

Year-end report presentation 2017

January 30, 2018



Ulf Larsson, CEO

Summary Q4 2017

Strong market with increased prices

Sales growth of 8% vs Q4 2016

- Price/mix +10%, volumes -1%, currency -1%

EBITDA ¹⁾ up 31% vs Q4 2016, influenced by:

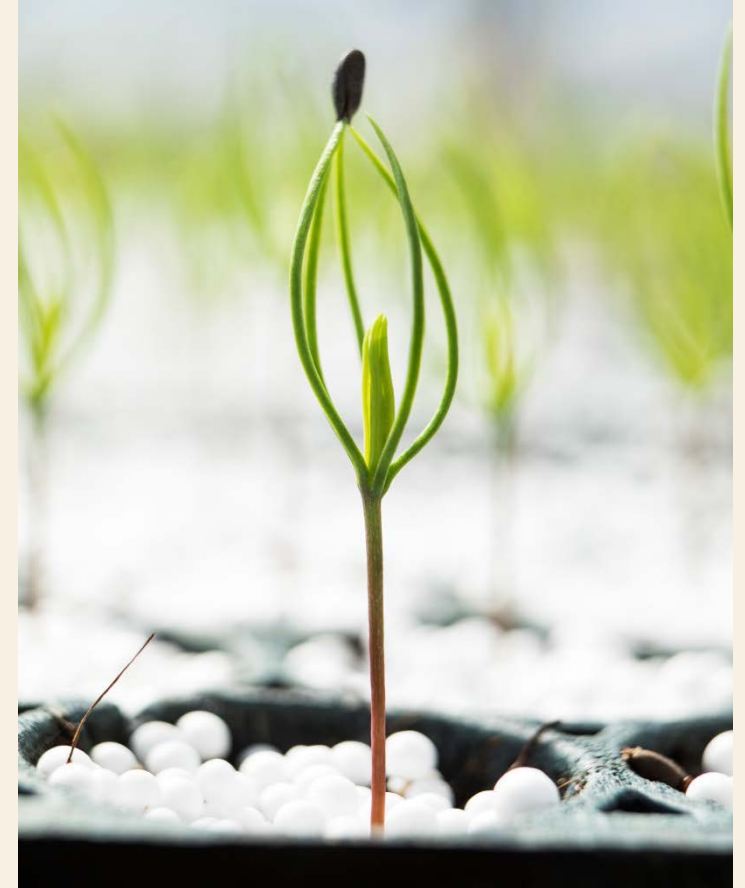
- Higher prices
- Lower operating costs
- Negative currency effects – USD mainly
- Planned extra cost due to Östrand project of SEK 28m (13)

Östrand project progressing according to plan

- Planned start-up in June 2018
- SEK 5.5bn invested up to Q4, out of SEK 7.8bn in total
- Evaporation plant up and running from January

Cost control and stable production

Profitable growth – investment in Munksund, delivering Östrand



SCA's performance 2017

EBITDA (SEKm) ¹⁾

3,761
(3,269)

Industrial ROCE ²⁾

10% / 13%*

Proposed dividend (SEK)

1.50

EBITDA margin ¹⁾

22.6%
(21.3%)

Net debt/EBITDA

1.6x

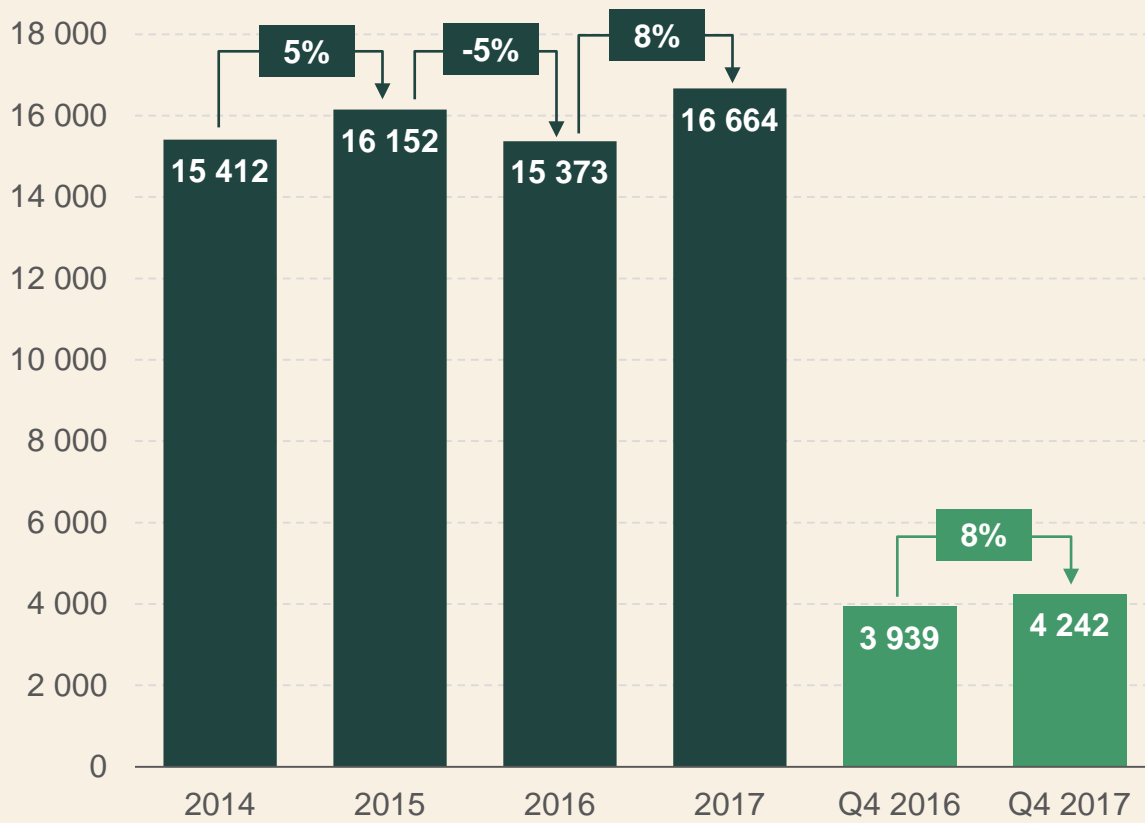
EPS (SEK)

