# 84th Annual International Management Conference – PIMA

*New York City, New York*

*June 29 – July 2, 2003*

## -- Presidents' Panel -- Jan Åström --

## *How To Succeed In A Changing Marketplace and Business Culture*

# Jan Åström
# President and CEO

- **SVENSKA CELLULOSA AKTIEBOLAGET SCA**

  ✓ **Worldwide Paper Company**


SCA

# Agenda

1. The transformation of SCA

2. Performance development

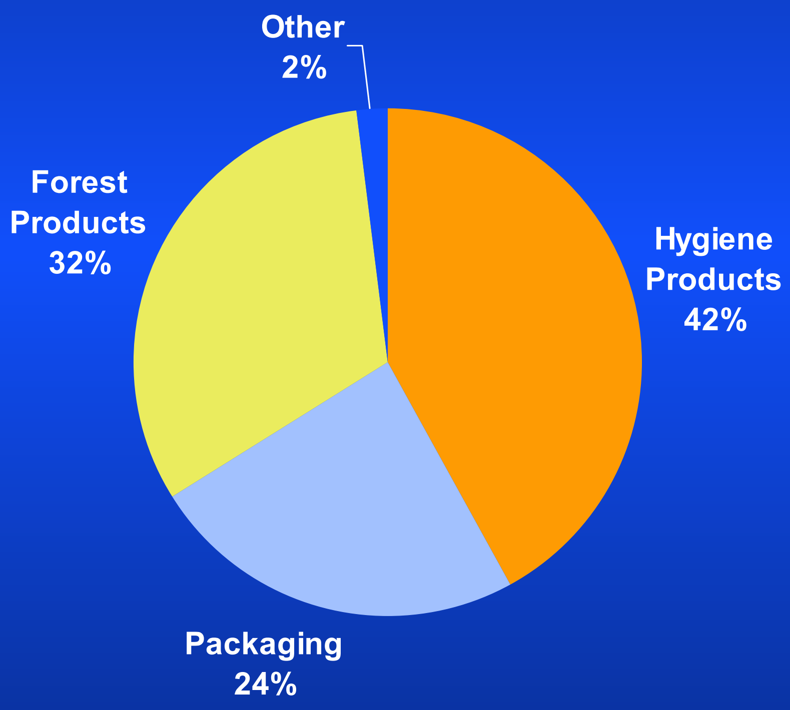
3. Future value creation

# SCA structure six years ago

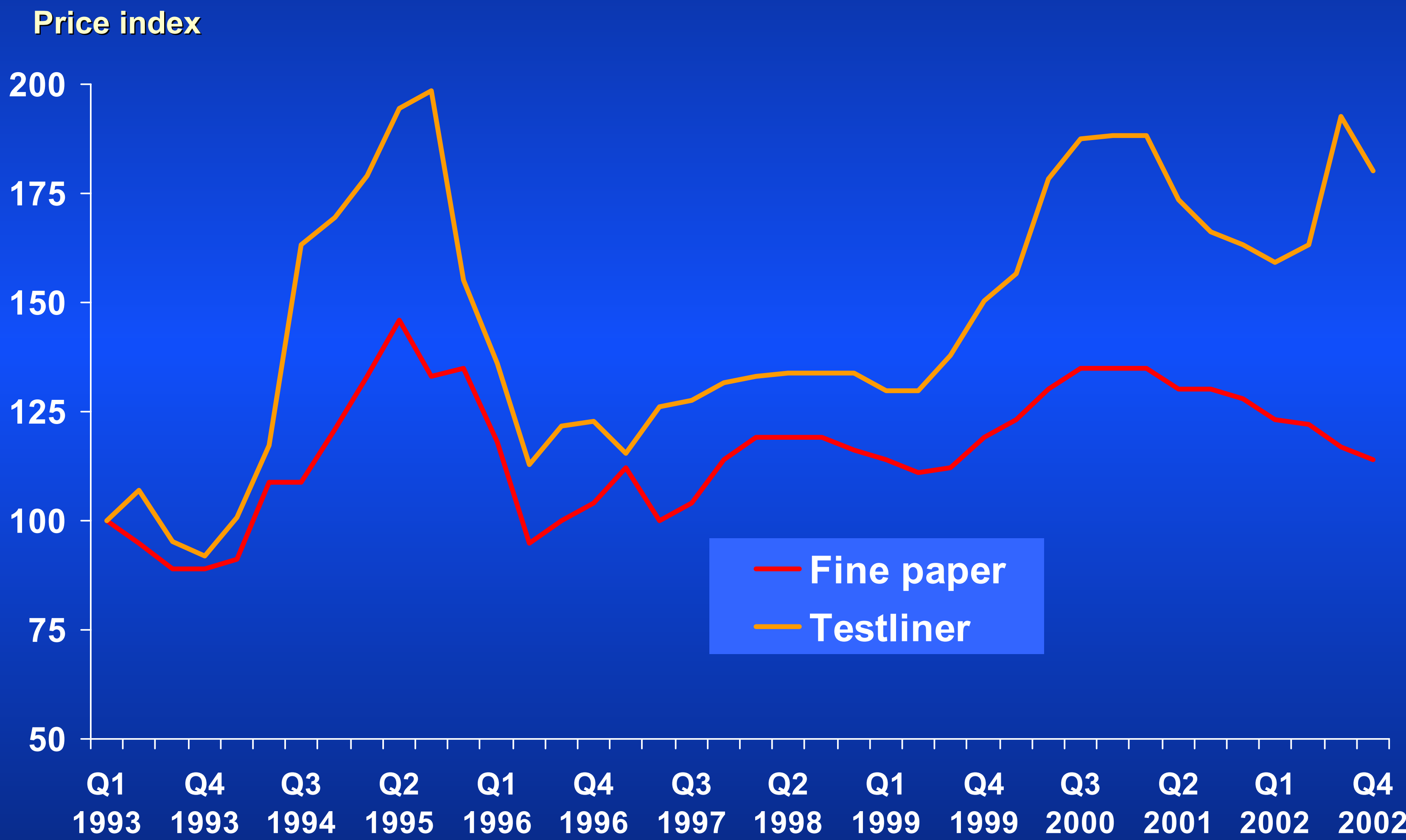
- SCA had a portfolio of volatile products...
  - ✓ Fine paper
  - ✓ Liner
  - ✓ Publication papers

- … but also a strong position within tissue, personal care and corrugated packaging

