SCA Q1 Report January-March 2012
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Chaired by Jan Johansson

Good afternoon, and welcome to the SCA Interim Report. To start with a few words on the major processes we have within SCA. Now, we are the process of changing the company substantially. We have the acquisition of Georgia-Pacific; we have the divestment of packaging; we have established a joint venture in Australia; we have acquired a company Everbeauty in China; we have increased our shareholding in Vinda; we just announced today that we have acquired the remaining 50% in the Chilean company, PISA; and we have introduced a completely new organisation within Hygiene which will bring us closer to the customer, but also gives us the opportunity to substantial efficiency improvement. We have also expanded our Forest operation by an acquisition in France.

All of this is going according to plan. One thing that we don't have control over is, of course, the global development and you all know that the forecast is coming down when it comes to growth globally. We see some positive sign in the USA and we can also see that on our sales. We also see the forecast in China is coming down slightly, but the interesting thing is that the products we have in China are growing as fast as they've ever done. So it's different areas within China where we actually see growth going down. It's probably in infrastructure that it's coming down, but consumption, the internal consumption, in China is growing very, very fast.

Once again our Hygiene portfolio is doing very well. We are growing volumes, we are taking market share, and we are improving profitability, except for what we normally have in the first quarter is the seasonality. We have that every first quarter compared to the fourth quarter. We have, though, been able this quarter to offset a good part of the seasonality by promotion, but then, of course, promotion is adding cost to the system but keeping volume in the system.

The part of our business that has been influenced negatively by the economic development is Forest industries and we have two aspects of that: one is, of course, the economy itself, but also that we do have a change in behaviour in the market from the customer. We have a structural development. If we look at newsprint first quarter, this year's first quarter, against last year consumption is down 10%. If we look at magazine paper, it's down 5%. Magazine paper in my view is more the economic situation and not the structural change, but newsprint is structurally changed again and as a business we have to address that in some way. As you know, in the US, for example, the consumption of newsprint is down 50% in the past five to seven years, so we still have a huge overcapacity in the European market. On top of that we are getting, of course, export from the US and even Asian into Europe and that is putting pressure on price. So the main impact on Forest, I'm getting back to that, is price, but also increased costs.

So to summarise this part, everything we have control of is absolutely in plan. Hygiene is doing well, will continue to do well, and there is some problem within Forest which we will address, of course, the way we can when it comes to productivity and costs.

Looking at the Q1 results, we do have a sales increase, a total in the business like for like with 4%. We have high volumes, we have higher prices and also a continually very good growth in emerging markets, both within Tissue and Personal care. Then in Forest we are producing at 100%, we have higher volumes, but lower prices and also some higher raw material costs. We have increase in EBIT of 7% and, once again, it’s volume, it’s also cost saving and we also see some lower raw material prices in Q1 compared to Q1 last year. We also are focussing, as you know, very much on cash flow and we had a substantial improvement in cash flow compared to Q1 last year. We are still on healthy level when it comes to gearing and the net payment capacity is also on a level where we want to be.

Going into Q4 to Q1, as I said, we had the normal seasonality and actually from a profitability point of view, it was much larger last year than it is this year. If I remember rightly, I think we had some 500 million in difference between Q4 and Q1 and this is also very much coming in this case from Forest and its price, but also higher promotion during the first quarter. When it comes to EBIT we also have some impact of higher energy cost compared to Q4. Personal Care, Tissue, seasonality, marketing activities, we have seen some lower raw materials costs in part at least in Personal Care, but during the quarter we see some of the important raw material costs coming up a little bit. Pulp, Waste Paper, Oil Based products, only excluding Oil Based products, only driven by China, because there is no development in the Western world that is actually supporting any increase in raw material costs whatsoever. And we know that China goes into the market, goes out to the market, and it will have an impact up and down even through this year.

Coming back to Personal Care, as you can see we have good sales growth in all our categories and as high as 23% growth in our emerging markets, so overall like for like an 11% growth compared to Q1 last year. We have an EBIT improvement of 24%. There’s a lot of stories in this now because we have so many changes in the companies and we’re trying to at least find somewhere where we can compare like to like. We have higher volumes, we are still gaining market share, and we are growing the Incontinence business. We are investing in innovation and that should have a positive impact on the result and it has, and will; continue to have, and we do have a cost programme, as we communicated to you at Q3 last year and that is also gradually coming as a benefit in profitability.

