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## **SCA Tissue Announces Joint Venture with American Fiber Services**

*Tissue maker takes an equity position with Atlanta-based recovered fiber specialist*

PHILADELPHIA, November 7, 2008 — SCA Tissue North America, a leading manufacturer of tissue for the Away From Home segment, has taken an equity position in American Fiber Services (AFS), an Atlanta-based recovered fiber supply chain specialist.

“This joint venture will enhance SCA’s access to recycled paper for use in its tissue manufacturing while expanding the ability of AFS to compete in the global market for recovered fiber,” said SCA Tissue President Don Lewis.

AFS currently provides pulp and paper sales and procurement services to clients in 27 states in the US and in Canada and Mexico.

Drawing on existing AFS personnel and the size and scope of SCA's operations, logistics and purchasing resources, the joint venture will allow AFS to provide a menu of consulting and outsourcing services to the pulp, paper and converting industries. SCA Tissue will benefit from access to additional supply markets and increased stability in the historically volatile recovered fiber market.

“The partnership with SCA Tissue will enable AFS to quickly grow in areas that would have taken significant resources and time to achieve independently,” said Mark Zachocki, AFS founder and president. Under terms of the joint venture, Zachocki will continue as president of AFS and his management team will remain intact.

“SCA has a growing business in Mexico, which will enable us to expand our operations there,” Zachocki said. “They also operate worldwide, which provides AFS with exciting future prospects for expansion into other new geographic markets.”

SCA Tissue, with annual sales of \$1 billion (US) and 2,400 employees, produces tissues, napkins and hand towels using one hundred percent recycled fibers. Annually, the company requires 800,000 tons of recycled fiber to meet the manufacturing needs of its four US mills. AFS currently manages more than 150,000 tons of recycled fiber annually.

SCA recently started up a second paper machine at its Barton, Ala., plant as part of a \$145 (US) million expansion and has begun work on a greenfield plant near Mexico City, an investment of \$240 (US) million. The new plant in Mexico, slated to begin operation by the end of 2010, will include a paper machine with a capacity of 60,000 tons per year, three converting lines and a recycled fiber plant.

“Ensuring a stable and consistent source of fiber is essential for SCA's business,” said David Knight, SCA Tissue Director of Fiber Procurement. “By investing our resources in this joint venture with AFS, SCA Tissue will gain valuable insight into the dynamics in the recovered fiber market and be positioned to better take advantage of opportunities in that market.”

## **SCA AFS /ADD ONE**

Combining the complementary resources and expertise of SCA Tissue with those of AFS will strengthen the ability of both companies to pursue opportunities neither could effectively approach alone, Knight said, citing access to the recovered fiber supplies bid out by large national generators of wastepaper as an example.

“SCA Tissue will benefit from the market savvy and experience of AFS, and AFS will benefit from SCA’s financial and strategic strengths,” Knight said.

AFS will not act as a buying arm for SCA Tissue, which will continue to use its own mill procurement personnel and structure, Knight said, and SCA Tissue’s mill buyers will not be involved in the resale of supplies purchased by AFS.

SCA Tissue manufactures Tork® tissue, towel, napkin and wiper products that are engineered for use in commercial settings such as restaurants, office buildings, schools and healthcare facilities. Headquartered in Philadelphia, SCA Tissue has US manufacturing and office facilities in Wisconsin, Arizona, Illinois, Alabama and upstate New York.

A division of SCA Americas, SCA Tissue is owned by SCA, a \$17 billion global manufacturer of personal hygiene products, publication paper and forestry products with headquarters in Stockholm, Sweden. SCA employs 50,000 people worldwide and conducts business in 90 countries.

For more information on SCA Tissue and its products, visit [www.torkusa.com](http://www.torkusa.com). For more information on SCA, visit [www.sca.com](http://www.sca.com).

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