

# Year-end Report 2015



# Magnus Groth

President and CEO

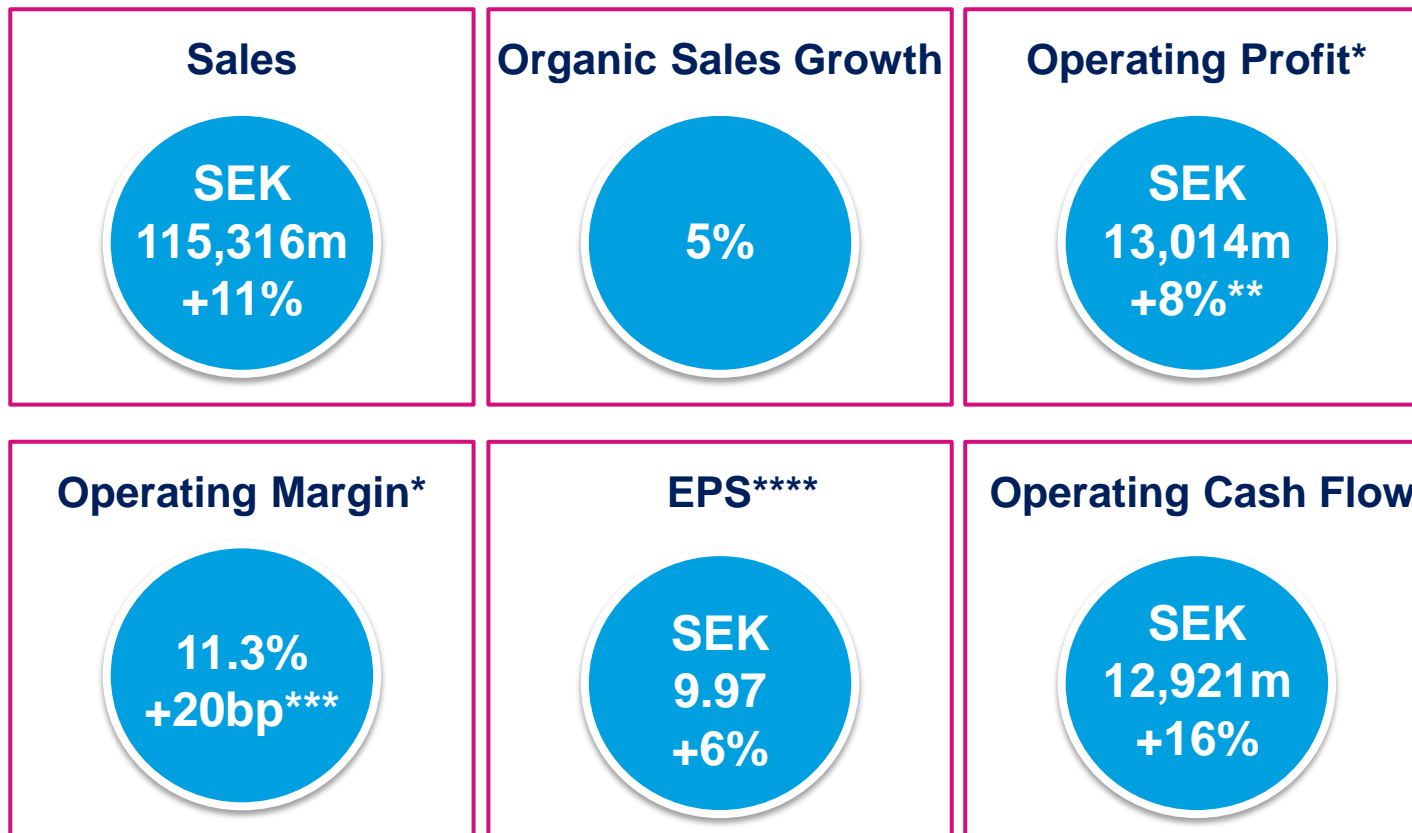
# Summary 2015



- Good organic growth in sales and operating profit
- Strong growth in emerging markets
- Good cash flow
- Continued strong contribution from efficiency gains
- Around 30 innovations and product launches
  - ◆ for example Libero, Nosotras, Tempo, TENA and Tork
- The Board of Directors proposes an increase in the dividend by 9.5% to SEK 5.75 per share

# Group

2015 vs. 2014



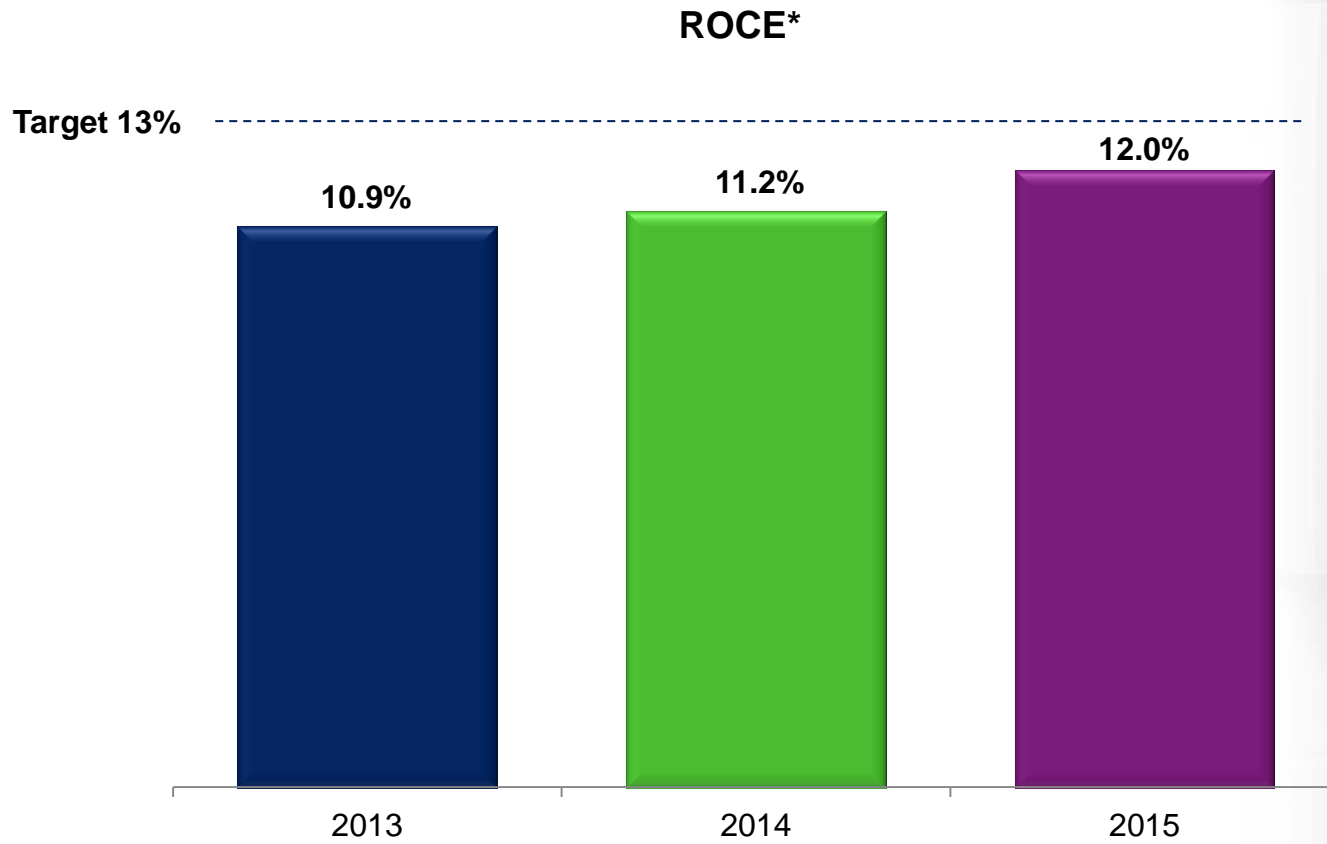
\* Excluding items affecting comparability

