

INFORMATION

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SCA expands in premium packaging through German acquisition

SCA has acquired the German, family-owned packaging company V+D Stabernack (Fulda Verpackung + Display Stabernack Jr Partner) for a purchase price that on a debt-free basis amounts to about EUR 131 M. The acquisition is part of the strategy to develop a European network for the production of high-value packaging products with advanced printing.

Stabernack's operations are primarily focused on premium packaging with advanced printing. In addition to packaging products, Stabernack manufactures display products, such as point-of-sale displays of corrugated board and other products for displaying customers' products in stores. For the production of these products, Stabernack has at its disposal advanced printing equipment for both preprint (pre-printed surface materials for packaging), as well as offset printing. Customers consist primarily of such brand name producers as Henkel, Kraft, Nestlé and Nokia that sell their products on the German market.

Stabernack has four integrated corrugated box plants in Germany, as well as an additional six independent conversion and service units in Germany, the Netherlands, the Czech Republic and Poland, some of which are completely focused on the design and manufacture of point-of-sale displays. Sales in 2001 amounted to EUR 167 M, with some 1,350 employees, of whom 5 percent work entirely with product design.

The acquisition primarily supplements the corresponding operations that SCA conducts in France through SCA Nicollet and in several other European units and is intended to strengthen SCA's network of units that can serve the rapidly growing need throughout Europe for premium packaging with advanced printing. Through the acquisition of Stabernack SCA will also be able to further increase its liner integration, locally and totally.

SCA's German packaging operations currently include two testliner mills as well as extensive corrugated box operations. The corrugated business has annual sales of about SEK 2.7 billion and consists of two units for the production of packaging with advanced print, but is in other respects mainly focused on traditional transport packaging.

Based on the operating surplus during 2001, the EBITDA multiple for the acquisition amounts to 8.5, while the ratio of acquisition price to annual sales is 0.8. The net present value of future free cash flow can be estimated to exceed the purchase price by 30 percent (CVA index 1.3) and the acquisition is expected to have a positive effect on SCA's profit after tax during the first 12 months.

Within three years, the net contribution to the Group's net earnings is expected to amount to the equivalent of approximately SEK 0.15 per share annually. Based on a debt/equity ratio of 0.7 (the target for the consolidated debt/equity ratio), the acquisition will on a cash flow from operations basis deliver a 2003 pro forma contribution of SEK 140 M, corresponding to SEK 0.60 per share.

The acquisition is subject to the approval of the relevant competition authorities and is expected to be included in SCA's consolidated accounts as of September 2002.

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A press conference will be held today at 13:00 CET at Salén Konferenser, Aulan, Norrlandsgatan 15, Stockholm and a telephone conference will be held at 15:00 CET. For further details, please visit www.sca.com.