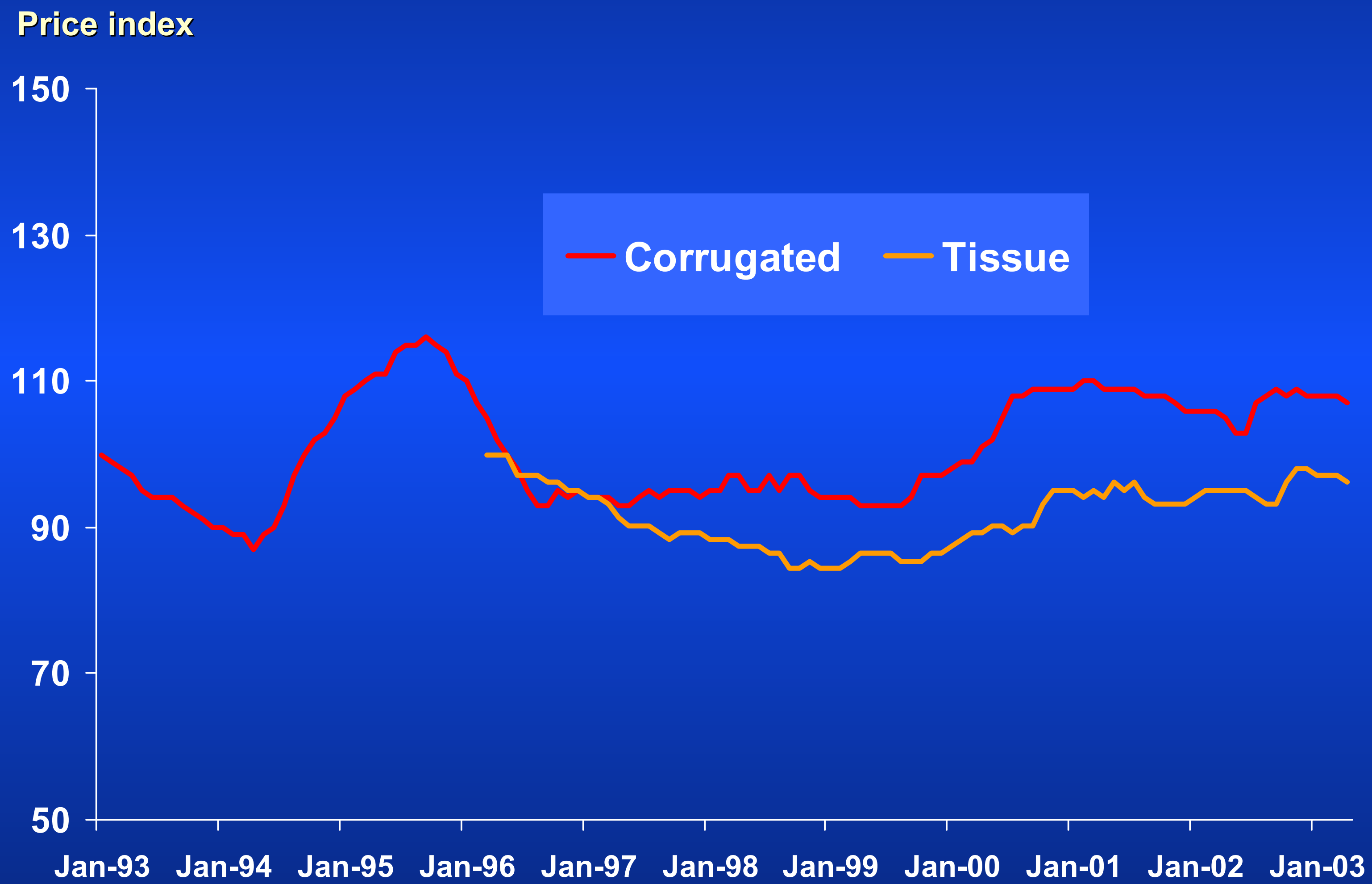
Sales 1996



# Fine paper and liner – *high volatility*



# Corrugated and tissue prices -- *more stable*



# 1997 - 2002: *Clearer growth strategy*

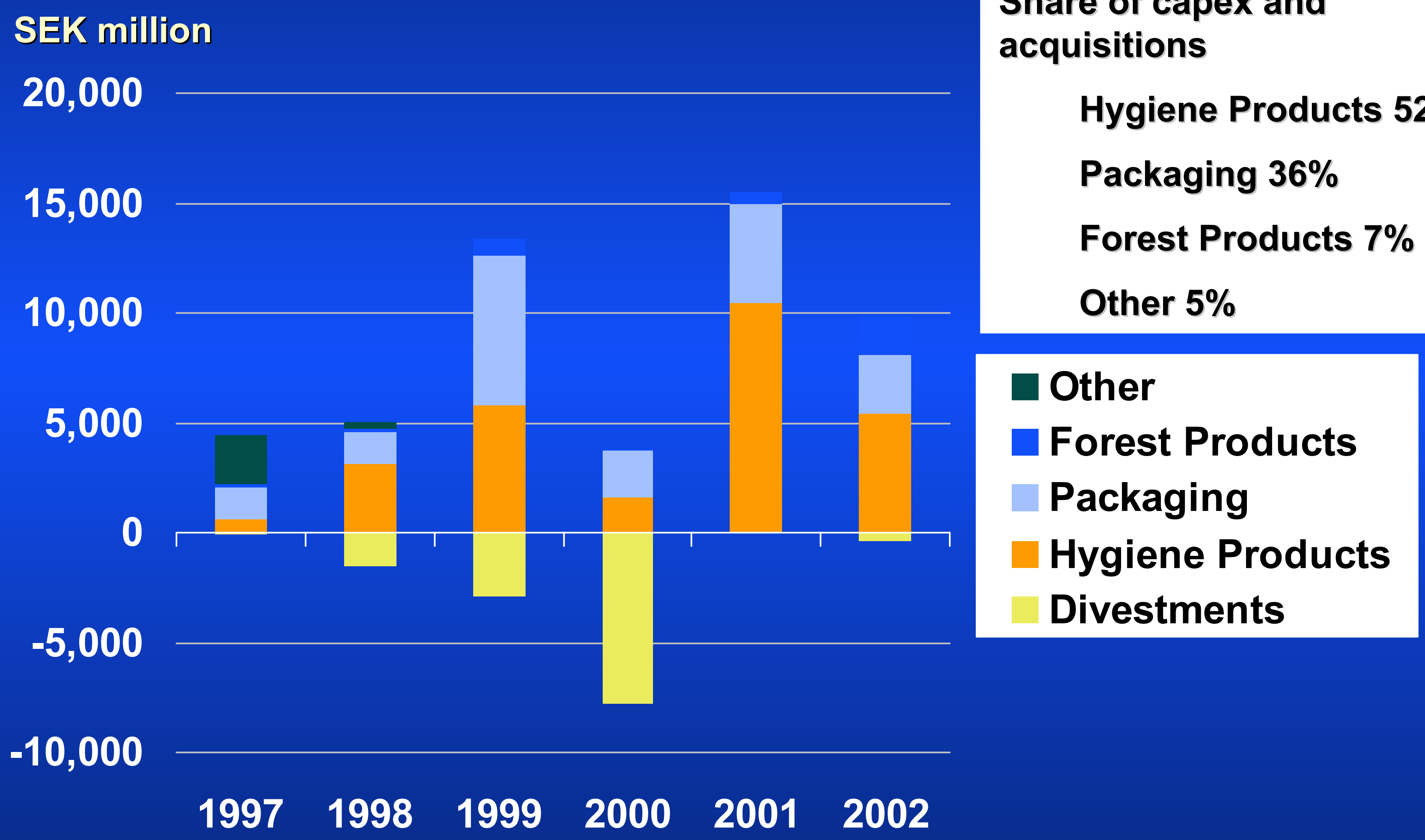
- Expansion of hygiene products and packaging
- Focus forest products on publication papers and internal raw material supply
- Divestment of non-core operations

# Increased customer focus

- Hygiene Products
  - ✓ Maintaining of strong regional brands and development of global brand for incontinence products, Tena
  - ✓ Strong position for retailers brands in Europe
  - ✓ Development of pan-European position within consumer tissue
  - ✓ Enhanced R&D activities in order to provide more sophisticated products and to develop more flexible production
- Packaging
  - ✓ Higher degree of customized packaging solutions
  - ✓ More value added packaging such as protective packaging and display packaging
  - ✓ Less exposure to the volatile liner business

# SEK 52 billion in strategic investments

## 1997 – 2002




**Share of capex and acquisitions**

Hygiene Products 52%

Packaging 36%

Forest Products 7%

Other 5%

# Hygiene Products

## Strategic investments 1997 – 2002

Serenity (2000)

GP Tissue (2001)

Encore (2001)

Marpo (1997)

Panosa (1999)

Nisa (1999)

AM Paper (1999)

CartoInvest (2002)

