



Interim report presentation Q1 2019

April 26, 2019





Ulf Larsson, CEO



Summary Q1 2019

Prices coming down from peak levels

- Higher vs Q1 2018, lower vs Q4 2018

Sales growth of 15% vs Q1 2018

- Price/mix 5%, volumes 5%, currency 5%

EBITDA up 33% vs Q1 2018

- + Higher prices and positive currency effects
- + Higher pulp volumes
- + Restructuring Wood France (SEK +90m)
- Higher prices for wood raw material

Increasing pulp volumes from Östrand ramp-up

SCA Wood France merged with Groupe ISB

- SCA retains 38.5% share in the combined company

Acquisition of 10,000 ha forest land in Latvia (post Q1)



SCA's performance Q1 2019

EBITDA (SEKm)

1,560

Industrial ROCE ¹⁾

17%

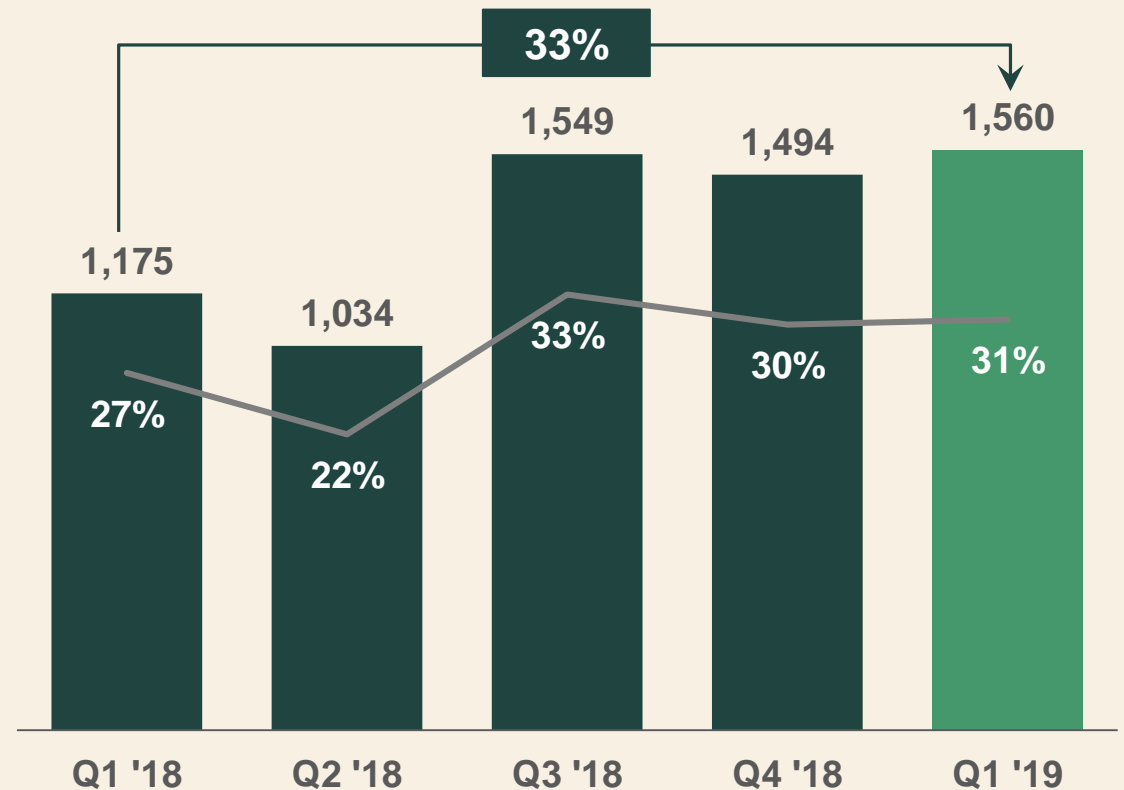
EBITDA margin

31%

Net debt/EBITDA

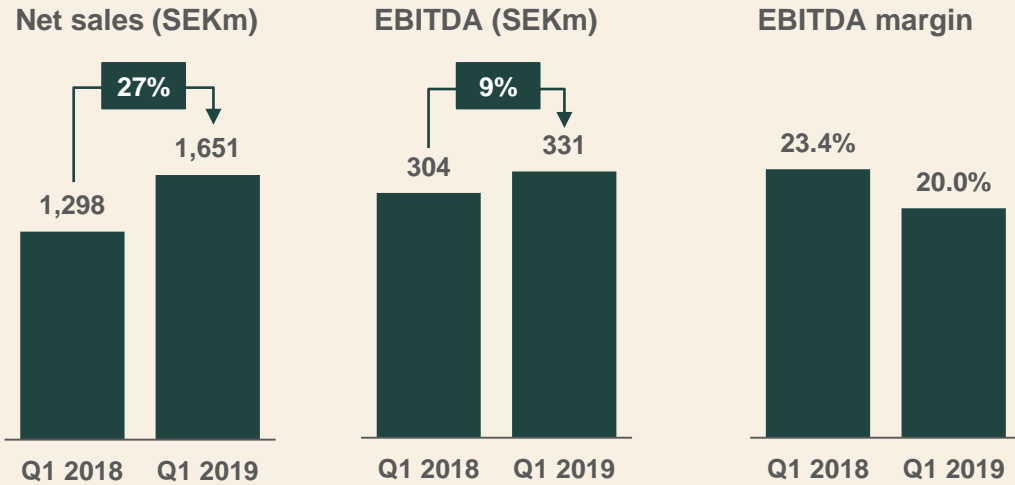
1.6x

EBITDA development (SEKm)



Note: 1) ROCE for the industrial segments; Wood, Pulp and Paper. ROCE calculated as LTM.

Forest Q1 2019 vs. Q1 2018



Higher prices

Increased wood sourcing to meet higher pulpwood demand

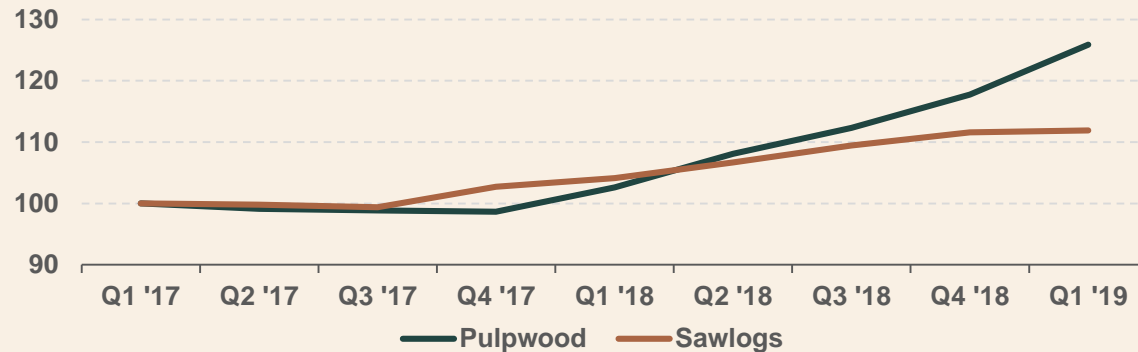
Sales up 27%

- + Increased volumes to the expanded pulp mill
- + Higher prices

EBITDA up 9%

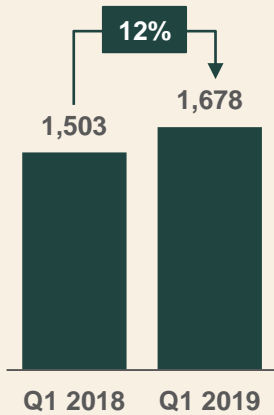
- + Higher prices
- Larger import volumes