\*\* Excluding items affecting comparability, gains on forest swaps and currency translation effects

\*\*\* Excluding items affecting comparability and gains on forest swaps

\*\*\*\* Including items affecting comparability. Excluding items affecting comparability and a tax provision SEK 12.25, +11%

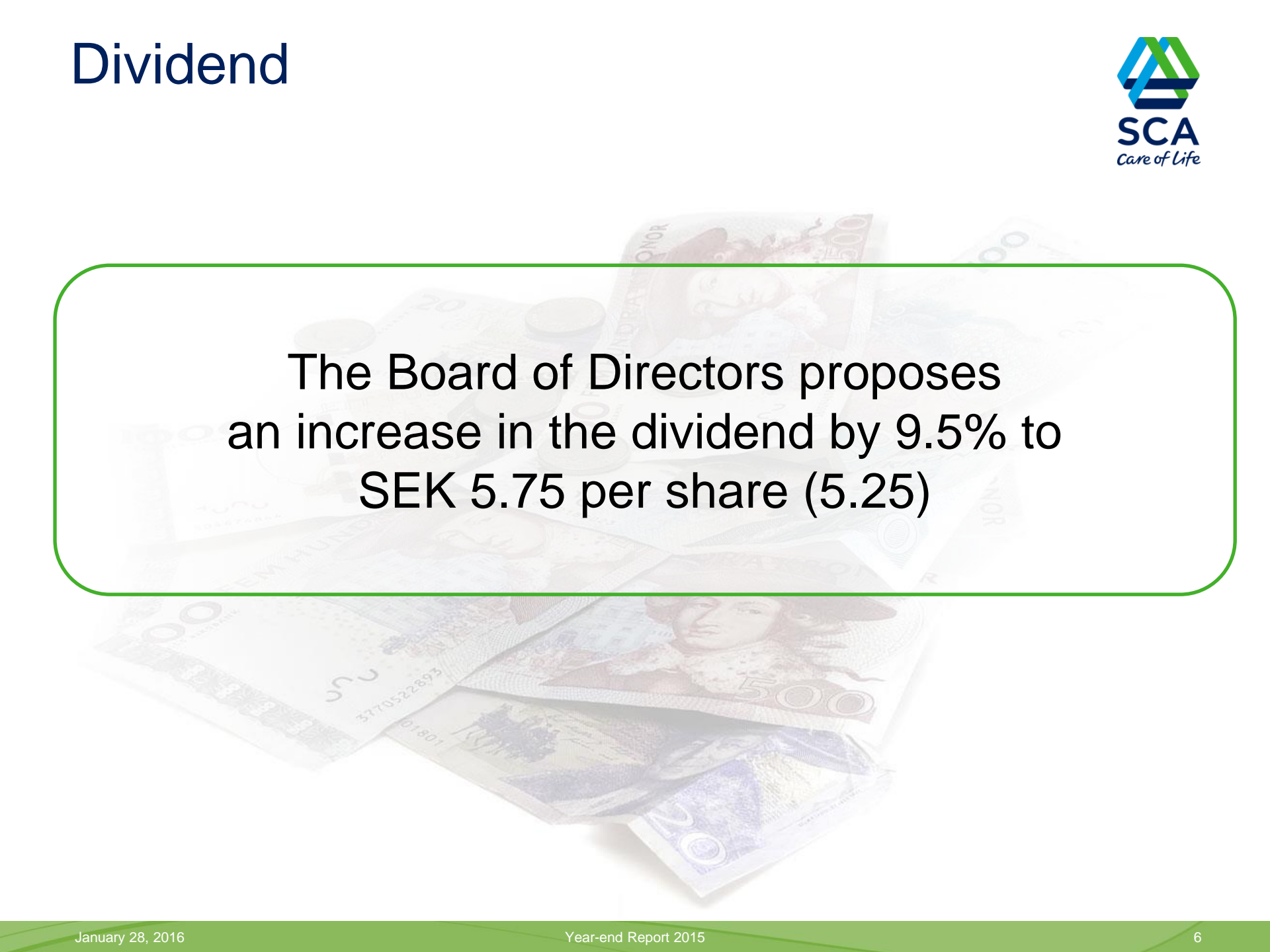
# SCA Group ROCE\*



\*Return on capital employed excluding items affecting comparability



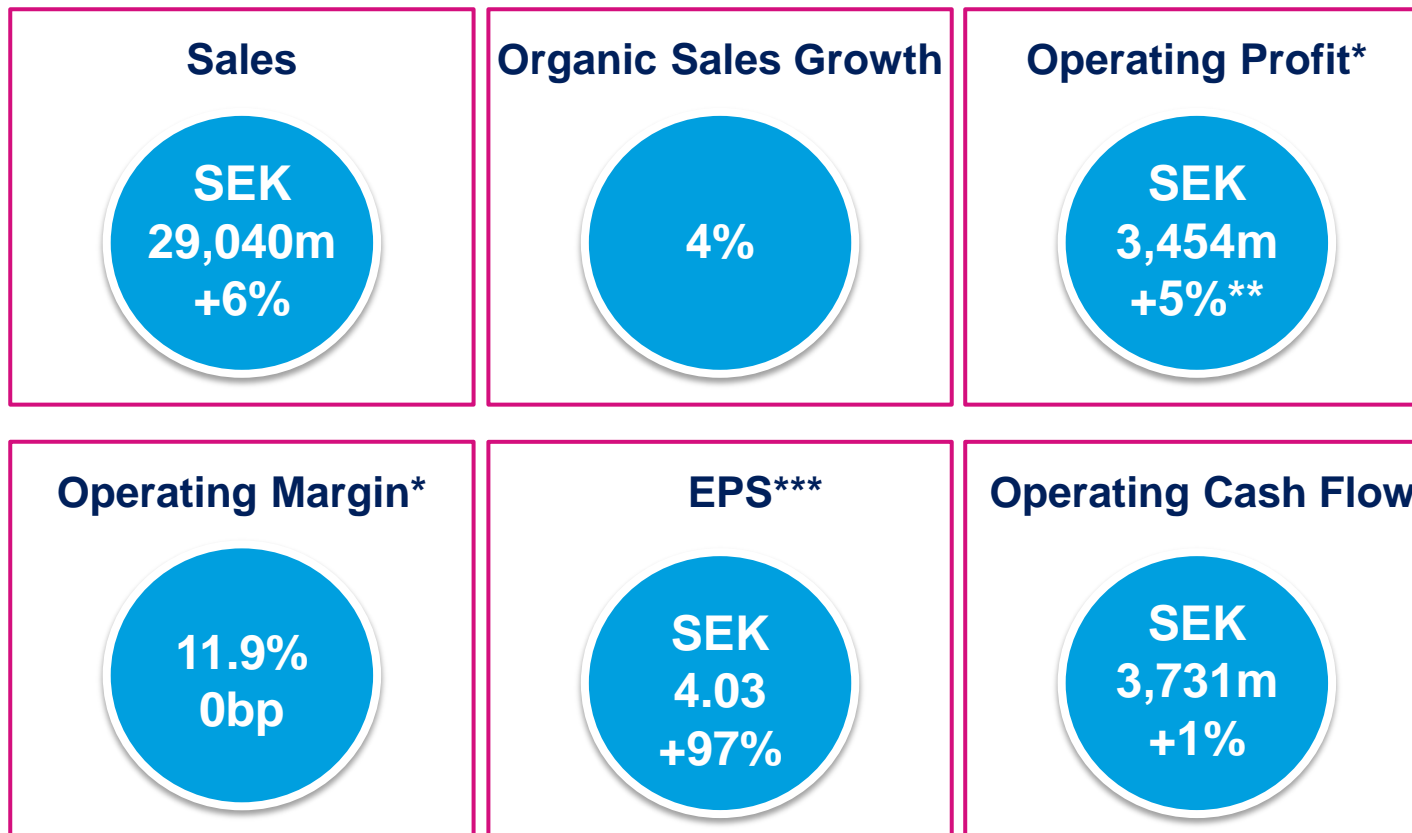
# Dividend



The Board of Directors proposes  
an increase in the dividend by 9.5% to  
SEK 5.75 per share (5.25)

# Group

Q4 2015 vs. Q4 2014



\* Excluding items affecting comparability

\*\* Excluding items affecting comparability and currency translation effects

\*\*\* Including items affecting comparability. Excluding items affecting comparability and a tax provision SEK 3.37, +6%

# Important Events 2015



- Decision to acquire Wausau Paper Corp., a North American Away-from-Home tissue company
- Decision to divest business in South East Asia, Taiwan and South Korea for integration with Vinda
- Addressed low performing baby diapers businesses
- Closure of tissue production facility in France and newsprint machine in Sweden
