

**We invest in winners.** That means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

### Svenska Cellulosa Aktiebolaget AB (SCA)

SCA was established in 1929 as the merger of ten Swedish forestry companies. Following an initial focus on the production of pulp and newspaper, the company subsequently expanded into neighbouring business segments. With the acquisition of the Swedish company Mölnlycke, a European provider of hygiene products, SCA laid the foundation for the Personal Care segment in 1975. Most recently, SCA acquired the German company BSN medical GmbH, and thus strengthened the health offerings in the orthopaedic and the wound treatment and vascularisation segment. SCA is considered a leader in sustainability. It has received several awards as one of the world's most ethical companies.

On 15 June 2017, SCA was split into two listed companies. The hygiene business (EUR 12 billion in sales) will operate under the name Essity, which comprises the Personal Care and Tissue business divisions, and the new acquisition BSN medical. It is supposed to be expanded into a world-leading hygiene and health company. Today, Essity is already represented in 150 countries with numerous strong products, including globally-leading brands such as Tena, Tork and Leukoplast, and regional brands such as Tempo, Zewa and Demak'Up. The forestry business, which is the smaller of the two at EUR 2 billion in sales, remains with SCA. It consists of 2.6 million hectares of forest in the north of Sweden,

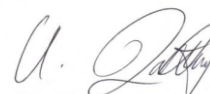
which corresponds to 6% of the country's entire area. Twelve percent of Swedish wind power is generated on this land. Since SCA is pushing ahead with the lease of open areas to energy corporations, the installed volume of currently 2.3 TWh will multiply in the next few years. With timber holdings of 230 million solid cubic metres, SCA is one of the largest private forest owners in Europe. A total of 100 million seedlings are grown in the company's own tree nursery, almost half of which are designated for own use. For each tree that is cut, three new trees are planted, either through natural growth or planting. In this way, the forestry holdings have grown for decades, and will continue to grow by around 1-2% p.a. in the future, even though felling is steadily increasing. The goods produced by the company include timber products, pulp, packaging and print articles, and wood-based biofuels. Using closed systems in the company's own saw mills, pulp and paper factories, almost 100% of a tree trunk is used either for products or to produce energy (from bark, leach and sawdust). The world's largest and most modern pulp factory, currently under construction for EUR 1 billion, will contribute to this development starting in June 2018.

We invested in the company, which generates considerable cash flows, prior to the spin-off on the basis of an equity valuation of EUR 21 billion. Rumour has it that a few months ago, financial investors offered this amount just for the current Essity business.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky