

# SCA Year-End Report 2013



1 January – 31 December 2013



# 2013

## Macro update



### ■ Tissue

- ◆ Some growth in Europe and North America
- ◆ Good growth in emerging markets

### ■ Personal Care

- ◆ Stable demand for personal care products in Europe
- ◆ Good growth in emerging markets

### ■ Forest Products

- ◆ Decreased demand for publication paper in Europe
- ◆ Improved market balance in Europe for solid-wood products
- ◆ Higher average market prices for kraftliner in Europe

# Key Events 2013

- Acquired majority ownership in Chinese tissue company Vinda
- Investment in India, launch of Libero and Tempo
- Divestment of Laakirchen publication paper mill
- Inauguration of first wind park; SCA and Statkraft JV
- Inclusion in key sustainability indexes



# SCA Group's Priorities





# Efficiency Programs

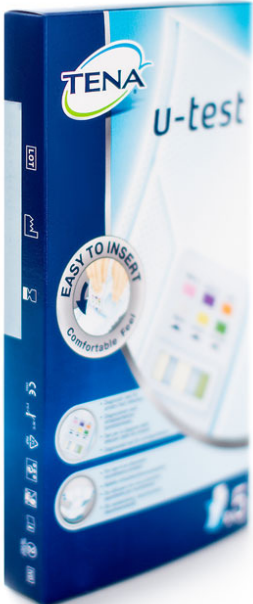


- Hygiene business cost and productivity program
  - Achieved cost savings Q4 2013: SEK 390m
  - Annualized cost savings in Q4 2013: approx. EUR 175m
  - Total annual cost savings of EUR 300m, full effect in 2015
- Georgia-Pacific synergies
  - Achieved cost savings Q4 2013: SEK 125m
  - Annualized cost savings in Q4 2013: approx. EUR 55m
  - Total annual cost savings of EUR 125m, full effect in 2016
- Forest Products efficiency program
  - Achieved earnings improvement Q4 2013: SEK 245m
  - Annualized earnings improvement in Q4 2013: SEK 980m
  - Total annual earnings improvement of SEK 1,300m, full effect in 2015



# Innovation drives Profitable Growth

Strengthens market positions and profitability



# Growth

- Sales growth 10%\*
- Good growth in emerging markets
  - ◆ Personal Care sales growth 10%\*\*
  - ◆ Tissue sales growth 13%\*\*
- Acquired majority ownership in Vinda
- Investment in India
  - ◆ Launch of Libero and Tempo



\* 2013 compared with 2012, excluding exchange rate effects and divestments

\*\* 2013 compared with 2012, excluding exchange rate effects

# Summary

## Full Year 2013 vs Full Year 2012



- Sales increased 10%\*
  - Hygiene business, 12%\*
    - ◆ Higher volumes
    - ◆ Acquisitions
    - ◆ Good growth in emerging markets
  - Forest Products, 0%\*\*
    - ◆ Higher volumes
    - ◆ Lower prices, including currency effects
  
- EBIT increased 19%\*\*\*
  - Cost savings
  - Higher volumes
  - Acquisition in Europe
  - Gains on forest swaps
  - Higher energy costs
  - Lower prices
  
- Operating cash flow decreased 12%

\* Excluding exchange rate effects and divestments

\*\* Excluding divestments

\*\*\* Excluding items affecting comparability, exchange rate effects, divestments and including gains on forest swaps of SEK 583m (91) before tax





# Full Year 2013 Results



## SEK millions

unless otherwise stated

|                          | 2013   | 2012   | Change, % | Change, % |
|--------------------------|--------|--------|-----------|-----------|
| Net sales                | 89,019 | 85,408 | 4         | 10**      |
| EBIT*                    | 9,934  | 8,646  | 15        | 19***     |
| EBIT margin* (%)         | 11.2   | 10.1   |           |           |
| Profit before tax*       | 8,934  | 7,382  | 21        | 25***     |
| Earnings per share (SEK) | 7.90   | 7.06   |           |           |
| Operating cash flow      | 8,489  | 9,644  | -12       |           |
| Debt/Equity ratio        | 0.51   | 0.55   |           |           |



\* Excluding items affecting comparability and including gains on forest swaps of SEK 583m (91) before tax

\*\* Excluding exchange rate effects and divestments

\*\*\* Excluding items affecting comparability, exchange rate effects, divestments and including gains on forest swaps of SEK 583m (91) before tax