- Investing in increased pulp capacity in Sweden and a new production facility for incontinence products in Brazil
- Decision to divide the Group into two divisions: a Hygiene division and a Forest Products division
- Enhancing the hygiene organization
- Inclusion in Dow Jones Sustainability Indices as industry leader



# Strategic Priorities



## PROFITABLE GROWTH



## INNOVATION



## EFFICIENCY



**INCREASING EFFICIENCY IN THE ENTIRE VALUE CHAIN**

# Innovations and Product Launches



**Q4 2015**

Tork Matic® Hand Towel Roll Dispenser – with Intuition™ Sensor, Image Design™



- Gives guests the ultimate hand drying experience
- Creates a sophisticated impression in the washroom, which is as important as the image customers perceive when they first enter a building
- Touch free, one-at-a-time dispensing reduces consumption and improves hygiene

**Q4 2015**

Tork® Hand Towel Roll Dispenser



- Delivers high capacity to avoid towel run-outs in high-traffic washrooms with a 300m long refill, delivering 1,218 hand towels per roll
- One-at-a-time sheet dispensing controls consumption
- Reliable, simple, robust design for demanding environments

**2015**

Innovations and product launches



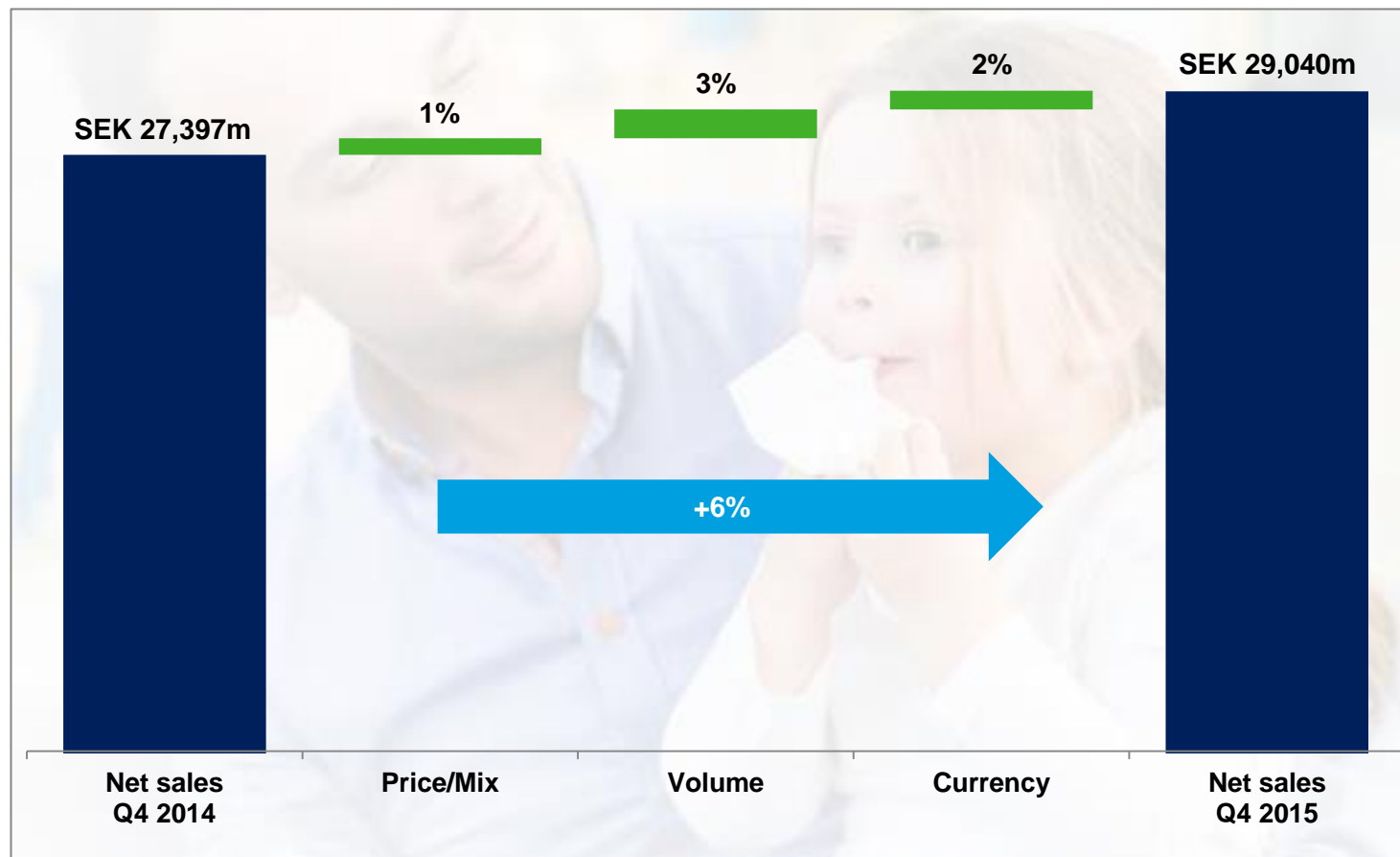
Approximately 30 innovations and product launches during 2015