Price development – Pulpwood and Sawlogs

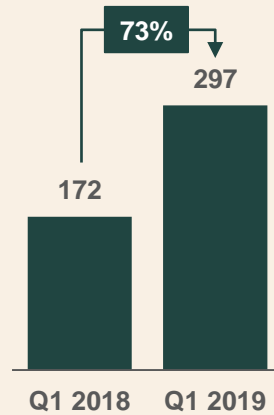


Wood Q1 2019 vs. Q1 2018

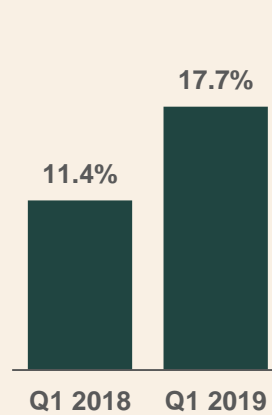
Net sales (SEKm)



EBITDA (SEKm)



EBITDA margin



SCA Wood France merged with Groupe ISB

Stable delivery volumes

Lower prices vs Q4

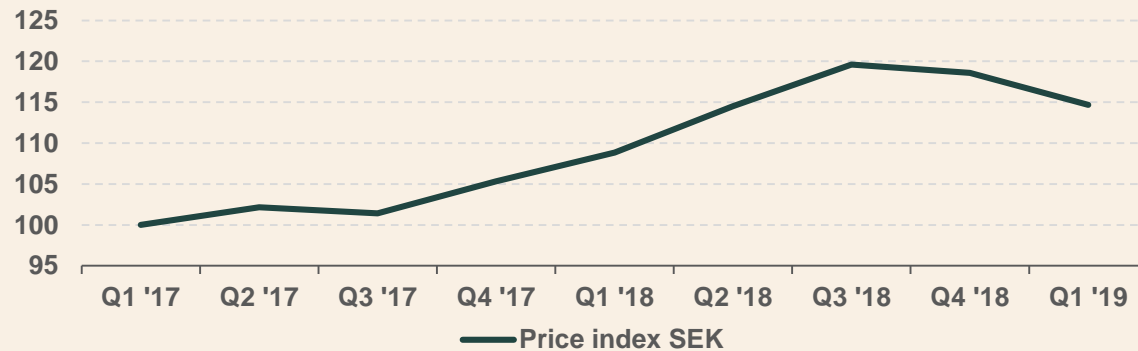
Sales up 12%

- + Increased volumes
- + Higher prices and positive currency effects

EBITDA up 73%

- + Higher prices and positive currency effects
- + Increased volumes and yield improvement
- + Restructuring SCA Wood France (SEK +90m)
- Increased wood raw material costs