Going over to Tissue, we also have a situation where we have seasonality between Q4 and Q1, but an increase in consumer Tissue AFH and also emerging markets with 14%. Here we have a substantial improvement in EBIT, as much at 48%. Higher prices: as you know, we implemented price increases both here and away from home in consumer Tissue last and we see some of the impact now in the results. We also have continuous improvement in product mix. In the US which is the market where we are striving to improve the mix most today because we still have a lower portion of added value sales than we have in Europe and that is growing substantially well, so as we get new contracts, there’s a complete different margin as the volumes we are replacing. We also have the positive impact of lower raw materials in our Tissue operations.

Then, once again, coming back to Forests, we do have a higher volume in publication paper. We also have a slight increase of prices in magazine paper, but we are suffering in Solid Wood, we are suffering in kraftliner and also in pulp when it comes to price. When it comes to volume, we are still increasing volume. The storm we had in the north of Sweden which took down 10% of the yearly production is adding cost to the system but, of course, it's much more expensive to try to harvest when trees are lying like this over a huge area, so that's also a cost increase in this quarter impacting profitability and EBIT. We continue with efficiency improvements in Forests and, as you know, we have a history of productivity improvement of maybe 2 to 6% every year, and that's something we will continue to drive through this year and going forward.

So, a short presentation summary. Lots of projects ongoing in the company today, big changes, everything is in control, everything is according to plan. Hygiene is going, I think, exactly as we forecasted it to do in the last quarterly report, and a weaker result in Forest operations than we expected due to price decreases and cost increases. A few words on Packaging, the parts that are going to be divested, is that we do see an increase in corrugated volume with some 0.8% Q1 to Q1, testliner price increases that we announced have gone through by €60 and there will be another €20 coming in April. Kraftliner: we will increase, or have increased, prices with €30 and there will be another €30 coming later this spring, and that's absolutely necessary for Kraftliner, to get it up to a decent level. The market balance in Kraftliner is quite good now. It's actually better than the testliner, but so far we have been able to increase the testliner in a higher speed than the Kraftliner prices.

So with that, ladies and gentlemen, we open up for questions.

Questions and Answers

Karri Rinta, Handelsbanken

I look at the deviation analysis that you provide, there was some 250 million in other costs in Hygiene operations, i.e. Personal Care and Tissue. Can you go into a bit more detail on what these costs were and whether they were of a first quarter nature or whether they are sustainable going forward as well?

In that deviation analysis you have also the impact of that we have deconsolidated the joint venture in Australia and New Zealand, so we have that profit last year. We don't have that in our own P&L this year. And then you have I will see the normal, some more A&P spending this year as well.

Okay, but if I then if I look at the profits on your associated companies, that actually went down quite significantly year on year.

You can say so because as you sell the company you are taking in your share of the net earnings, not the operating profit, and of course we also divested half of the company.

All right, thanks.
And, of course, you have also a positive impact on the financial proceeds you received from the divestment.

Mikael Jåfs, Cheuvreux

Now you're going through a lot of big changes. Could you please update us if there are important dates that we should be aware of? Will these go into the watchdog scrutiny or not?

Well, I mean, we are in the process already with Packaging and Georgia-Pacific and that is so far anyway going according to plan. Packaging is more simple from a competition point of view; GP is more complicated which means it will take a little bit longer time, but we still are aiming within this quarter to finalise both.

Thank you.

Operator, we are now ready to take calls from the telephone conference.

Markus Almerud, Morgan Stanley, London

Hi, Markus Almerud, here at Morgan Stanley. I just wanted to come back to Forest product if I may and first, of all when talk about the 10% drop of newsprint is more than we see in the market, we haven't seen much numbers yet, but if I look at just January and February, it doesn't fall that much. So is it your asset base and the wood base which is... do you lose market share and can you just clarify that a little bit? And would you say that most of the mess .. you don't break it up between publication and forest products anymore, so is the shortfall more in the Forest products area? You were mentioning the pulp having problems and also solid wood and higher cost because of the storm, etc, so if you could just clarify that a little bit too please?

The first figure is the market date. I mean, we are selling everything we are producing and I've actually got the market date at March also, but of course it's difficult if you look at produced in Western Europe, sold in Western Europe, delivered in Western Europe, from the US, from China, etc. I have taken that figure, the whole European market and all the supply wherever it comes from, whether it's produced in Western Europe or not. And then you get a 10% for Q1. So it's not the SCA figure, it's actually the market figure.

Coming back to the second question, you are absolutely right. It is within the other areas than publication paper that we have had the hardest hit when it comes to the profitability.