# Fredrik Rystedt

CFO

# Net Sales

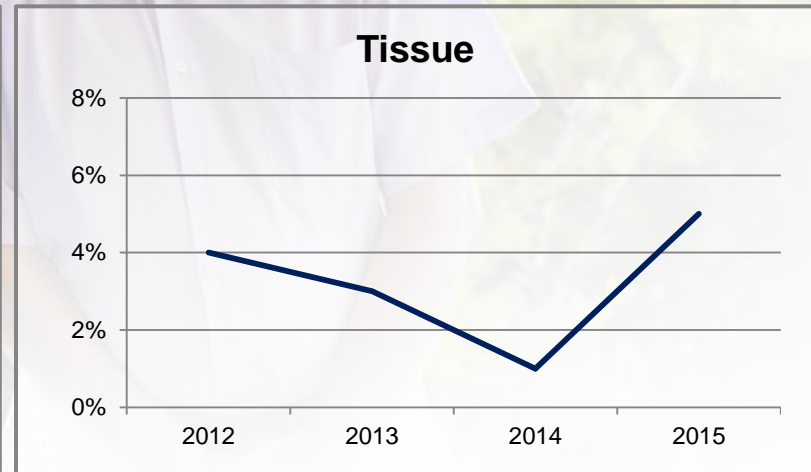
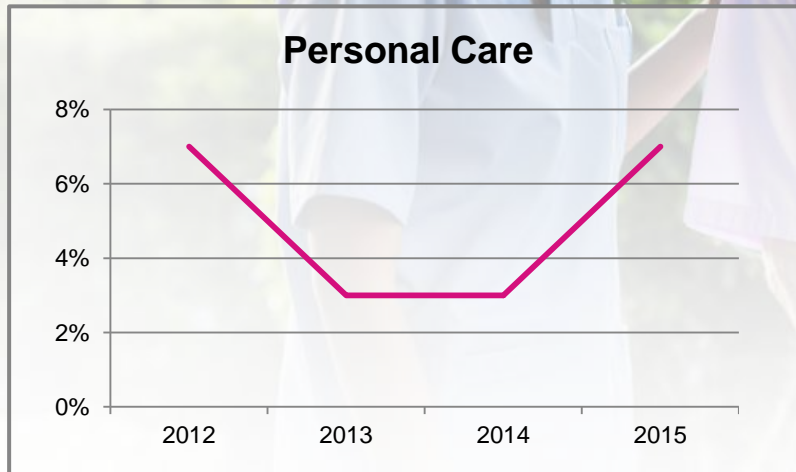
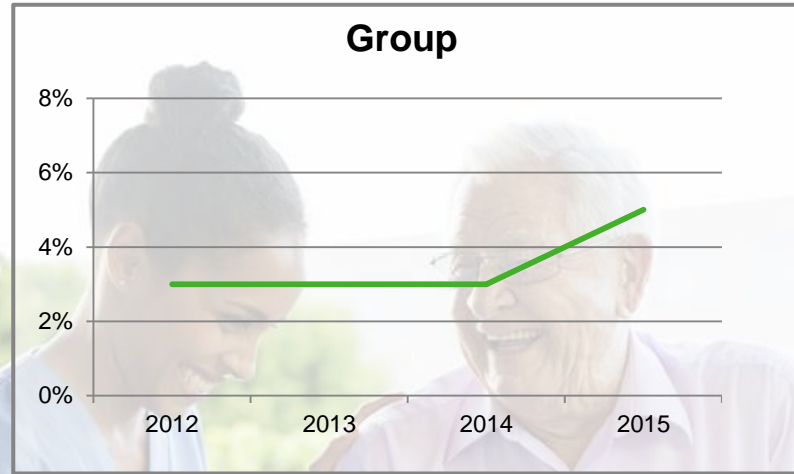
Q4 2015 vs. Q4 2014