2.67

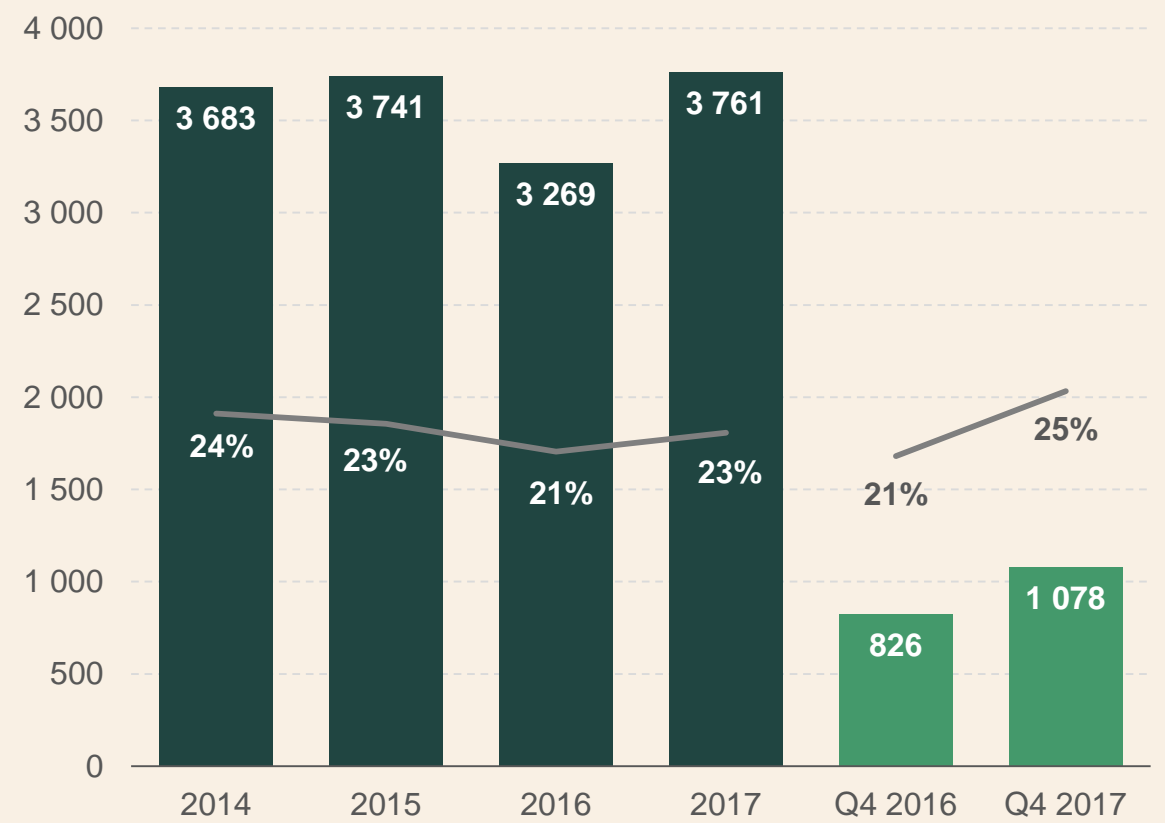
Note: Figures in “(#)” refer to 2016. 1) Adjusted EBITDA and EBITDA margin. 2) Adjusted ROCE for the industrial segments; Wood, Pulp and Paper (* Industrial ROCE adjusted for capex invested in the Östrand project).

Strong and stable performance

Net sales (SEKm)



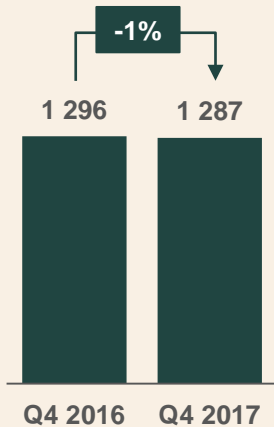
EBITDA (SEKm) and EBITDA margin ¹⁾



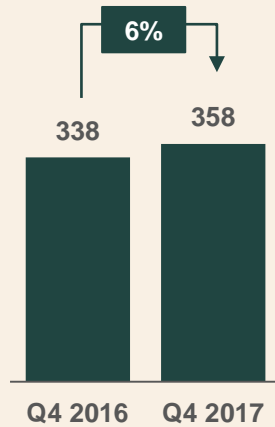
Note: 1) Adjusted EBITDA.

Forest Q4 2017 vs. Q4 2016

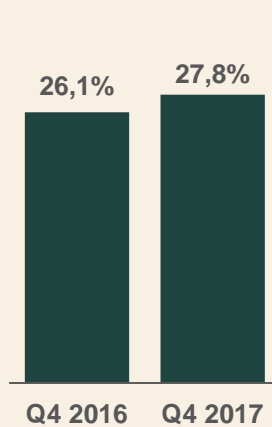
Net sales (SEKm)



EBITDA (SEKm) ¹⁾



EBITDA margin ¹⁾



SCA's region

- Balanced timber supply
- Stable price development with minor increases

4.4m m³sub harvested from SCA's forests during the year

Preparations for Östrand start-up on schedule

Sales remained flat

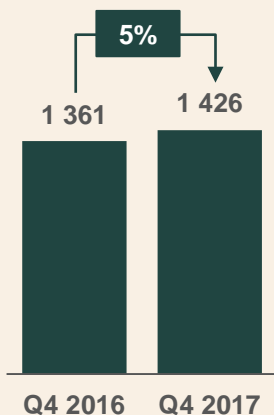
EBITDA ¹⁾ up 6%

- Higher share of deliveries from SCA owned forests
- Stable cost development

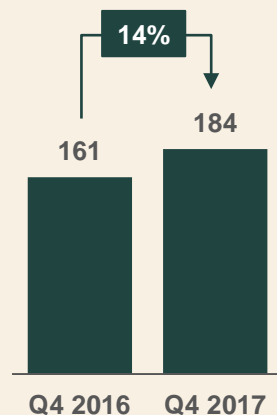


Wood Q4 2017 vs. Q4 2016

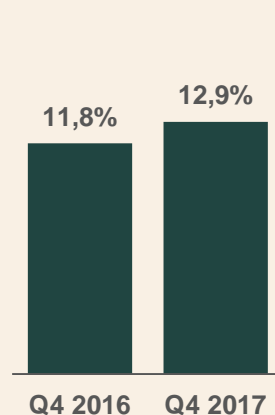
Net sales (SEKm)