Then also you write in the report that on the publication paper side, prices are still unsatisfactorily low. I mean, we are going into price negotiations season quite soon. Is it too early to have any comment on that, what you would be looking for and if you think that you will be able to get prices up?

I think with the current situation, demand going down and an oversupply, to be able to see some price increases in newsprint would probably be very, very difficult, and normally you have a yearly contract, although it's more common now maybe with six months, and we also have a difficult situation within magazine paper, so as I see it now, I'm not sort of calculating on any price increases in publication paper. We do have some in Q1 already from last year, but except for that I can't see any sort of market situation that will allow price increases.

On the other hand, we will increase prices in hard wood in our saw mills, so that you will see coming in the second quarter and then it depends on the market balance, the second half, if we can continue to increase prices because that's more an oversupply situation than a demand situation.

All right. Thank you very much.

Jussi Uskola, Deutsche Bank, Helsinki

Okay, it's Deutsche Bank. Two questions if I may? The first relates to your promotional activity that you mentioned for both Personal Care and Tissue. I was just wondering can you quantify the impact of this both in prices and costs a bit so that we get a better understanding, because I was a bit surprised that we were seeing such a drop in price and mix during the quarter. And second of all, does this continue when we move into Q2 or should we assume some kind of a normalisation in your pricings?

The second relates to testliner. I was just wondering, you were saying that the European market as such is a bit more balanced right now for Kraftliner, but how do you see the level of imports right now and perhaps the overall channels, inventories. Thanks.

Well, maybe just a reminder, we have actually increased the EBIT with 24% in Personal Care and 48% in Tissue, compared to the same period last year, and we do have, and we always have, seasonality, quite a big seasonality difference between Q4 and Q1. But we have less this year because of the promotion activities. We haven't communicated how much we put in promotion and that's not something I will reveal either for many reasons, but there is actually a substantial improvement Q1 to Q1.

The second question, I've forgotten. What was that?

It was about the Kraftliner market and how do you see the level of imports to Europe right now and the channel, inventories?

I think with the low prices we have seen on the Kraftliner side in the last quarter, the imports have been very, very small, and it has been actually for the past. There's a reasonable balance in the market including imports, but we do have a price drop rather than a volume drop. Actually volume is up during Q1. So from that perspective, there should be a market situation that really would allow the price increases I indicated and those together will mean more than SEK300 million in the improvement of results in Kraftliner.

Okay, thanks.

Oskar Lindstrom, Danske Bank, Stockholm

It's Danske Bank. I have a question especially on the Personal Care side. What significance in the Q1 results did the divestment and deconsolidation of the Australasian business have? Could you quantify that please? And also if there was any unusual size in the seasonal effect in Q4 that we saw? That was my first question.

If you look at the presentation, the 24% improvement in EBIT, there we have excluded the Australian business. The 15% improvement is included.

All right, thank you. And also on the Personal Care side you mentioned strong growth in emerging markets. What about the situation in Europe and North America?

In Europe the underlying growth in terms of people getting a higher income and buying more products is, of course, quite weak. The growth is driven here by innovation and new products.   So overall we are in a growth situation where we have been over the past years, but we do gain market share also in part of the portfolio, which, of course, is helping the growth.

Okay. On the Tissue side, can you say anything about price pressure and the outlook for the rest of the year and then, secondly, also on the Tissue side, if you could quantify the effects of the rising pulp price. Should we see that already in this quarter, Q2, or will the bulk of that be in the second half of this year please?

Well on average we have 45 days delay when we see the impact of price increases on pulp, so that means, of course, what you have seen in Q1 will have an impact in Q2. And normally we haven't seen any substantial price increases, to just conclude that. But normally there is a delay. If you see a price increase, especially if you see a fast and sudden price increase, we cannot offset that in price increases to our customers and consumers immediately. It's always a delay due to a contractual situation. But we do manage to do it either in terms of cost reduction or price increases over a certain time period. Last year we managed to do within the year, which actually was the first time we managed to do that, but, of course, any price increases in raw material will have an impact on the performance.

And what about the pricing situation on the Tissue side for the end product?

Well, it's always a war, of course, and there is always competition in all our categories, and pulp prices are coming down, as you saw last year. There's always the discussion with our customers on pricing and sometimes, of course, we have to give in on prices, sometimes we don't. Sometimes we even increase our prices. We still have a profitability that needs to be improved in Tissue. The aim we have and the belief we have is that we will gradually improve that going forward independent of pulp prices.