**More than 12 acquisitions and other strategic investments for SEK 29 billion**

# Packaging

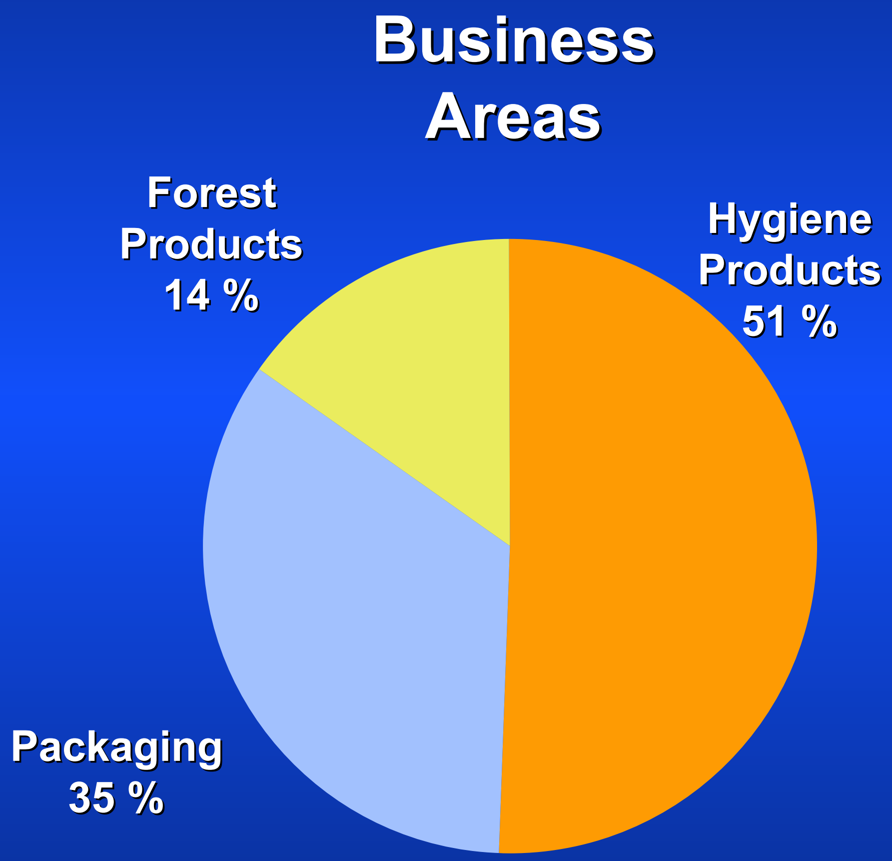
## Strategic investments 1997 – 2002

- Cochis (1997)
- Rexam (1998)
- Danapak (1998)
- Danisco (1999)
- Nicollet (1999)
- Metsä Corrugated (2000)
- Tuscarora (2001)
- Stabernack (2002)