Price development – Solid Wood Products



Pulp – Q1 production update

Full NBSK capacity of 900kt/year

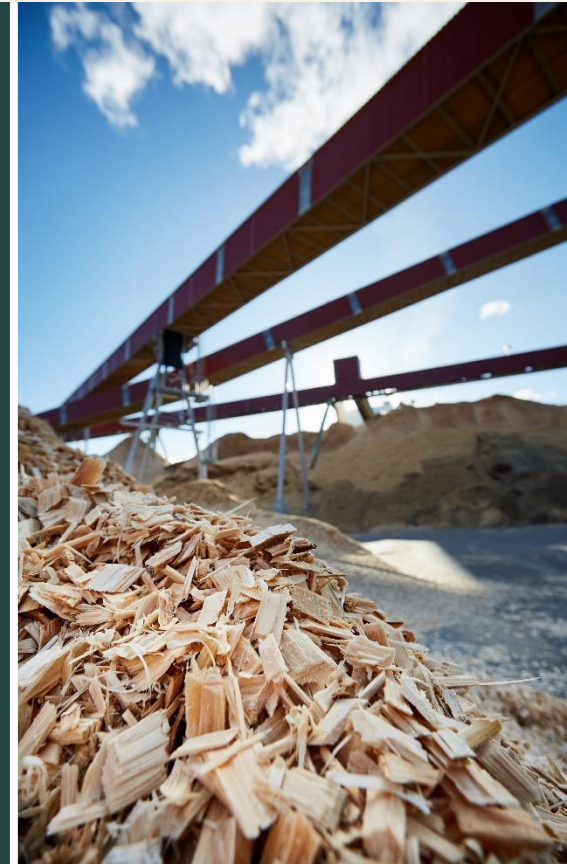
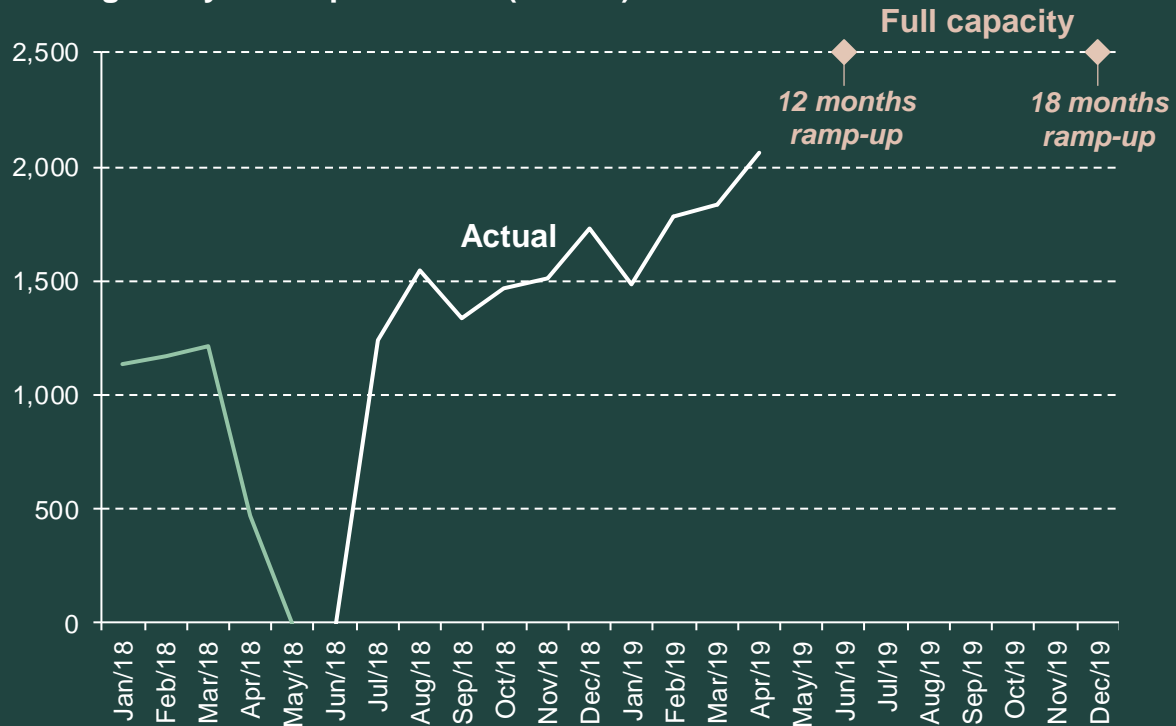
Ramp-up period of 12-18 months

- 2020 first full year with full capacity

Production/deliveries on track ¹⁾

- Q3 '18 - 147kt / 105kt
- Q4 '18 - 160kt / 145kt
- Q1 '19 - 172kt / 168kt

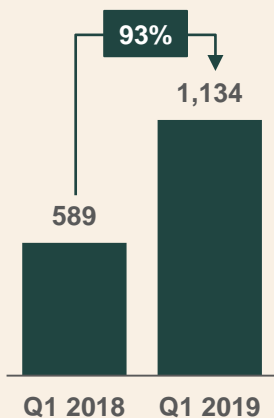
Average daily NBSK production (tonnes)



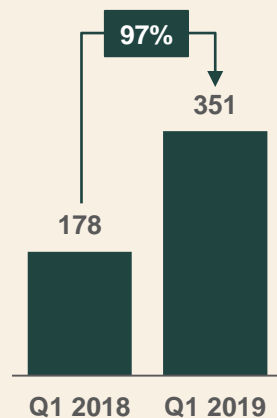
Note: 1) Including CTMP. April production refers to 2019-04-01 to 2019-04-23.