EBITDA (SEKm) ¹⁾



EBITDA margin ¹⁾



Strong market with continued price increases

Low inventory levels

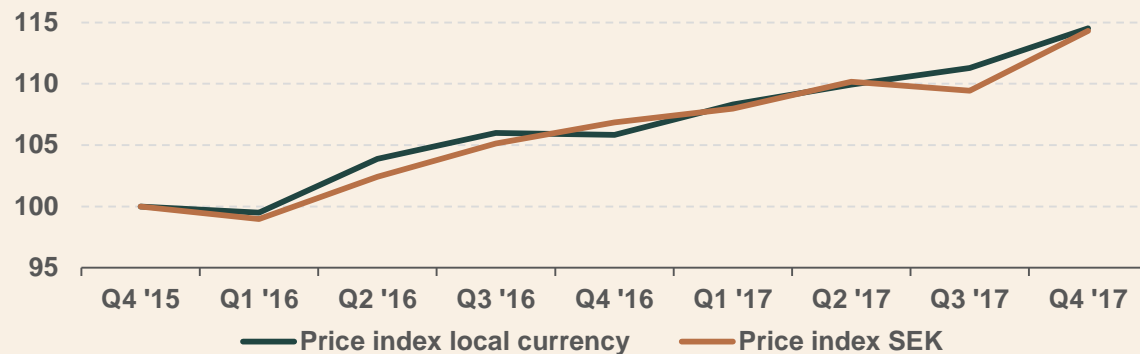
Sales up 5%

- Higher prices

EBITDA ¹⁾ up 14%

- Higher prices
- Strong production – Tunadal performing well
- Good development of timber yield

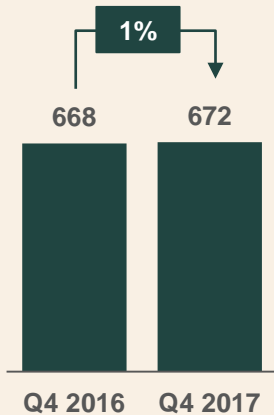
Price development - Solid Wood Products



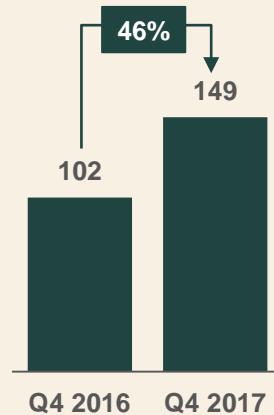
Note: 1) Adjusted EBITDA.

Pulp Q4 2017 vs. Q4 2016

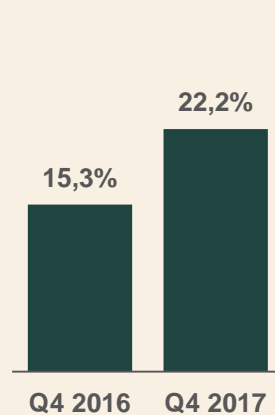
Net sales (SEKm)



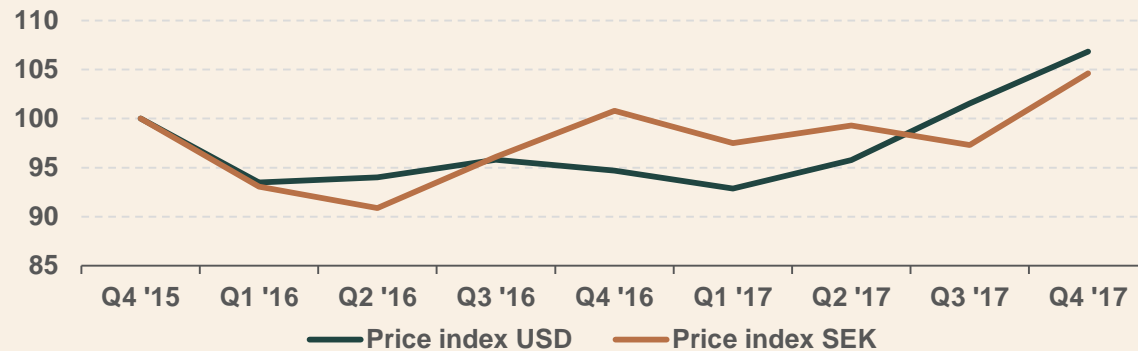
EBITDA (SEKm) ¹⁾



EBITDA margin ¹⁾



Price development - NBSK Pulp



Strong pulp market with price increases

Östrand project on plan

- Planned start-up in June 2018
- SEK 5.5bn invested up to Q4, out of SEK 7.8bn in total
- Evaporation plant up and running from January
- Project related costs SEK 28m (13)
- Production volumes partly affected

Sales up 1%

- Higher prices
- Lower volumes and negative currency effects

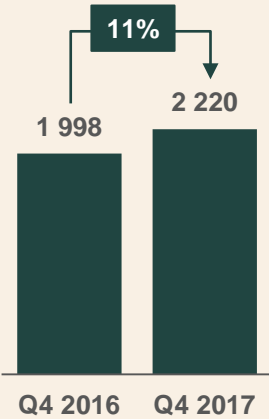
EBITDA ¹⁾ up 46%

- Higher prices
- Revaluation of electricity certificates in Q4 2016
- Negative currency effects – mainly USD
- Maintenance stop SEK 58m (23)

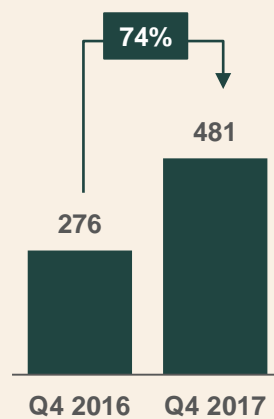
Note: 1) Adjusted EBITDA.