- Organic sales growth 4%
- ◆ Price/Mix 1%
- ◆ Volume 3%

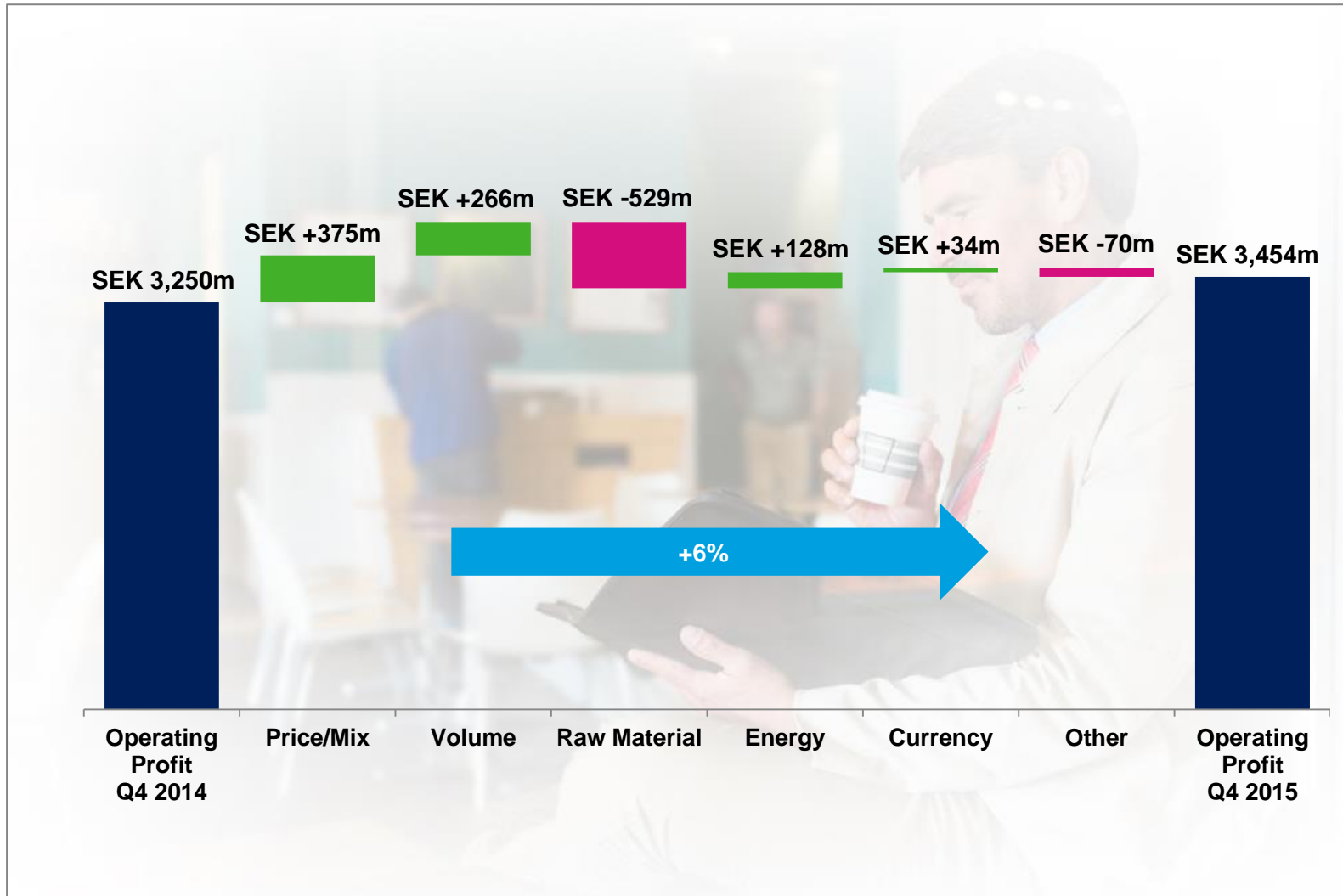


# Organic Sales Growth



# Operating Profit\* – Group

Q4 2015 vs. Q4 2014



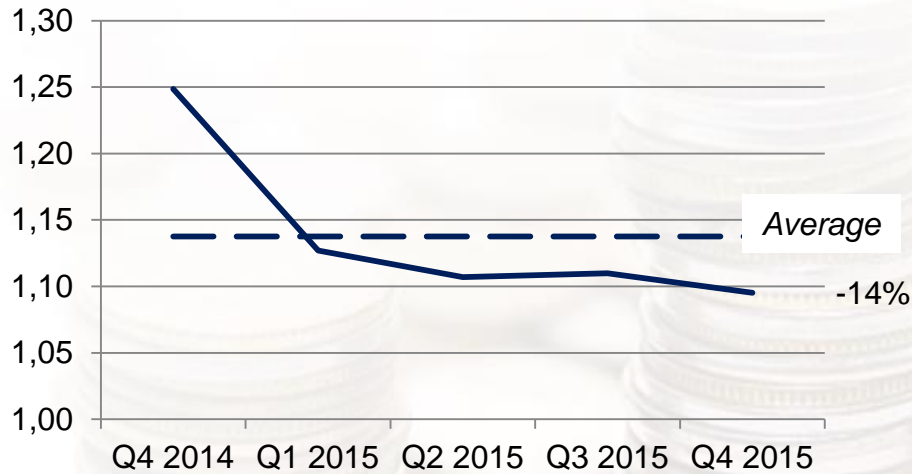
\* Excluding items affecting comparability