Pulp Q1 2019 vs. Q1 2018

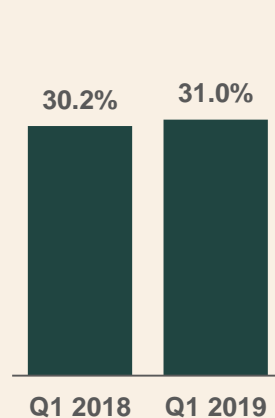
Net sales (SEKm)



EBITDA (SEKm)



EBITDA margin



Lower prices vs Q4

Increasing volumes due to the ramp-up of the expanded pulp-mill

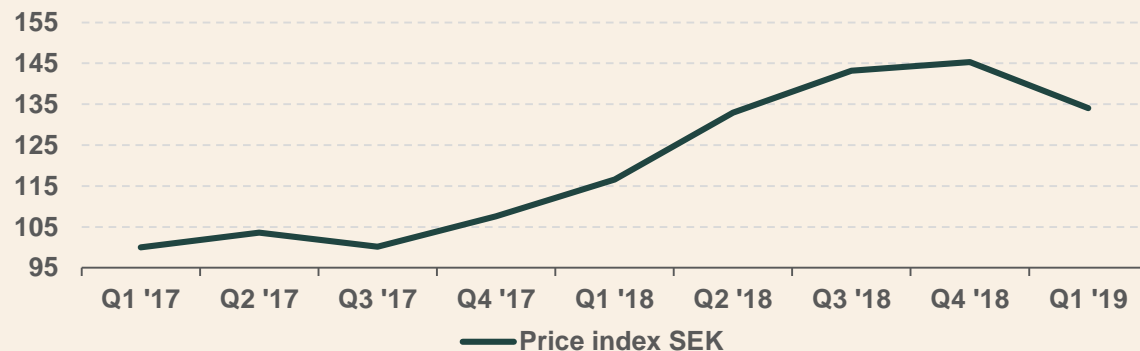
Sales up 93%

- + Increased volumes
- + Higher prices and positive currency effects

EBITDA up 97%

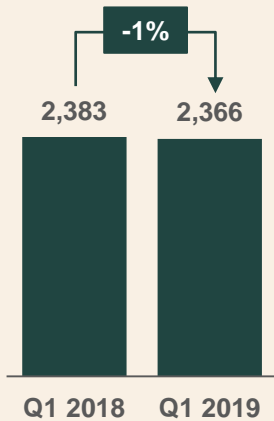
- + Increased volumes
- + Higher prices and positive currency effects
- Higher raw material costs

Price development – NBSK Pulp

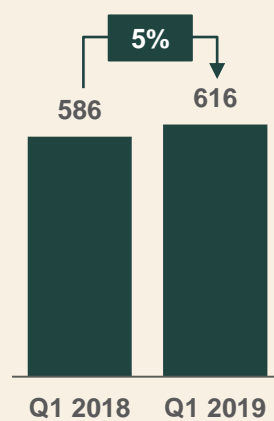


Paper Q1 2019 vs. Q1 2018

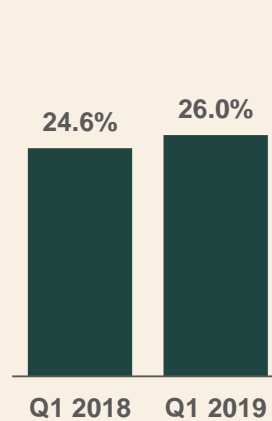
Net sales (SEKm)



