



# Year-end report 2008

Jan Johansson, President and CEO



# FY 2008

## Summary

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### Group

- Sales growth of 4%
- Hygiene sales growth in emerging markets of 16%
- EBIT decline of 13%\*
- Improved price/mix and higher volumes did not compensate for increased raw material and energy cost (SEK 3.5bn)

### Business areas

- Strong sales and profit growth in Tissue
- Strong sales growth and stable profit in Personal Care
- Significant profit decline in Packaging and solid-wood products

\* Adjusted for items affecting comparability totalling SEK 300m

# FY 2008 results

<b>SEK millions</b>	<b>FY</b>	<b>FY</b>	
unless otherwise stated	<b>2008</b>	<b>2007</b>	<b>Change, %</b>
Net sales	110,449	105,913	4
EBIT	8,554	9,847*	-13*
EBIT margin (%)	7.7	9.3*	
Profit before tax	6,237	7,937*	-21*
Earnings per share (SEK)	7.94	9.80**	-19**
Operating cash flow	7,813	8,127	-4
Debt/Equity ratio	0.70	0.58	



\* Adjusted for items affecting comparability totalling SEK 300m

\*\* Adjusted for items affecting comparability totalling SEK 0.36 per share

# Q4 2008

## Market update



### Hygiene business

- ◆ Stable demand in mature markets
- ◆ Continued good growth in emerging markets



### Packaging and Forest Products

- ◆ Weak demand for Packaging and solid-wood products
- ◆ Price increases for publication papers



# Q4 2008 results

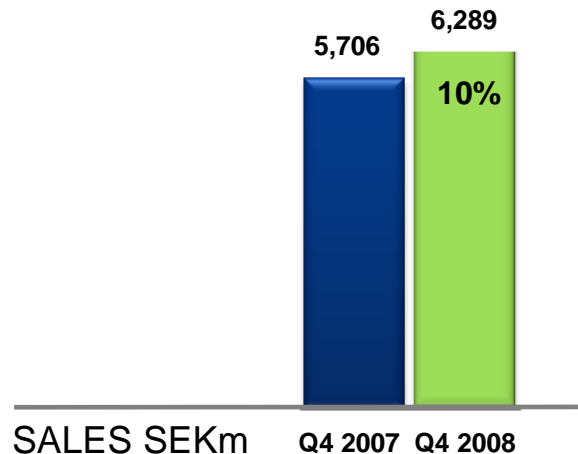
<b>SEK millions</b>	<b>Q4</b>	<b>Q4</b>	
unless otherwise stated	<b>2008</b>	<b>2007</b>	<b>Change, %</b>
Net sales	28,159	27,808	1
EBIT	1,838	2,591*	-29*
EBIT margin (%)	6.5	9.3*	
Profit before tax	1,150	2,042*	-44*
Earnings per share (SEK)	2.02	2.67**	-24**
Operating cash flow	2,686	2,239	20

\* Adjusted for items affecting comparability totalling SEK 300m

\*\* Adjusted for items affecting comparability totalling SEK 0.36 per share

# Personal Care

Q4 2008



EBIT margin      13.7%   11.3%

## ■ Sales increased by 10%

- ◆ *Incontinence care, 11% sales growth*
  - Healthcare sales increased 12%
- ◆ *Baby diapers, 11% sales growth*
  - Double digit growth in emerging markets
- ◆ *Feminine care, 7% sales growth*
  - Positive price and volume development

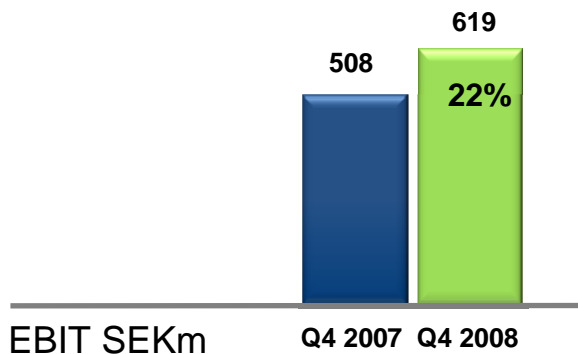
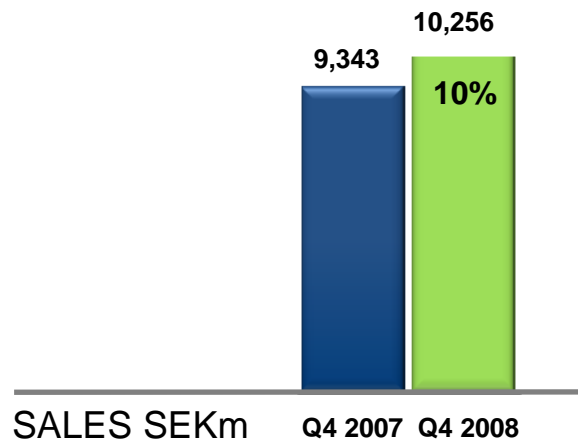
## ■ Sales growth in emerging markets 21%

## ■ EBIT decreased by 9%

- ◆ Improved product mix
- ◆ Increasing raw material costs
- ◆ Negative impact from technology shift in baby diapers