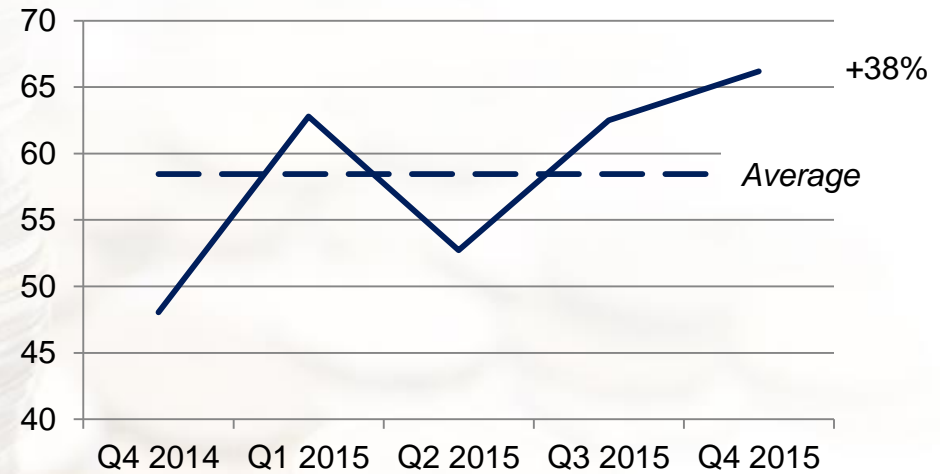
# Examples of USD movements



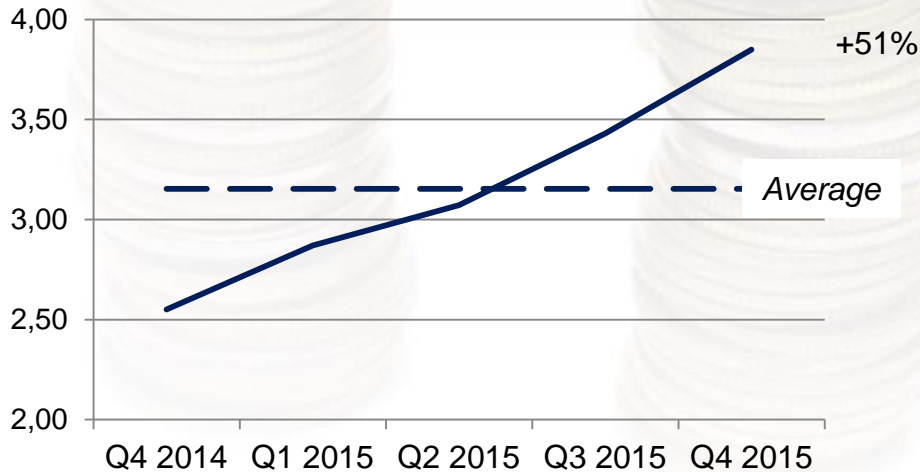
## EUR/USD



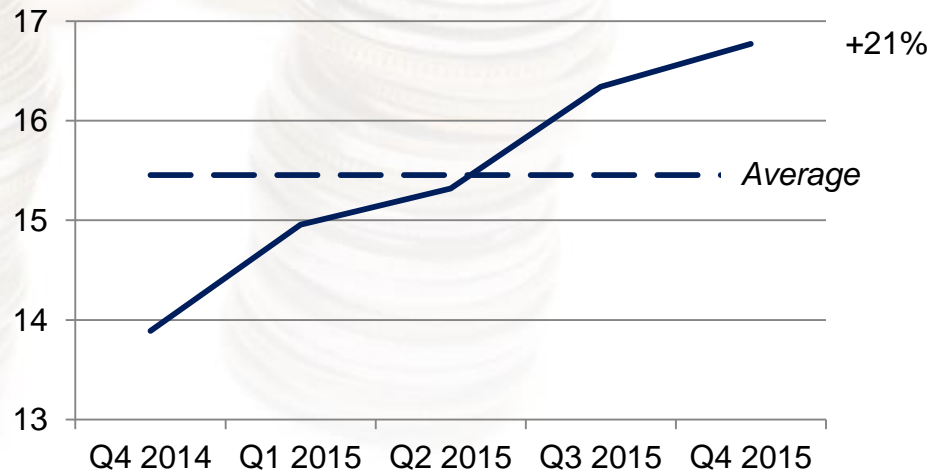
## USD/RUB



## USD/BRL

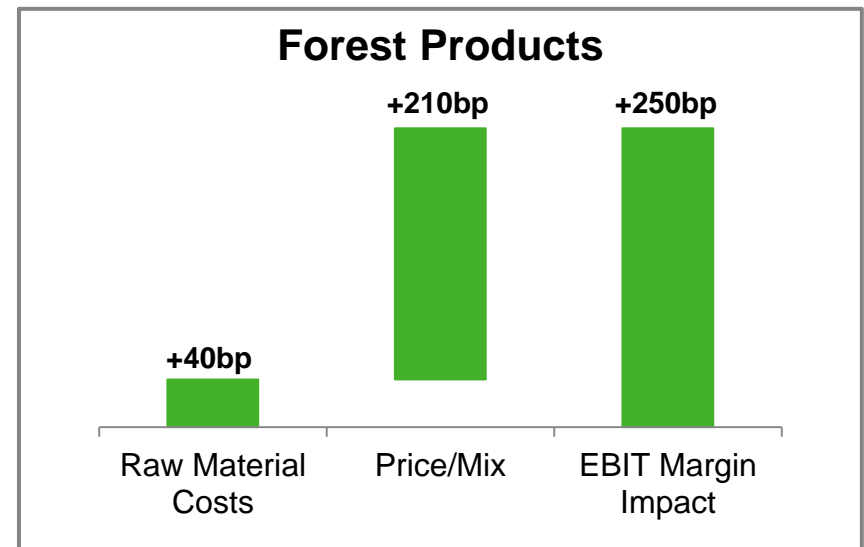
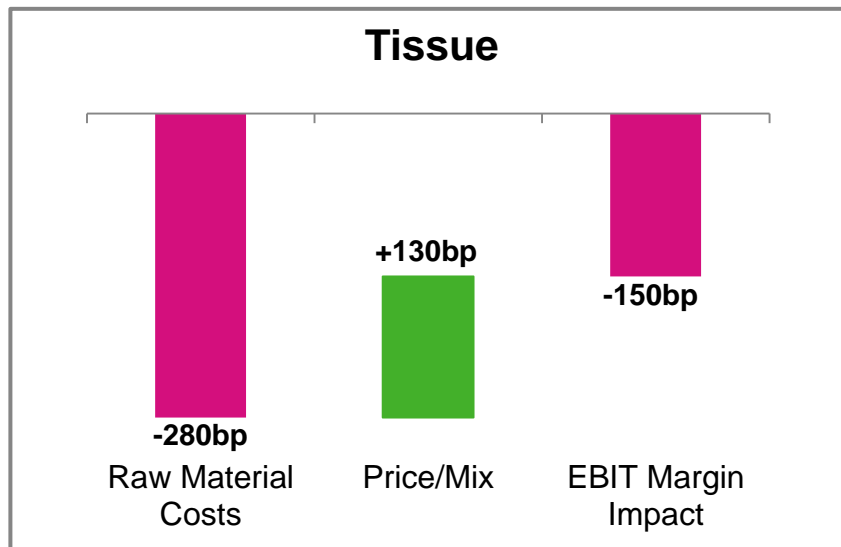
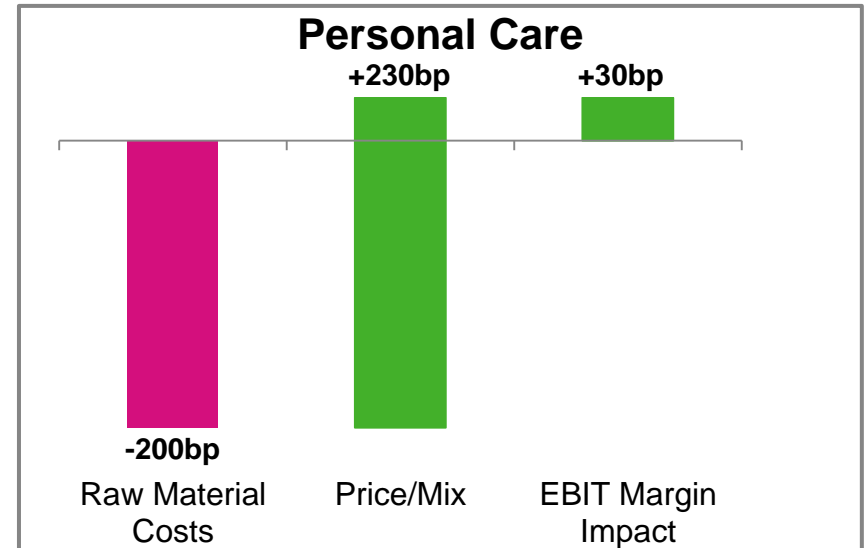
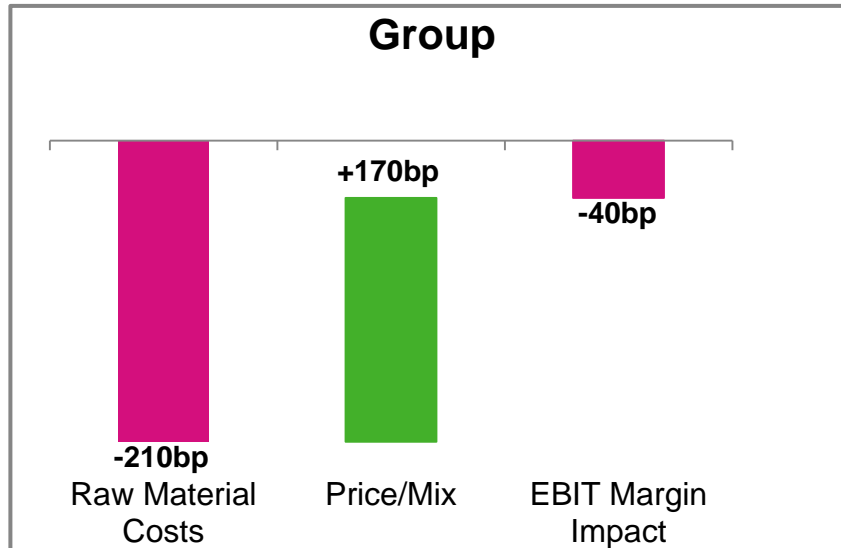