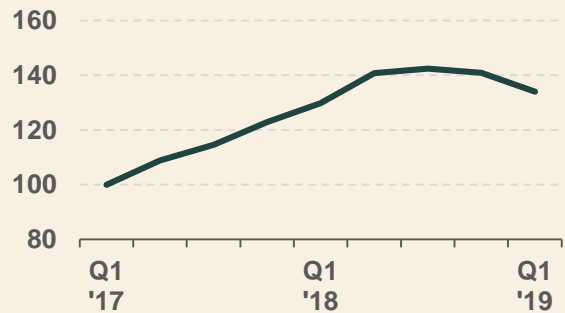
EBITDA (SEKm)



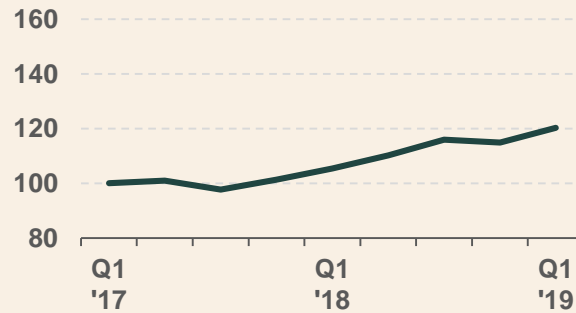
EBITDA margin



Price development – Kraftliner



Price development – Publication paper



— Price index SEK

Increased prices for Publication Paper

Lower prices for Kraftliner vs Q4

Sales down 1%

- Lower volumes
- + Higher prices and positive currency effects

EBITDA up 5%

- + Higher prices for Publication Paper
- + Positive currency effects
- + Improved product and market mix
- Higher raw material cost and lower volumes

Project for increased share of white-top kraftliner progressing according to plan

Renewable Energy

6.7 TWh wind power on SCA land by 2021

Initiate new wind projects

Develop after market offering

Target of 5.0 TWh by 2020 will be exceeded

- 6.7 TWh secured by 2021

New long-term target of 11.0 TWh

EBIT target of SEK ~100m (6.7 TWh)



SCA's forests bind CO₂ and replace fossil based products

Replaces
5
Mt CO₂

Binds net
4
Mt CO₂

CO₂

1

Growing forests bind CO₂ – active forest management increases growth

Fertilization

Contorta pine

Active silviculture

Improved seedlings



2

Higher growth enables more substitution – renewable alternatives replace fossil based products

SCA's renewable products

Non-renewable products

Bioenergy

Fossil fuels

Paper

Plastic

Solid-wood products

Concrete

Operations

3

Investments and innovation reduce carbon emissions

Low Emissions
0.9
Mt CO₂

SCA's climate benefits amount to 8 million tonnes of CO₂ per annum, which is more than the total emissions from all the truck traffic and domestic air travel in Sweden*

*Source: Swedish Environmental Protection Agency

Toby Lawton, CFO

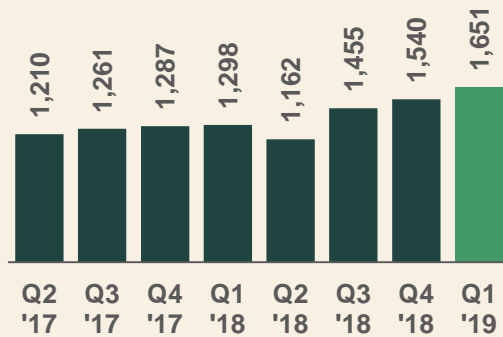
Income statement

SEKm	Quarter		
	Q1 2019	Q1 2018	Change
Net sales	5,076	4,400	15%
EBITDA	1,560	1,175	33%
<i>EBITDA margin</i>	30.7%	26.7%	4.0 p.p.
EBIT	1,168	889	31%
<i>EBIT margin</i>	23.0%	20.2%	2.8 p.p.
Financial items	-30	1	
Profit before tax	1,138	890	28%
Tax	-230	-191	
Profit for the period	908	699	30%
Earnings per share, SEK	1.29	1.00	