Paper Q4 2017 vs. Q4 2016

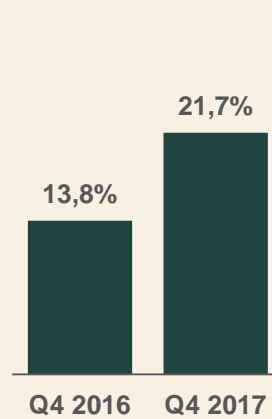
Net sales (SEKm)



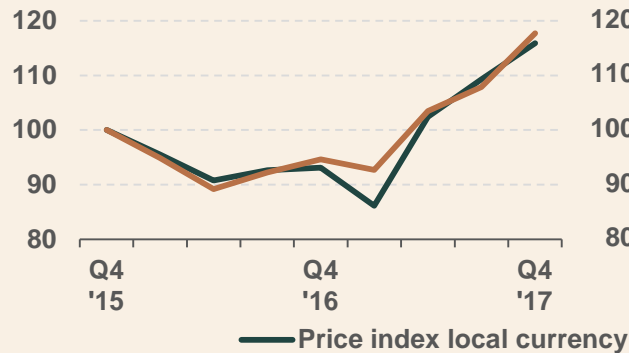
EBITDA (SEKm) ¹⁾



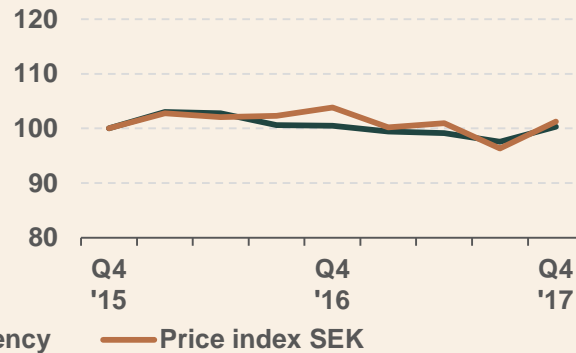
EBITDA margin ¹⁾



Price development - Kraftliner



Price development - Publication paper



Strong Kraftliner market with increasing prices

All time high production in Obbola

Investment in increased white-top capacity in Munksund

Structural challenges for publication paper remain. However, some positive market signs, especially for uncoated

Sales up 11%

- Higher Kraftliner prices and volumes

EBITDA ¹⁾ up 74%

- Higher Kraftliner prices
- Improved product and market mix
- Stable cost development

Note: 1) Adjusted EBITDA.

Toby Lawton, CFO



Income statement

SEKm	Quarter			Full year		
	Q4 2017	Q4 2016	Change	2017	2016	Change
Net sales	4,242	3,939	8%	16,664	15,373	8%
EBITDA ¹⁾	1,078	826	31%	3,761	3,269	15%
<i>EBITDA ¹⁾ margin</i>	25.4%	21.0%	4.4 p.p.	22.6%	21.3%	1.3 p.p.
EBIT ¹⁾	786	539	46%	2,624	2,155	22%
<i>EBIT ¹⁾ margin</i>	18.5%	13.7%	4.8 p.p.	15.7%	14.0%	1.7 p.p.
Items affecting comparability	-	-7	7	-113	116	-229
EBIT	786	532	48%	2,511	2,271	11%
Financial items	-7	-23		-93	-84	
Profit before tax	779	509	53%	2,418	2,187	11%
Tax	-183	-96		-544	-417	
Profit for the period	596	413	44%	1,874	1,770	6%
Earnings per share, SEK	0.85	0.59		2.67	2.52	

Note: Financials excluding discontinued operations. For details regarding discontinued operations please see the quarterly report. 1) Adjusted EBITDA/EBIT.

Proposed dividend

Proposed dividend (SEK)

1.50

Pay-out ratio

56%

EPS (SEK)

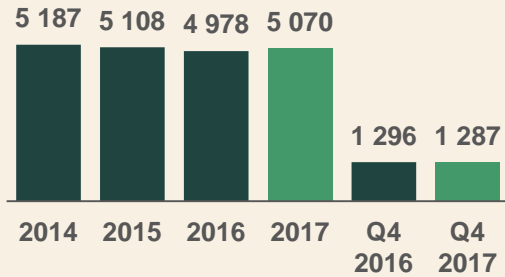
2.67



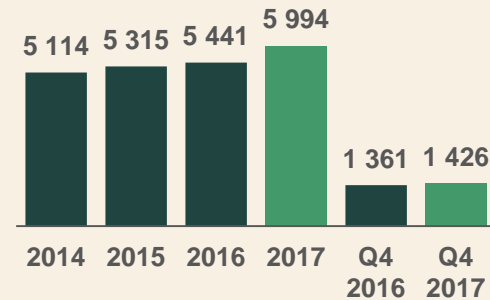
Contribution by segment

Forest

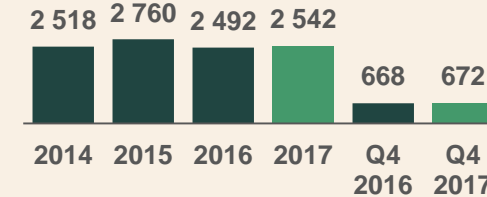
Net sales (SEKm)