Sorry, you said independent of pricing increases? So then that is the result of sort of further restructuring or cost cuts on the Tissue side?

No. I said independent of pulp prices.

Independent of pulp prices? All right. Thank you.

Thank you.

Linus Larson, SEB Enskilda, Stockholm

Yes, thank you. It's Linus Larson with SEB Enskilda. I'd like to follow up on the price discussion. Do I understand it right that the Q1 price pressures that you see in your

Personal Care and Tissue divisions are primarily mix related and, second to that, in Q1 what should we expect in terms of price mix effects versus Q1, so pretty much a follow up on the previous discussions?

It's mainly price pressure in Q1 in the Hygiene business. It's more a mix question and also, as I said, increase in the promotion, but it's not a price pressure.

Okay. It's primarily a mix question?

Yes.

Great, and any movement that you expect in the second quarter in terms of price mix?

It depends very much on the category, but normally, of course, everything a like... Q2 is a stronger quarter for Tissue but then, of course, everything depending on the raw material prices and currency moves, etc, etc. But Personal Care is not really price driven in the same way as you could see maybe in Forest and in Tissue. It's more promotion and innovation driven.

But there is nothing suggesting that part of the price pressure that you saw in Q1 should be reversed in the second quarter? There is nothing automatically suggesting that?

Well, what I said is Q1 is not impacted by price pressure.

Right, okay. And then specifically on the Personal Care side, on the costs into that division, we have somewhat high oil prices, for instance. What are you seeing in terms of cost developments in the second quarter and margin developments as a result of that?

As we see, of course oil based is following the oil price and we have seen an increase in the oil price which also means that the oil based material will increase and normally we have a delay to three to six months after oil price increases before it gets into our P&L, and we also see some movements on the pulp side, which is also a big part in Personal Care even though oil is the biggest cost item from a raw materials perspective. But I feel quite confident that we will be able to offset that.

Okay. So margins should stick as we go into the second quarter?

That's my assumption today, yes.

Good. Thank you very much.

Or even improve when it comes to part of the areas.

Excellent. Thanks.

Ross Gilardi, Merrill Lynch, London

Hi, Ross Gilardi from Bank of America/Merrill Lynch. Just a couple of questions: the first is on pulp. Prices have been going up, but does the market feel tight to you right now? Is pulp hard to get?

No, it's not. It's actually... the last attempt to increase prices - even though when I talk to my colleagues on the pulp side, they have a different view - It's difficult to get through, so there is a resistance on the market now when it comes to further increases on pulp. Having said that, it will also... I mean, it's boring to mention China all the time, but it will depend on if China continues to buy on stock or not, as they have been during the first quarter. But there is no problem to get pulp, no.

Is that statement relevant for hard wood and soft wood, or one in particular?

No, it's relevant to both.

Okay. Great. I missed your opening comments, I think, on promotional activity in Personal Care. I'm sorry to ask you to repeat that, but could you just give a very quick synopsis? You addressed it some of the other questions, but whether you expect that to continue?

Normally from a volume point of view we see quite a difference between Q4 and Q1 and that's particularly in the area of incontinence where there's a lot of pre-buying because the budgets need to be consumed. But even in other categories we have been partly offsetting that during this Q1 by promotion.

Is the mix impact you're referring to in Personal Care just selling more baby diapers instead of incontinence? Is it just mix migrating towards baby because of the new contracts in Europe?

The new contracts which in one way is extremely positive since we now cover all the costs we have in the private label baby business and will help to improve the overall baby business, but it is a lower margin in that than in the branded business.

Okay. And just generally speaking, I mean, you had some margin slip, and some of it was seasonal, into the first quarter. Does a sort of a 10 to 11% margin in Hygiene overall feel sustainable aside from GP going forward if you have a little bit of pick up in cost inflation continuing?

I think with the processes we are driving now in the company which, of course, are quite substantial, when we have finalised them, I'm absolutely convinced that we will be above that level.

Okay. Great. Will you come out with any new financial targets or update the market on metrics when you've closed GP and the Packaging divestitures? Clearly you're doing a lot to the portfolio now and I was just wondering about that?

We are planning to have communication with the market in the autumn to look at the new SCA and what that means and also from a financial perspective.

Fine. And just one last one, Vinda can you explain what the end game is there? You've gone from 20 to 25% ownership. Do you see being a majority owner at some point or is it just a situation where you're going to increase by small increments whenever you can?