# Summary

Q4 2013 vs Q4 2012



- Sales increased 1%\*
  - Hygiene business, 0%\*
    - ◆ Higher volumes
    - ◆ Increased marketing activities
  - Forest Products, 5%\*\*
    - ◆ Higher prices
    - ◆ Lower volumes
  
- EBIT increased 31%\*\*\*
  - Cost savings
  - Gains on forest swaps
  - Higher volumes
  - Higher energy and raw material costs
  
- Operating cash flow increased 11%



\* Excluding exchange rate effects and divestments

\*\* Excluding divestments

\*\*\* Excluding items affecting comparability, exchange rate effects, divestments and including gains on forest swaps of SEK 455m (24) before tax

# Q4 2013 Results



| <b>SEK millions</b>      | <b>Q4</b>   | <b>Q4</b>   | <b>Change, %</b> | <b>Change, %</b> |
|--------------------------|-------------|-------------|------------------|------------------|
| unless otherwise stated  | <b>2013</b> | <b>2012</b> |                  |                  |
| Net sales                | 22,442      | 23,445      | -4               | 1**              |
| EBIT*                    | 3,049       | 2,422       | 26               | 31***            |
| EBIT margin* (%)         | 13.6        | 10.3        |                  |                  |
| Profit before tax*       | 2,794       | 2,129       | 31               | 38***            |
| Earnings per share (SEK) | 2.61        | 2.97        |                  |                  |
| Operating Cash flow      | 2,726       | 2,446       | 11               |                  |



\* Excluding items affecting comparability and including gains on forest swaps of SEK 455m (24) before tax

\*\* Excluding exchange rate effects and divestments

\*\*\* Excluding items affecting comparability, exchange rate effects, divestments and including gains on forest swaps of SEK 455m (24) before tax

# Q4 2013 vs. Q3 2013

## Summary



- Group
  - ◆ Sales increased 2%
  - ◆ EBIT increased 21%\*
- Business areas
  - ◆ Personal Care, EBIT decreased 3%\*\*
    - Increased marketing activities
    - Higher volumes
    - Cost savings
  - ◆ Tissue, EBIT increased 5%\*\*
    - Higher prices
    - Higher volumes
    - Cost savings
    - Lower raw material costs
  - ◆ Forest Products, EBIT increased 118%\*
    - Cost savings
    - Gains on forest swaps
    - Lower energy costs
    - Higher raw materials costs
    - Lower prices



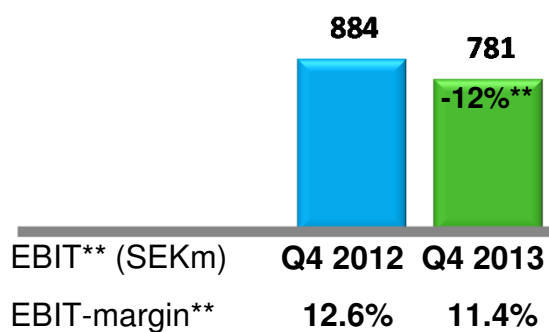
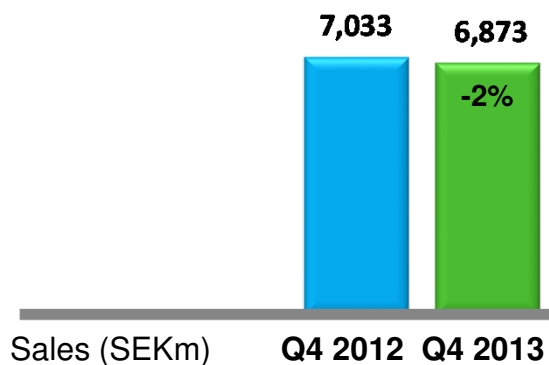
\* Excluding items affecting comparability and including gains on forest swaps of SEK 455m (7) before tax

\*\* Excluding items affecting comparability



# Personal Care

Q4 2013 vs. Q4 2012



## ■ Sales decreased 2% (0%\*)

- ◆ Incontinence products increased 4%\*
- ◆ Baby diapers decreased 5%\*
- ◆ Feminine care increased 7%\*
- ◆ Emerging markets increased 1%\*