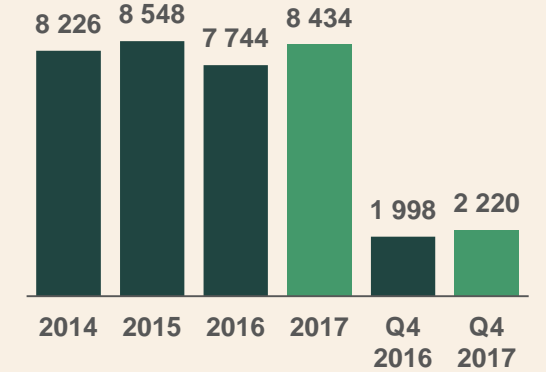
Wood



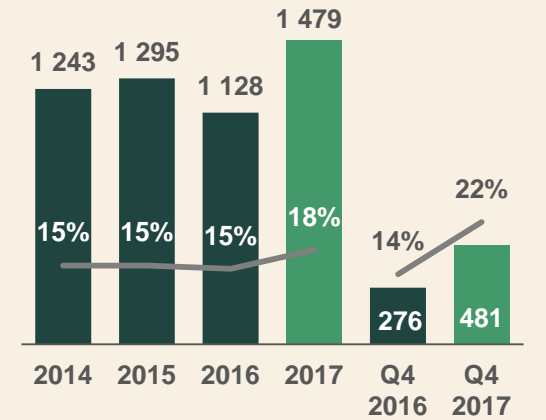
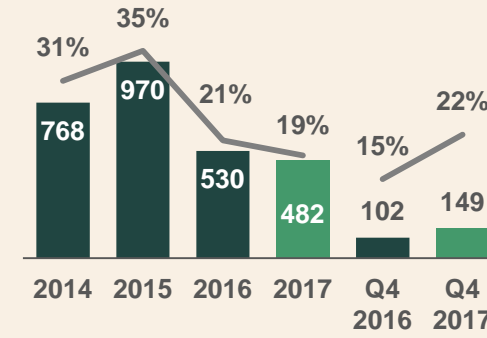
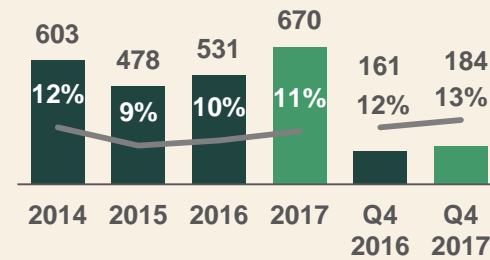
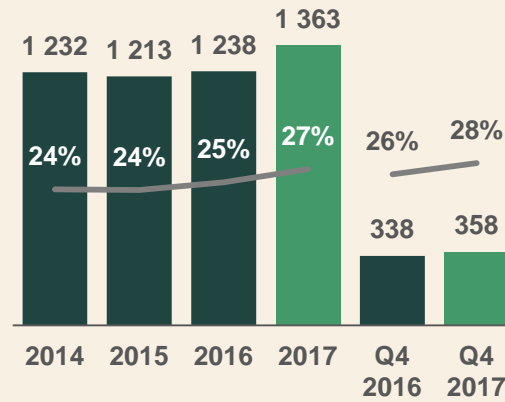
Pulp



