

SCA bids \$1.78 bn for Georgia-Pacific's European tissue wing

Written by AFP / The Swedish Wire
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Swedish paper maker SCA said Thursday it had offered to buy US pulp and paper company Georgia-Pacific's European tissue business for 12.6 billion kronor (\$1.78 billion, 1.32 billion euros).

"SCA has delivered a bidding offer to acquire Georgia-Pacific's European tissue operations," the Swedish company said in a statement.

"The deal is a strategic fit and will strengthen our product offering and geographic reach in Europe," SCA president and chief executive Jan Johansson said, adding "it also leads to substantial synergies."

Georgia-Pacific, one of the world's biggest makers of tissue, pulp and paper, last year saw its European tissue business pull in sales of 1.25 billion euros.

"The annual synergies are estimated at 125 million euros, with full effect in three years after closing," SCA said, adding that related costs were expected to tick in at 130 million euros.

"Already in year one, the transaction is estimated to contribute to an increase of earnings per share and cash flow. With fully realised synergies, earnings per share are expected to increase with approximately 1.70 kronor," it said.

SCA said it had the needed credit facilities to complete the deal to buy the Georgia-Pacific unit, which among other things makes the widely-known Lotus brand of tissue paper and counts some 5,000 employees and 15 production sites in seven countries.

The Swedish company did not say when it expected the deal to close, pointing out that Georgia-Pacific's acceptance of the offer would depend on the outcome of discussions with employee representatives.

If approved by the American company, the deal would also still need a green light from competition authorities, SCA said.

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Following the news, SCA saw its share price rise 1.2 percent in early morning trading on a Stockholm stock exchange down 1.14 percent.