## USD/MXN



# Raw Material vs Price and Mix

2015 vs 2014



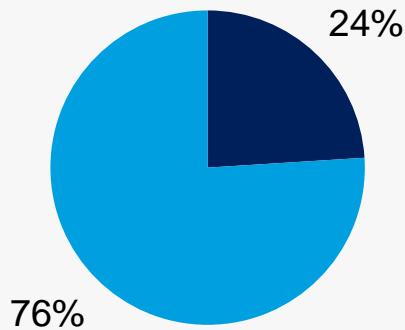
# SCA Group

## Mature markets and Emerging markets

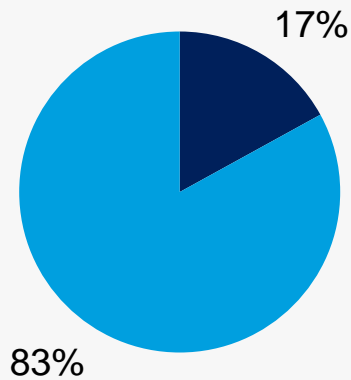


2013

Share of Net Sales

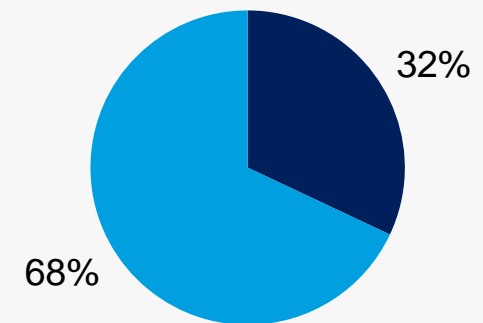


Share of Operating Profit

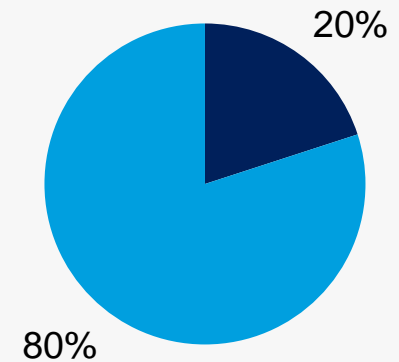


2015

Share of Net Sales



Share of Operating Profit



Operating Margin	2013*	2014*	2015
Mature markets	11.5%	13.0%	13.3%
Emerging markets	7.7%	6.4%	7.0%
Total Group	10.6%	11.1%	11.3%

\*excluding gains on forest swaps

Emerging markets  
 Mature markets

# Cash Flow

2015 vs. 2014



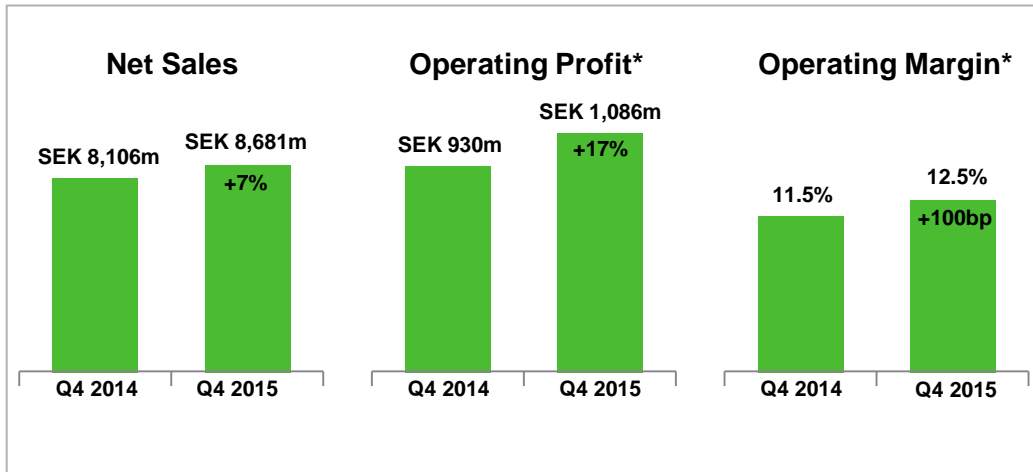
	2015 SEKm	2014 SEKm
Operating cash surplus	18,312	16,250
Change in working capital	-399	-446
Restructuring costs, etc	-830	-883
Capital expenditures (including strategic)	-7,287	-5,553
<b>Operating cash flow including strategic capital expenditures</b>	<b>9,796</b>	<b>9,368</b>

# Magnus Groth

President and CEO

# Personal Care

Q4 2015 vs Q4 2014



- Sales growth 7%
- Organic sales growth 9%
- Operating profit increased 17%\*
  - ◆ Better price/mix
  - ◆ Higher volumes
  - ◆ Cost savings
  - ◆ Higher raw material costs mainly due to a stronger USD
- Operating margin 12.5%\*
- ROCE\*\* 33.1%



\* Excluding items affecting comparability

\*\* Return on capital employed excluding items affecting comparability

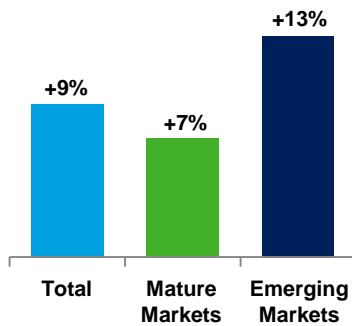


# Personal Care

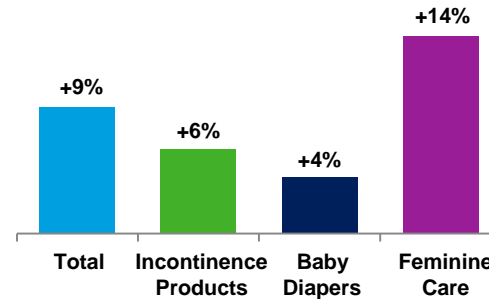
Q4 2015 vs Q4 2014



**Organic Sales Growth by Region**



**Organic Sales Growth by Product Segment**



% of Personal Care Sales: Mature Markets 58%, Emerging Markets 42%



## ■ Organic sales growth 9%

- ◆ Price/mix +2%
- ◆ Volume +7%
- ◆ Strong growth in emerging markets
- ◆ Strong growth for feminine care
- ◆ Good growth for incontinence products