Well, first of all, we believe in Vinda. It's one of the strong tissue companies in China. It's growing by 30% a year and looking at the total investment for SCA, it's been a great investment so far. We also see possibilities to combine part of the business we have in China with Vinda in terms of logistics and distribution, and if we could achieve that, then it will be beneficial both for Vinda and our Personal Care business in China and, of course, if we are a bigger shareholder, it may be a little more easy to have that kind of idea onboard for the company. Of course, a very important change is that Mr Li, as the majority shareholder, is now below 30% as an owner.

I see. And, sorry, just one more, on publication papers I didn't quite understand what you were saying about the market development and your own volumes. You were saying your own volumes were up, and that's year on year, that's what you have in the press release, but the newsprint market is down 10% on a year on year basis?

Yes. If you look at the statistics, that seems to be the case, yes.

And I saw a headline, magazine down 5%. That's the industry for the first quarter?

That's the industry. If you combine the LWC and SC... it's a slightly different development in those two, but if you combine them, it's around 5%.

And you said with respect to testliner and your operation in discontinued operations, you volumes were up 7 to 8% in the first quarter year on year?

On testliner...

You may a comment about corrugated volumes, not...

No, that's all right. 0.8%.

Your volumes were up 7.8%? How was that?

Sorry – zero point eight.

Oh point eight! Okay. That's great. Thanks very much.

Thank you.

Nitin Dias, JP Morgan, London

From JP Morgan in London. I have two questions, if I may, and then if necessary a third follow up. On your Forest products division, your year on year operating profit was about SEK 300 million. Would you be able to give us a sense of how much of that was due to pulp versus Kraftliner versus solid wood and how much of the negative impact did you offset by the earnings on the publication paper side? That was my first question.

I don't want to get into exactly the details on each of the businesses, but the majority of it is within liner and forest operation.

And when you use the term Forest operations, are you including pulp and wood products, or only wood products in there?

Then I talk about forest operation per se, not the pulp and the hard wood.

Okay. Understood. And the second one was just a housekeeping question, as far as your pulp is concerned, all the pulp that you produce internally you account for it as revenues under the Forest products division and for Tissue and for Hygiene, the pulp required is kind of sold on an arm's length basis?

Yes, absolutely.

And the third one was I'm just trying to understand your comments in terms of the industry statistics for magazine and newsprint versus what you had. So you're saying your volumes are higher. Is it because you've gained market share or is it because the geographies you are in did better than the average of the rest of Europe? I'm just trying to understand what's happening there?

In the market situation you have now, of course you have some very important customers that you keep year after year and then you have customers that you can gain in a different year, but we have also been able to export outside Europe, which has been very important, so that's why we haven't sort of had the 10% drop because we have offset within the different markets outside Europe. So we haven't been trying to get market share, but getting it out of Europe.

Okay. That's helpful. Just a follow up on this negative impact that I see on a year on year basis, if I look at it on a sequential basis for the Forest products division, your earnings were still down probably about 150 million or 200 million, roughly in that ballpark. From my understanding, most of the prices of pulp and Kraftliner kind of bottomed out somewhere between Q4 and Q1. Is there a kind of lag effect that you guys faced which meant that your Q1 was worse off than your Q4?

I mean, you're thinking about inventories?

No, no, I'm just talking of the pricing because I see earnings on the sequential basis in the Forest products division down probably between SEK 150 and SEK 200 million and from my understanding the pricing that you're referring, at least on pulp and Kraftliner, kind of bottomed out between these two quarters. I'm trying to understand whether the weighted average impact of pricing was higher in the... I mean the weighted average pricing was lower in the first quarter versus the fourth quarter of last year as well for you guys for pulp and Kraftliner.

Yes, for liner definitely and also we have seen that in the solid wood, for example.

Okay. Thank you very much.

Oskar Lindstrom, Danske Bank, Stockholm.

Yes, it's Danske Bank still. Just two follow up questions, a clarification regarding the mix change in Personal Care which you mentioned. I understood it that it was you selling *more private label baby diapers in Europe and less I presume of everything else including incontinence products than in the previous quarter. Is that correct?*

That's part of the explanation.

Was there any other... and I presume that mix change is going to remain with us in this quarter or for the rest of the year?

But at the same time we have a higher proportion of Incontinence sale in the fourth quarter, which is, of course, impacting the mix.

Okay, so I mean that's where the mix and the seasonal effect...?

I mean, all alike you will see higher baby margin this year compared to last year.