Paper

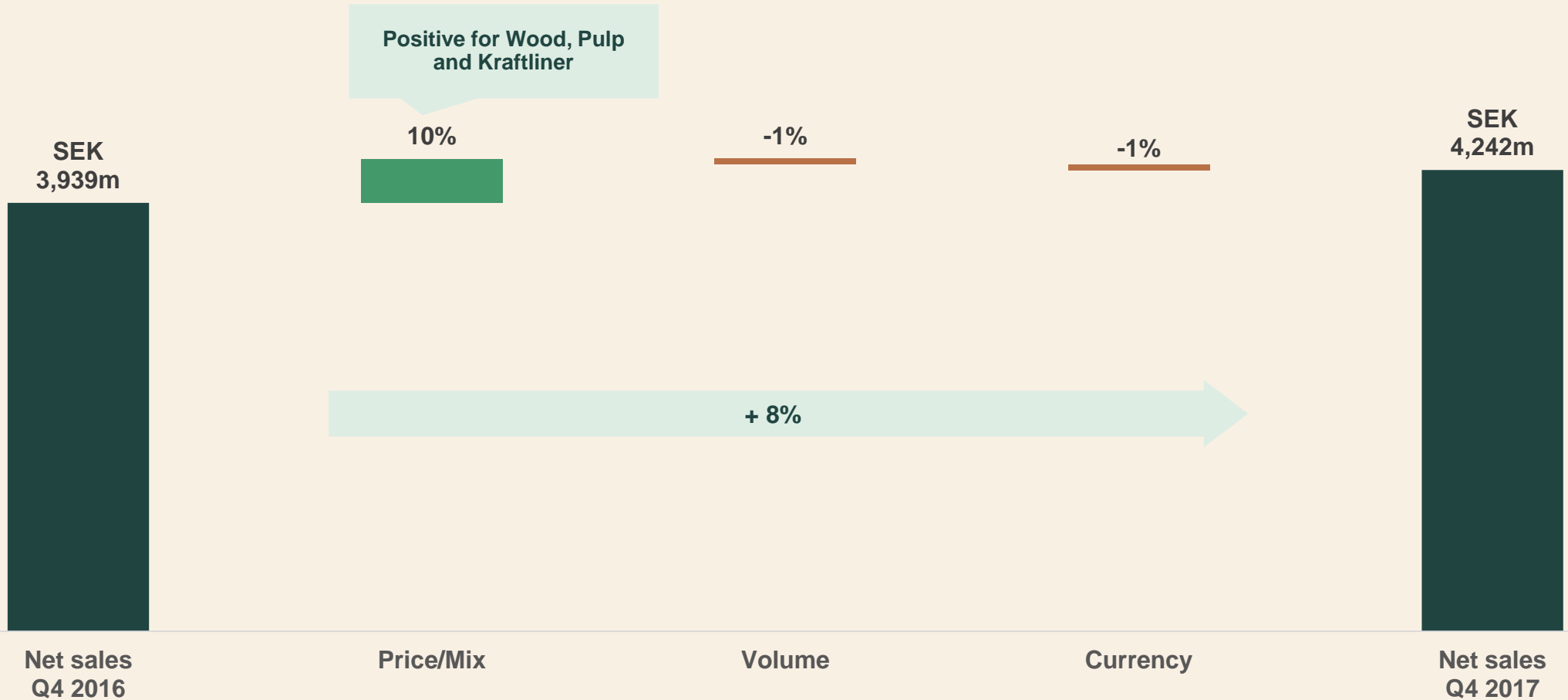


EBITDA (SEKm) and EBITDA margin ¹⁾

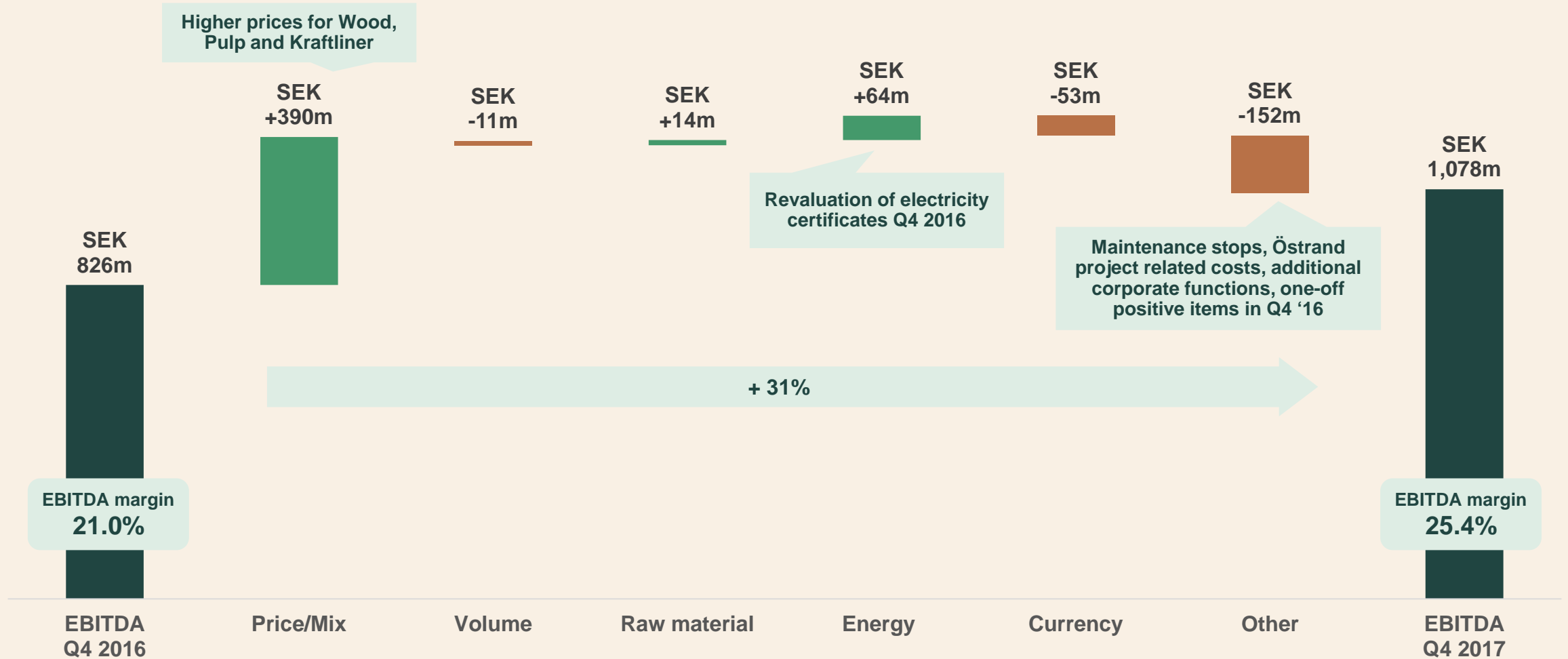


Note: 1) Adjusted EBITDA.

Net sales Q4 2017 vs. Q4 2016



EBITDA ¹⁾ Q4 2017 vs. Q4 2016



Note: 1) Adjusted EBITDA.

Cash flow

SEKm	Q4 2017	Q4 2016	2017	2016
Operating cash surplus	978	713	3,145	2,584
Change in working capital	96	167	-143	374
Current capital expenditures	-219	-272	-638	-959
Other operating cash flow	-13	-38	-91	-82
Operating cash flow	842	570	2,273	1,917
Strategic capital expenditures	-779	-775	-2,863	-2,231



Östrand project costs 2018

Project related costs

- Project related costs of SEK 60m (150), of which SEK 10m (50) depreciation
- Primarily during the first half of 2018

Maintenance stops

- Production start-up is scheduled for June 2018, following an extended maintenance stop of about 45 days
- Expected Östrand 2018 EBITDA impact of maintenance stops:
 - Q1: SEK 0m (8)
 - Q2: SEK 180m (65)
 - Q3: SEK 20m (0)
 - Q4: SEK 20m (58)

Ramp-up related effects

- Increased direct costs for energy, chemicals and wood during ramp-up
- Higher share of B-grade pulp during ramp-up
- Expected earnings impact of SEK 100-250m, primarily in Q2 and Q3

Working capital

- Increase due to higher production volumes, particularly raw material inventory



Balance sheet

SEKm	Dec 31, 2017	Dec 31, 2016
<i>Forest assets according to IAS 41 ¹⁾</i>	31,386	30,770
<i>Deferred tax relating to Forest assets</i>	-6,905	-6,769
Forest assets, net of deferred tax	24,481	24,001
Working capital	2,861	2,740
<i>Working capital/Net sales ²⁾</i>	18%	18%
Other capital employed	15,377	13,386
Total capital employed	42,719	40,127
Net debt	5,966	5,000 ³⁾
<i>Net debt/EBITDA ⁴⁾</i>	1.6x	1.5x
Equity	36,753	35,127 ⁵⁾
<i>Net debt/Equity</i>	16%	14%

Note: 1) Gross value before deferred taxes. 2) 12 months average. 3) Pro forma net debt after reallocation of SEK 5,000m as of December 31, 2016. 4) 12-months EBITDA, up to end of each period. 5) Pro forma equity calculated as capital employed less pro forma net debt.