## ■ EBIT decreased 12%\*\* (-12%\*\*\*)

- ◆ Increased marketing activities
- ◆ Cost savings
- ◆ Higher volumes



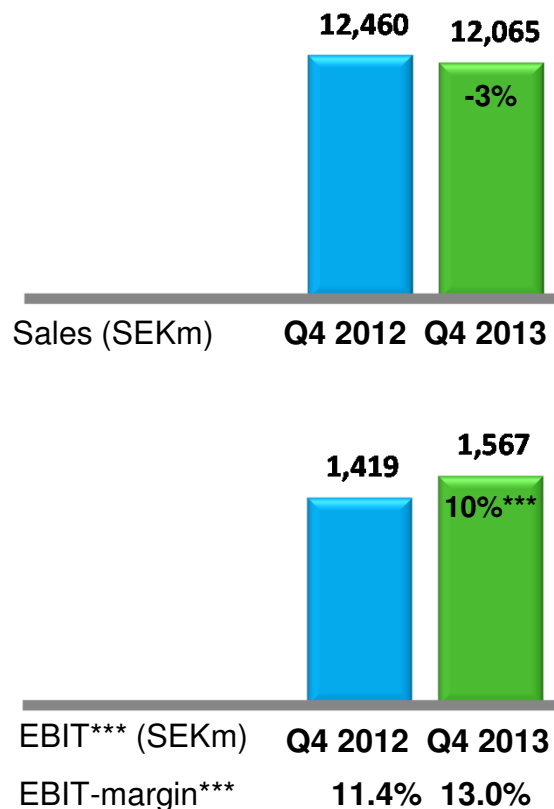
\* Excluding exchange rate effects

\*\* Excluding items affecting comparability

\*\*\* Excluding items affecting comparability and exchange rate effects

# Tissue

Q4 2013 vs. Q4 2012



- **Sales decreased 3% (+1%\*)**
  - ◆ Consumer tissue increased 1%\*
  - ◆ AfH tissue increased 4%\*\*
  - ◆ Emerging markets increased 10%\*\*
  
- **EBIT increased 10%\*\*\* (18%\*\*\*\*)**
  - ◆ Higher volumes
  - ◆ Cost savings
  - ◆ Divestments
  - ◆ Higher raw material costs
  - ◆ Negative currency impact



\* Excluding exchange rate effects and divestments

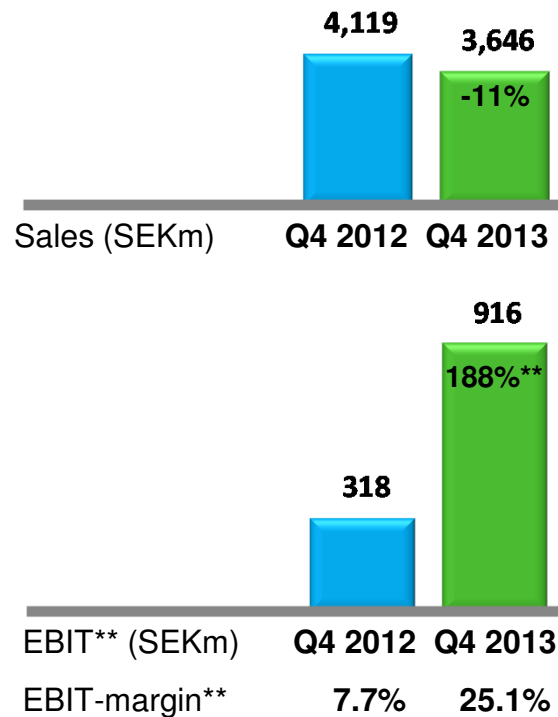
\*\* Excluding exchange rate effects

\*\*\* Excluding items affecting comparability

\*\*\*\* Excluding items affecting comparability, exchange rate effects and divestments

# Forest Products

Q4 2013 vs. Q4 2012



- **Sales decreased 11% (+5%\*)**
  - ◆ Publication papers, decreased sales
  - ◆ Kraftliner, increased sales
  - ◆ Solid-wood products, increased sales
  - ◆ Pulp, increased sales
  
- **EBIT increased 188%\*\***
  - ◆ Higher prices
  - ◆ Cost savings
  - ◆ Gains on forest swaps
  - ◆ Higher energy and raw material costs



\* Excluding divestment

\*\* Excluding items affecting comparability and including gains on forest swaps of SEK 455m (24) before tax

# Dividend



The Board of Directors proposes an increase in the dividend by 5.6% to SEK 4.75 per share (4.50)



# Full Year 2013

## Summary



- Higher sales and profit for the Group
- Higher profits in all business areas
- Higher sales in Personal Care and Tissue
- Flat sales\* in Forest Products
- Efficiency programs delivering according to plan
- Acquired majority ownership in Chinese Vinda
- Investment in India, launch of Libero and Tempo
- Around 30 innovations launched
- Inclusion in key sustainability indexes
- Proposed increase in the dividend to SEK 4.75 per share



\* Excluding divestments



Q&A



**SCA**  
*Care of Life*