Right. And the promotion that you had in the Personal Care segment, you mentioned that this... because you had heavier promotion in the first quarter than you usually do in the first quarter, you were able to partly offset the usual volume decline that you have Q1 over Q4. Was the promotion mainly in Incontinence or was it related to the increasing sales or the start up of more production on the private label baby diaper side?

It was mainly... nothing in Incontinence but in the other categories.

All right. Thank you. Right, that was my follow up question. Thank you.

Thank you.

Johan Sjoberg, Carnegie, Stockholm

Yes, hi, it's Carnegie here. Could you say something about your promotion... I hate to bore you to death with all this A&P questions here, but promotion in Tissue, has that been a major thing during Q1 versus Q4 would you say?

We have had higher promotion in Tissue in Q1, yes absolutely.

So I mean if you look at your total A&P spending there was about 250 and then you said part of that was due to the deconsolidation of the Australian business. But if you look at A&P spending a split between Personal Care and Tissue, could you give a rough estimate... I know you're not going to give the whole figure, but...

I mean, for the company?

Well, no, between Personal Care and Tissue, just to get a feeling for how big it was in Tissue compared to Personal Care. Was it much bigger in Personal Care or...?

For the specific quarter?

Yes. Yes, please. For this quarter please.

Okay, we have seen higher A&P in both categories.

I hear you try to avoid the question, but in Q2 will we say the same type of A&P spending?

Over the year you will not see a higher A&P than we have had the previous year and Q2 is normally a strong quarter volume wise anyway, so I don't see that we continue with this high level in Q2.

And also the cost for the storm, how much was that, the storm effect or these fellings in Forest products?

We haven't given that out really yet and one reason is also because we don't have all the facts yet. We haven't taken care of all the forest that is down on the ground. But in the end it will probably be a washout of costs because we can buy cheaper also on the market, but it's different timing.

Now publication paper is not something that you're disclosing anymore when it comes to the figures, but were you profitable in publication in Q1?

Yes.

Good. And also the early questions about margins in Hygiene, was that more used for the Hygiene operations in Q2 that you foresaw it to be flat or even higher in quarter two over quarter one.

Yes, that was a long time ago. I think it was a question on Personal Care that I answered.

Okay. And if you included Tissue into that?

Well, I think everything else like in Tissue Q2 should also be a strong quarter, but we do see some cost increases in pulp, so we have to be careful with that.

But on the other hand you have better volumes from your North American away from home business, I guess?

Yes.

Okay. Cool. Thanks a lot.

Thank you.

Markus Almerud, Morgan Stanley, London

Hi, Markus Almerud from Morgan Stanley. Very quickly, what do you see in terms of wood cost going forward, both on the pulp and on the log side?

Well, I mean, the situation is today in the part of the world we operate in, we don't see any reason for that to increase. I know it's a careful answer, but that's what we at least see today, no increase in prices.

Okay. Thank you.

Karri Rinta, Handelsbnaken

Can you give us an indication of what will happen to your pulp balance once you have consolidated Georgia-Pacific, i.e. how much pulp will you be buying on an annual basis?

I think that always they are the biggest buyer in Europe and we are self sufficient to around 40% today. And if I remember rightly - that it will be around 30% after Georgia-Pacific self sufficient in pulp.

Okay. Will that make you more inclined to increase your own pulp production, given that your margins seem to be relatively volatile?

Not really. I think that has to stand on its own merits. I mean, from a Group level, of course, it's good to have some sort of hedge in some commodity, but from a Tissue perspective, they will anyway pay the market price and as long as we are in the same situation as our competitors, that should not be a driver.

What is your 30% self sufficiency? Is that higher or lower than your main competitors in pulp?

It's higher than anyone, I think.

Okay. Thanks.

Julian Gould, Intrinsic Value, London

Yes, hallo, Julian Gould from Intrinsic Value Investors. Can I just ask for the split of the sales and operating profit please in the Forest products division, as you've always provided in the past? And could I ask you to provide that going forward please?

Do you have an answer to that?

Lennart Persson, CFO SCA

No, I have not. What we are giving you can see in the report is that we're giving the delivered volumes.

But you've given sales and EBIT for at least the last ten years that I've covered the company.

Jan Johansson, CEO SCA

That's true, but in the changes we are in now, we have three distinct business units and that's Tissue, Personal Care and Forest operations, and we don't really split up Tissue and Personal Care in the way we did with the Forest previously. So that's why we have decided to keep it similar between the different business areas.

Okay.

Closing Comments

Thank you very much. Until next time...