## ■ Mature markets

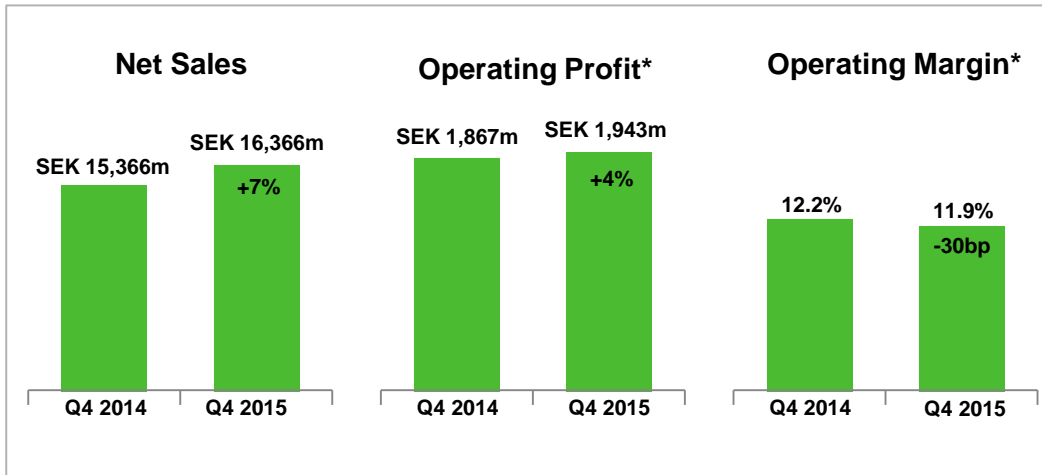
- ◆ Western Europe
  - Strong growth for baby diapers
  - Good growth for feminine care and incontinence products
- ◆ North America
  - Higher sales for incontinence products

## ■ Emerging markets

- ◆ Latin America +14%
  - Strong growth for incontinence products and feminine care
  - Flat sales for baby diapers
- ◆ Russia +43%
  - Strong growth for all product segments

# Tissue

Q4 2015 vs Q4 2014



- Sales growth 7%
- Organic sales growth 3%
- Operating profit increased 4%\*
  - ◆ Better price/mix
  - ◆ Higher volumes
  - ◆ Cost savings
  - ◆ Higher raw material costs mainly due to a stronger USD
- Operating margin 11.9%\*
- ROCE\*\* 14.1%

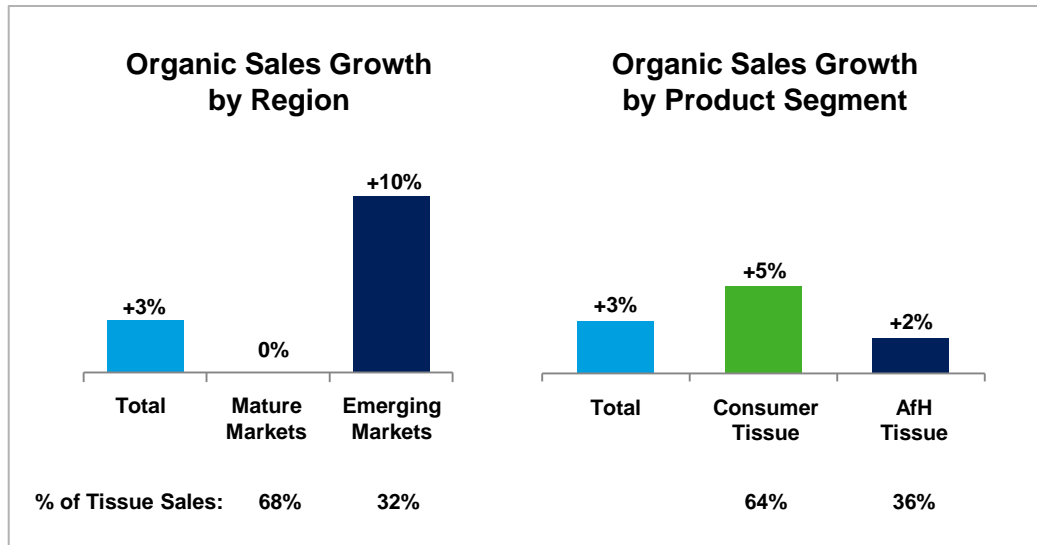


\* Excluding items affecting comparability

\*\* Return on capital employed excluding items affecting comparability

# Tissue

Q4 2015 vs Q4 2014



- **Organic sales growth 3%**

- ◆ Price/mix +2%
- ◆ Volume +1%
- ◆ Strong growth in emerging markets

- **Mature markets**

- ◆ Western Europe
  - Higher sales for consumer tissue
  - Flat sales for AfH tissue
- ◆ North America
  - Higher sales for AfH tissue

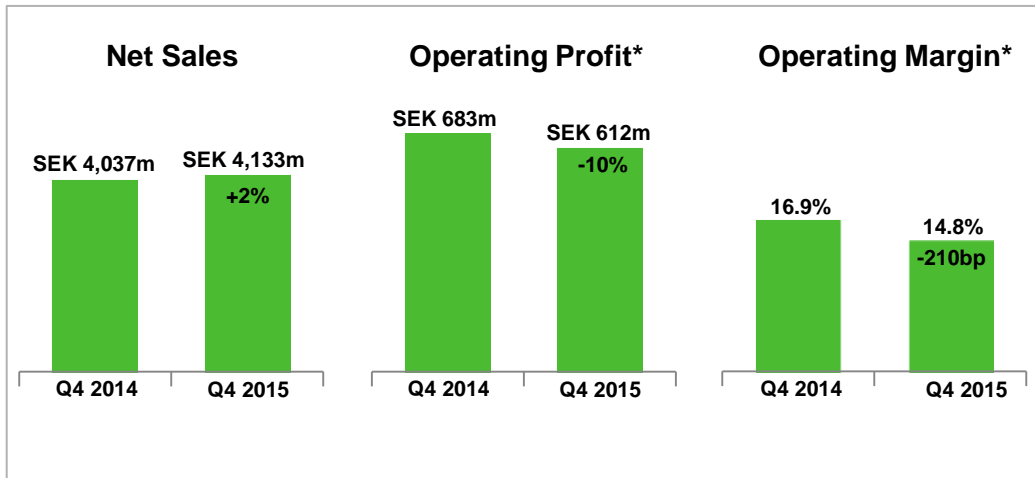
- **Emerging markets**

- ◆ Asia +11%
- ◆ Latin America +7%
- ◆ Russia +20%



# Forest Products

Q4 2015 vs Q4 2014



## ■ Sales growth 2%

- ◆ Price/mix -2%
- ◆ Volume +3%
- ◆ Currency +1%

## ■ Operating profit decreased 10%\*

- ◆ Lower prices (including exchange rate effects)
- ◆ Impairment loss of trade receivables
- ◆ Higher costs for production stops
- ◆ Lower raw material and energy costs
- ◆ Higher volumes

## ■ Operating margin 14.8%\*

## ■ ROCE\*\* 6.6%



\* Excluding items affecting comparability

\*\* Return on capital employed excluding items affecting comparability

# Full year 2015

## Summary



- Good organic growth in sales and operating profit
- Several strategic initiatives



# Q&A





**SCA**  
*Care of Life*