# Tissue

Q4 2008



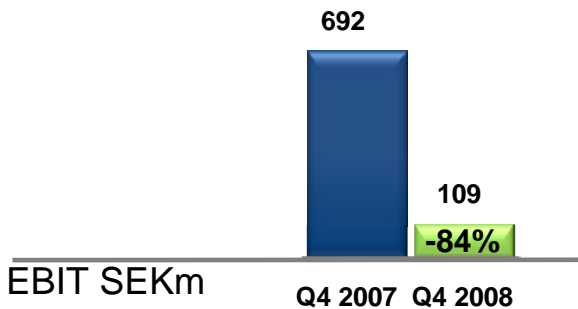
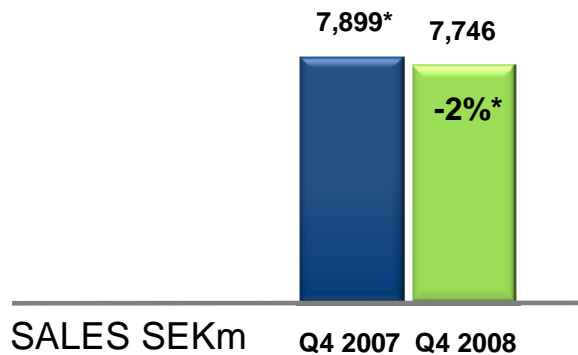
EBIT margin      5.4%    6.0%

- **Sales increased by 10%**
  - ◆ *Consumer tissue, 10% sales growth*
    - Higher prices and volumes
  - ◆ *AFH tissue, 9% sales growth*
    - Lower volumes
    - Price increases in all regions
  
- **Sales growth in emerging markets 23%**
  
- **EBIT increased by 22%**
  - ◆ Higher prices
  - ◆ Synergies from acquisition
  - ◆ Higher raw material, energy and transportation costs



# Packaging

Q4 2008



EBIT margin      8.1%    1.4%

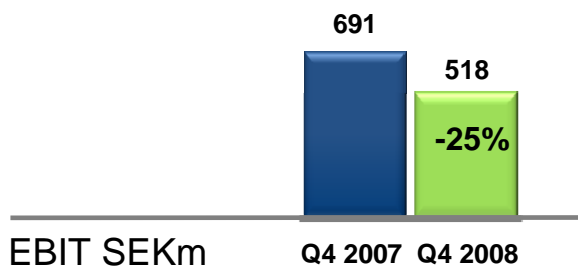
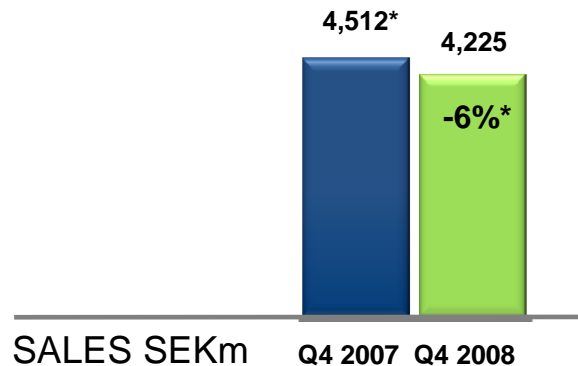
- **Sales decreased 2%\***
  - ◆ Lower volumes and prices
- **EBIT decreased by 84%**
  - ◆ Lower volumes
  - ◆ Higher raw material, energy and transportation costs
  - ◆ Production downtime 92,000 tonnes

\* Adjusted for the divestment of the UK and Ireland conventional corrugated business



# Forest Products

Q4 2008



EBIT margin      14.4%   12.3%

## ■ Sales decrease of 6%\*

- ◆ *Publication papers, increased sales*
  - Higher prices and volumes
- ◆ *Solid-wood products, lower sales*
  - Lower prices

## ■ EBIT decreased by 25%

- ◆ *Solid-wood products, decreased EBIT*
  - Lower prices
  - Production downtime
  - Higher raw material costs
- ◆ *Publication papers, increased EBIT*
  - Higher prices and volumes and positive currency effects compensated for raw material and energy cost increases

\* Adjusted for the transport operations now included in other income

# Solid financing structure



## As of 31 December 2008

- Commercial papers SEK 10.2bn
- Unutilized long-term committed credit facilities of SEK 20.7bn
- Cash and cash equivalents of SEK 5.7bn



# Net debt



## As of 31 December 2008

- Net debt of SEK 47.0bn (37.4)

- Increase related to:

- ♦ Net cash flow SEK -3.0bn
- ♦ Remeasurement of pension assets and liabilities and financial instruments to fair value SEK -3.5bn
- ♦ Exchange rate movements caused by the weaker Swedish krona SEK -3.1bn



# Dividend proposal

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- Proposed dividend for 2008 of SEK 3.50 (4.40)
- Big uncertainty in the general economic environment and the financial systems combined with lower earnings

# Outlook 2009



		<b>Outlook 2009</b>
▪ Hygiene businesses		
♦ Continued positive development		Positive
♦ Still good demand despite downturn in economy		
♦ Good growth in emerging markets		
▪ Packaging		
♦ Earnings will decrease if the negative demand continues		Negative
▪ Forest Products		
♦ Stable development during 2009		Stable
▪ Positive impact from lower raw material costs		



## Q & A

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