

INFORMATION

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SCA expands its packaging operations - acquires Nicollet, a French company

SCA has acquired the French family-owned Nicollet packaging company for SEK 1,035 M. (EUR 115 M) The purchase price (SEK 1,035 M on a debt-free basis), is equal to 6.9 times the company's operating surplus (EBITD) and 10.3 times its operating profit (EBIT), based on estimated earnings in 1999.

The acquisition is expected to exceed SCA's weighted capital cost by approximately 20% (CVA index 1.2) and is being made without diluting SCA's earnings. A proforma calculation, based on 1999 profit level and financial costs based on acquisition financing structure according to SCA's target debt to equity ratio of 0.6 times has shown that the acquisition increases cash flow from operations by SEK 55 M or SEK 0.30 per share.

Nicollet has annual sales of slightly more than SEK 1 billion, with a total of 840 employees.

Nicollet focuses on high-growth, advanced packaging solutions. Its customers, who are mainly in markets for consumer products, include suppliers of packaging for detergents, perfume and processed food, sweets and biscuits. The company's product program, which features a high degree of microfluting and advanced printing, is a further example of SCA's expansion into value added products. Other examples include the recent acquisitions of the Cochis company in Italy and Rexam Corrugated in Great Britain.

Nicollet has three plants in France: in Rochechouart (near Limoges), in Toury (near Orleans) and in Neuville-aux-Bois (south of Paris). In 1998 approximately 70,000 tons of raw material were converted to more than one million packages amounting to approximately 125 million square meters. Nicollet does not produce any paper.

The French market for corrugated board products, which amounts to 4.8 billion square meters, is the third-largest in Europe, with annual growth of approximately 3% during the 1990s. The segment for high-grade board in which Nicollet has the greater part of its business amounts to between 15% and 20% of the total market and is growing at a more rapid rate.

SCA Packaging France, with four integrated corrugated board plants and five sheet plants, has been successful in developing the French market. Sales in France amount to slightly more than SEK 1 billion, with volume of more than 230 million square meters and approximately 5% of the market. SCA's integration in paper packaging will increase as a result of the acquisition, which is in line with the company's stated objective.

Nicollet will be consolidated in SCA's accounts as of 1 August 1999.

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