**More than 20 acquisitions and other strategic investments for SEK 19 billion**

# SCA today

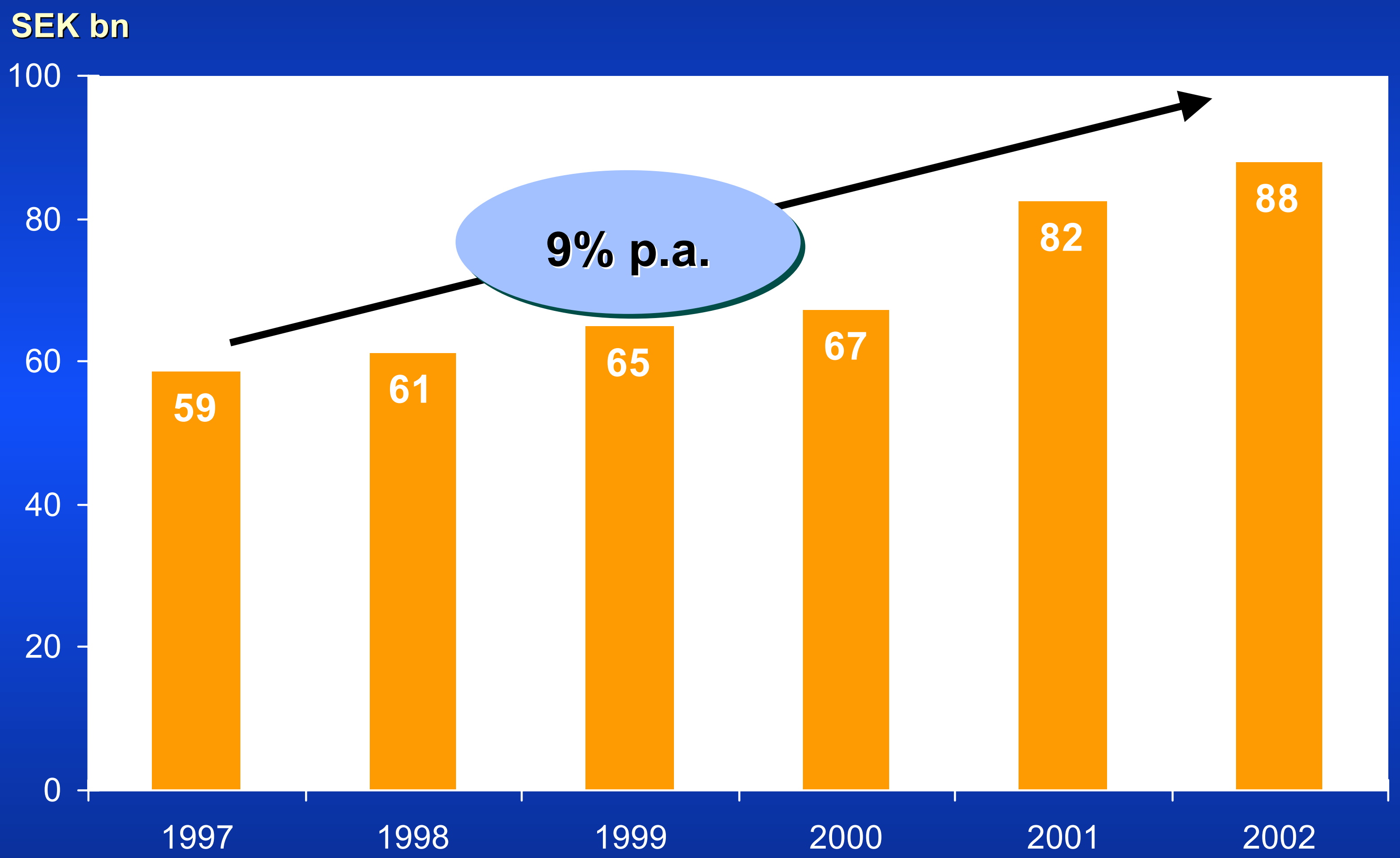
| | |
|---|---|
| Net sales | SEK 88 bn |
| Pre-tax profit | SEK 8.1 bn |
| Market capitalization | SEK 65 bn |
| No. of employees | 44.000 |
| …of which 14% in Sweden | |



