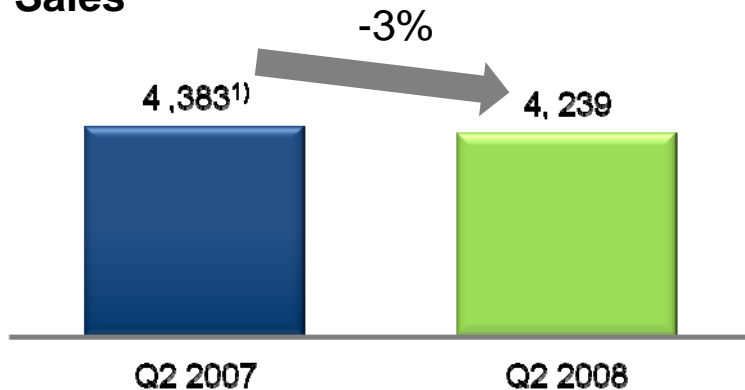
- Annual sales EUR 300 million
- Purchase price EUR 125 million
- Expected to be finalized during Q3
- Focus on specialized packaging in UK and Ireland



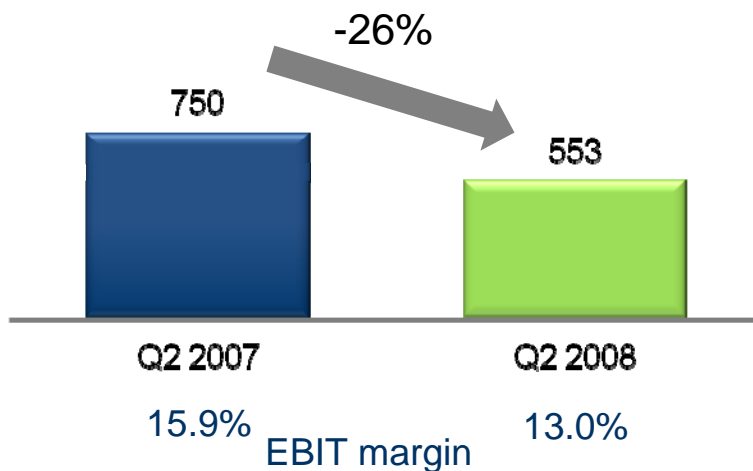


# Forest Products

## Sales



## EBIT



## Q2 2008

### Sales decreased 3%

- Publication papers
  - Flat sales
    - Sales growth for magazine paper offset by lower sales for newsprint
- Solid-wood products
  - Sales decline
    - Lower prices
- Pulp
  - Sales increase

### EBIT decreased 26%

- Related to lower result for solid wood products
- Higher result in forest operations compensated for lower results in publication paper and pulp



# Outlook 2008

## Continued strong hygiene businesses

- Continued good growth in emerging markets
- Stable demand in mature markets

## Operating profit for Packaging and Forest Products to remain under pressure

- High inventory levels of liner and solid wood products
- Challenge to maintain corrugated prices





# SCA Capital Market Day

17 September 2008 in Düsseldorf, Germany

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