Summary Q4 2017

Strong market with increased prices

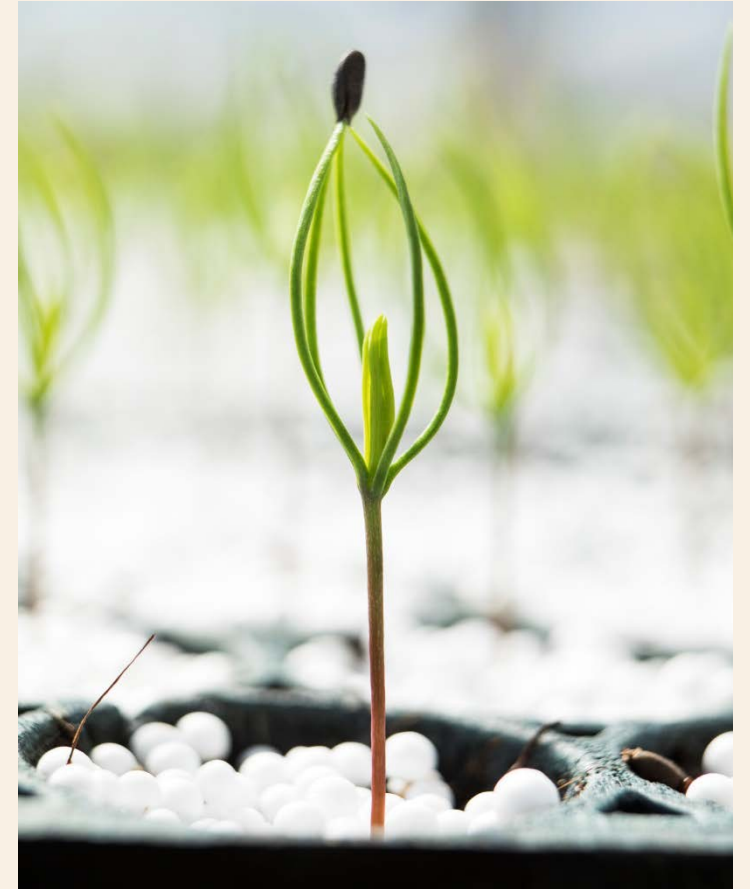
Sales growth of 8% vs Q4 2016

EBITDA ¹⁾ up 31% vs Q4 2016

Östrand project progressing according to plan

Cost control and stable production

Profitable growth – investment in Munksund, delivering Östrand



Q&A

Appendix

Net sales 2017 vs. 2016

SEK
15,373m



Net sales
2016

Positive for Wood, Pulp
and Kraftliner

6%



Price/Mix

Positive for Wood and Kraftliner, flat for
Publication paper, negative for Pulp

3%



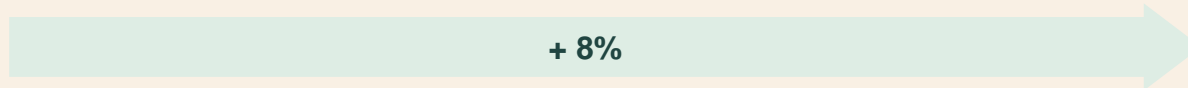
Volume

-1%



Currency

+ 8%

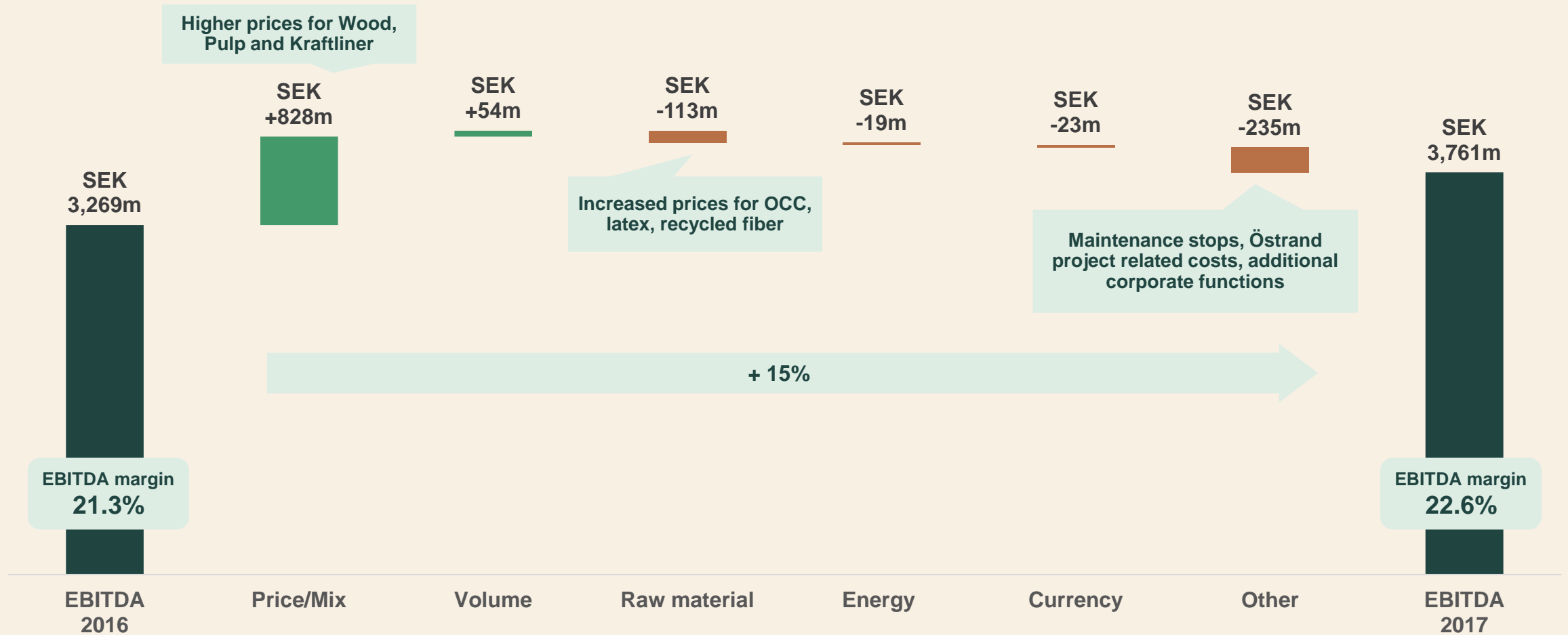


SEK
16,664m



Net sales
2017

EBITDA ¹⁾ 2017 vs. 2016

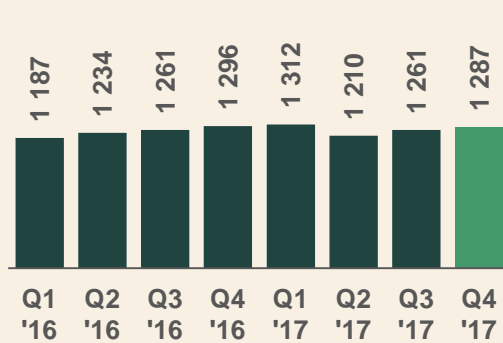