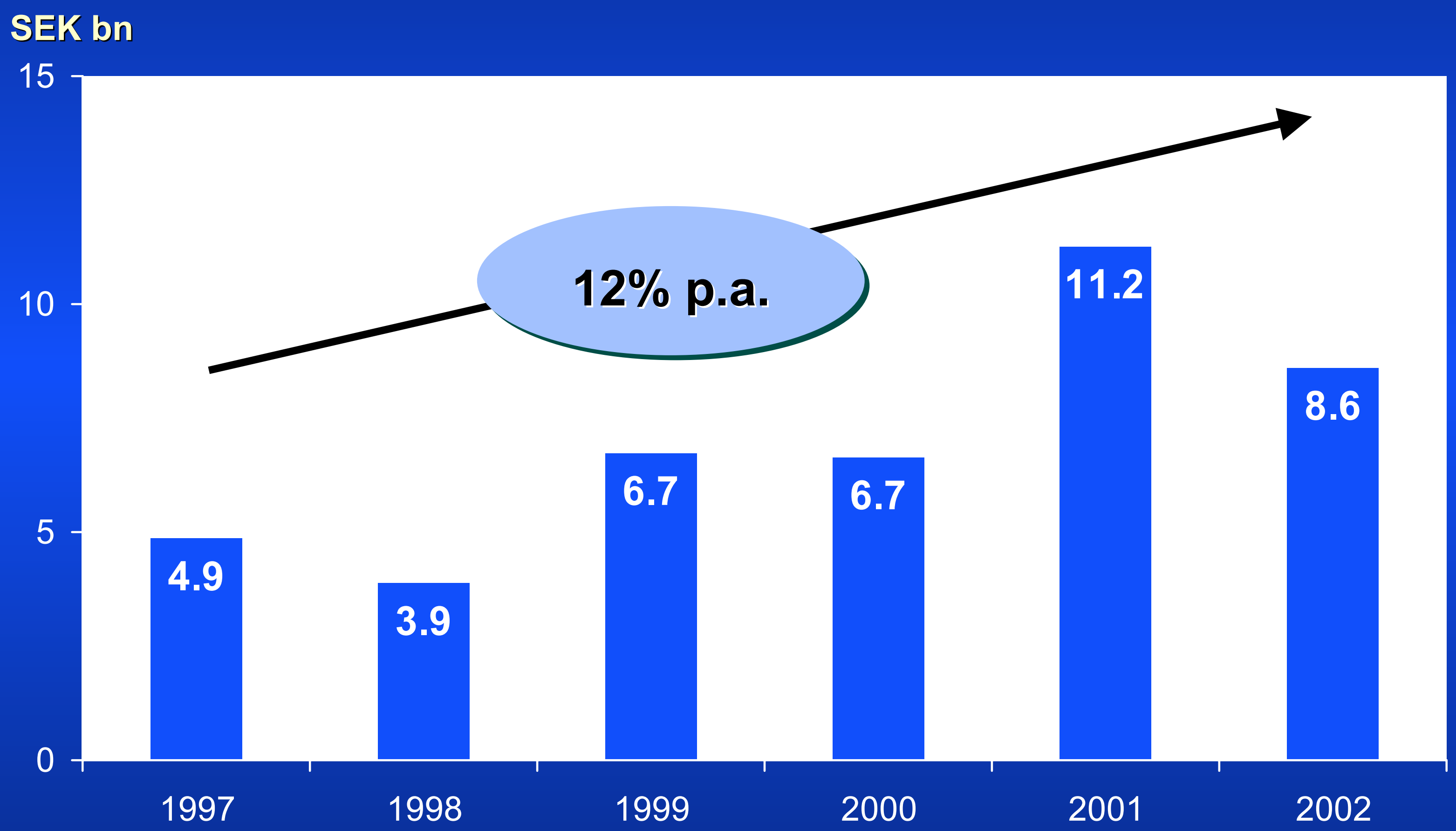
# Agenda

1. The transformation of SCA
2. Performance development
3. Future value creation

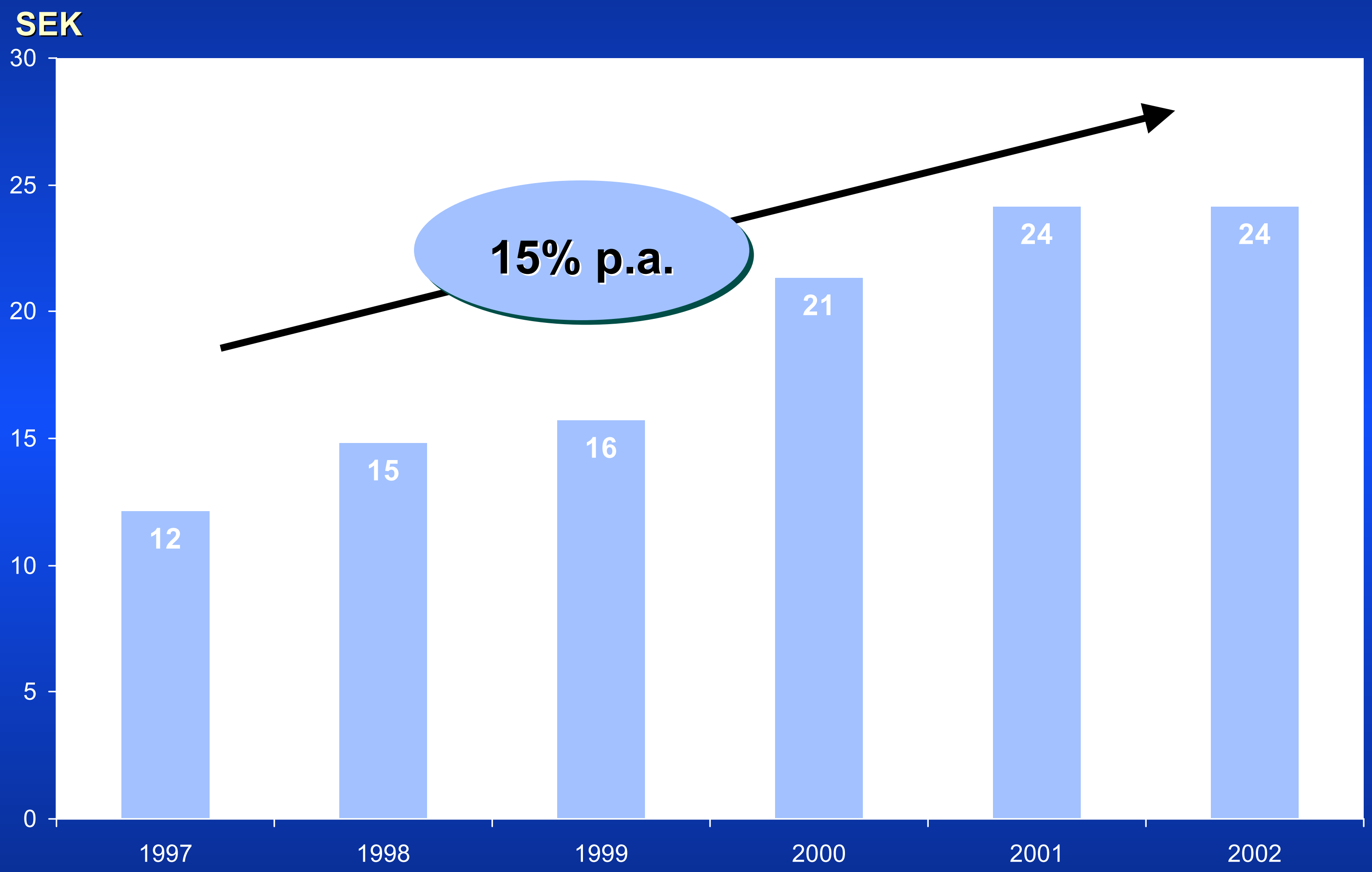
# Strong top-line growth…



# and strong growth in cash-flow from current operations



# Double EPS* in five years




*** Adjusted for extraordinary items**

# Agenda

1. The transformation of SCA

2. Performance development

3. Future value creation

# Strategy for continued value creation

- Maintain rate of growth
  - ✓ Organic growth and acquisitions
- Increase profitability
- Enhance product offering
- International expansion
  - ✓ Outside Europe and the U.S.

# Increased focus on value added products and services

## TODAY: *Focus on production*

Forestry → Inbound logistics → Pulp & paper → Conver-sion → Marketing & logistics → Other value added services

## FUTURE: *Focus on customers*

Forestry → Inbound logistics → Pulp & paper → Conver-sion → Marketing & logistics → Other value added services

# SCA Packaging - Examples of total service solutions

**Global Automotive Customer**

- All packaging materials
- Single contact point
- Pack re-engineering
- Single invoice

**SCA**

**Global Food Giant**

- Full range of corrugated styles
- Display packaging
- High quality print
- Pack re-engineering
- European coverage

**Global High Tech Customer**

- Corrugated boxes
- Printed manuals
- Kitting
- 2 Hour call-off
- Integrated packaging design with cushioning material

# R&D – Closer to customers

- Moving R&D forward up the Value Chain
- More Product and Service oriented R&D
- R&D closer linked to Business Impact
- A well balanced R&D Portfolio in between customers/end users and basic technologies is a necessity

# How SCA will keep its Competitive Advantage

- Keep moving up the value chain
- Focus on margins, not tons produced
- The customer is your partner, not your enemy
- Think of the total solution, not discrete steps
- Optimize the service chain to get total efficiency

PIMA

# Thank You


SCA