Note: 1) Adjusted EBITDA.

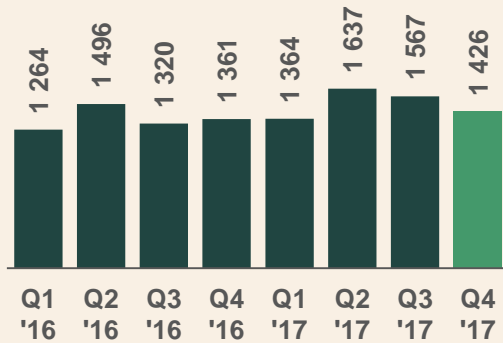
Contribution by segment and quarter

Forest

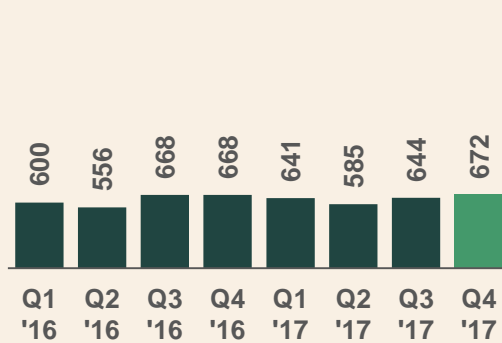
Net sales (SEKm)



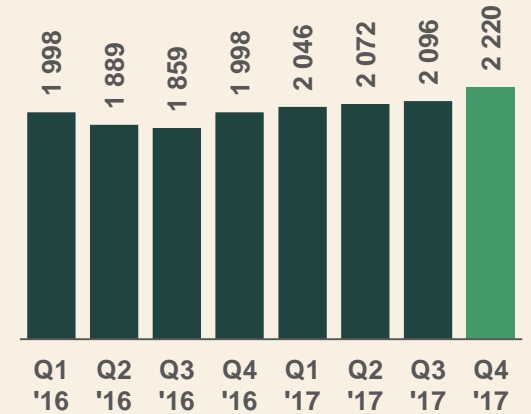
Wood



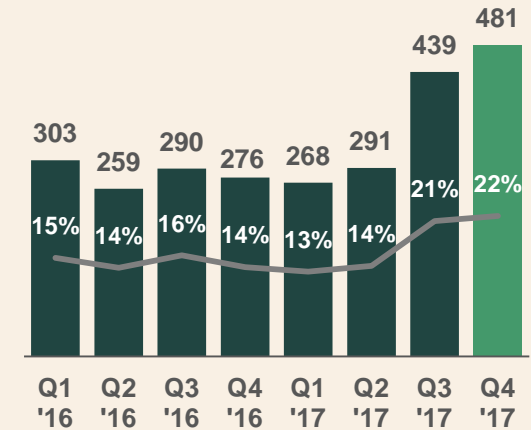
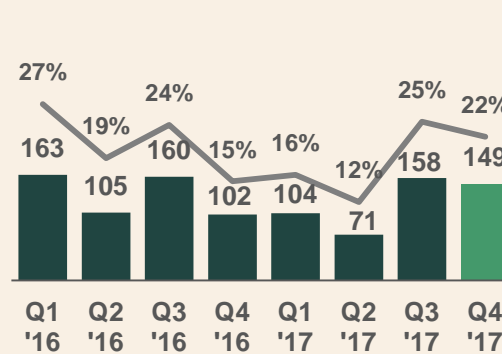
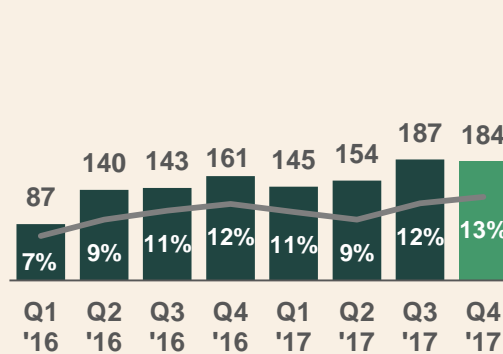
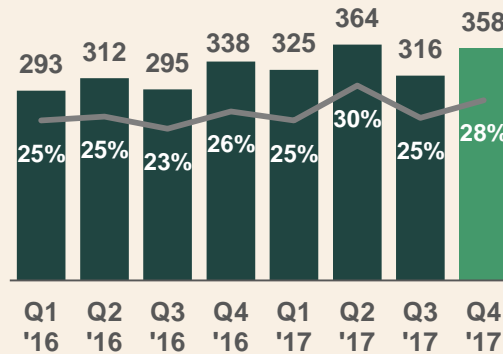
Pulp



Paper



EBITDA (SEKm) and EBITDA margin ¹⁾



Note: 1) Adjusted EBITDA.

A leading industrial ecosystem, driven by the force of the forest

This presentation may contain forward-looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read SCA's most recent annual report for a better understanding of these risks and uncertainties.