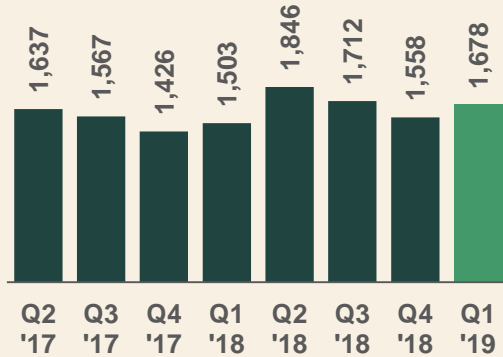
Contribution by segment and quarter

Forest

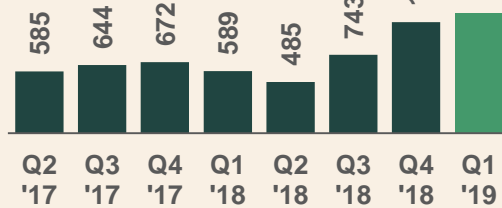
Net sales (SEKm)



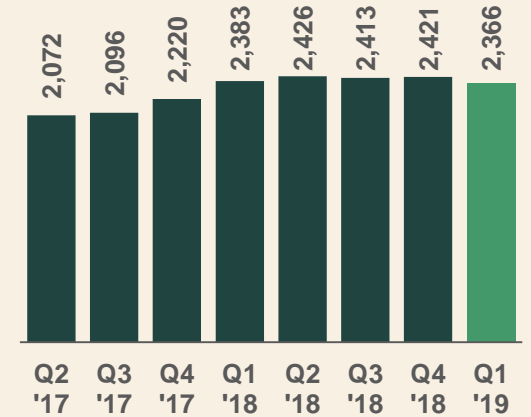
Wood



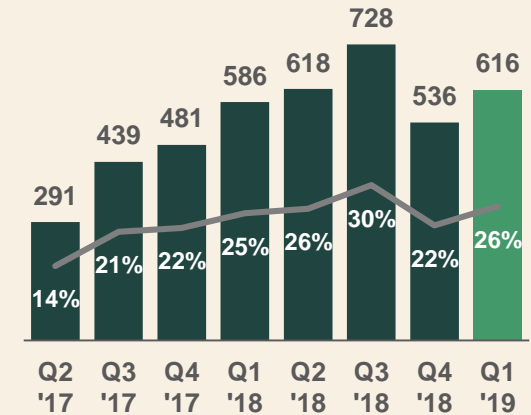
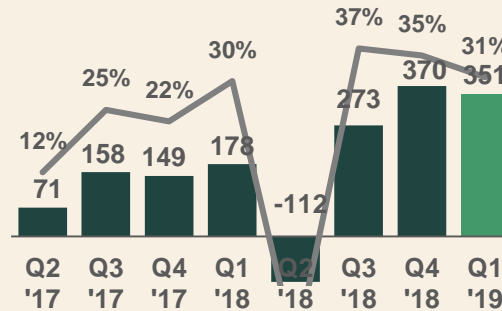
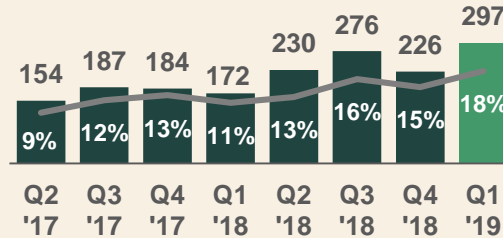
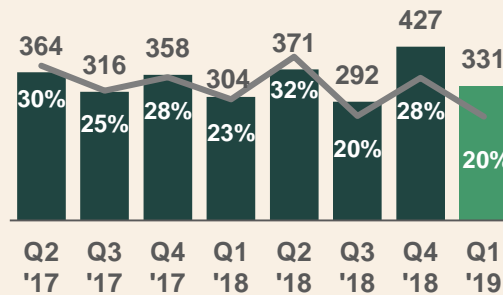
Pulp



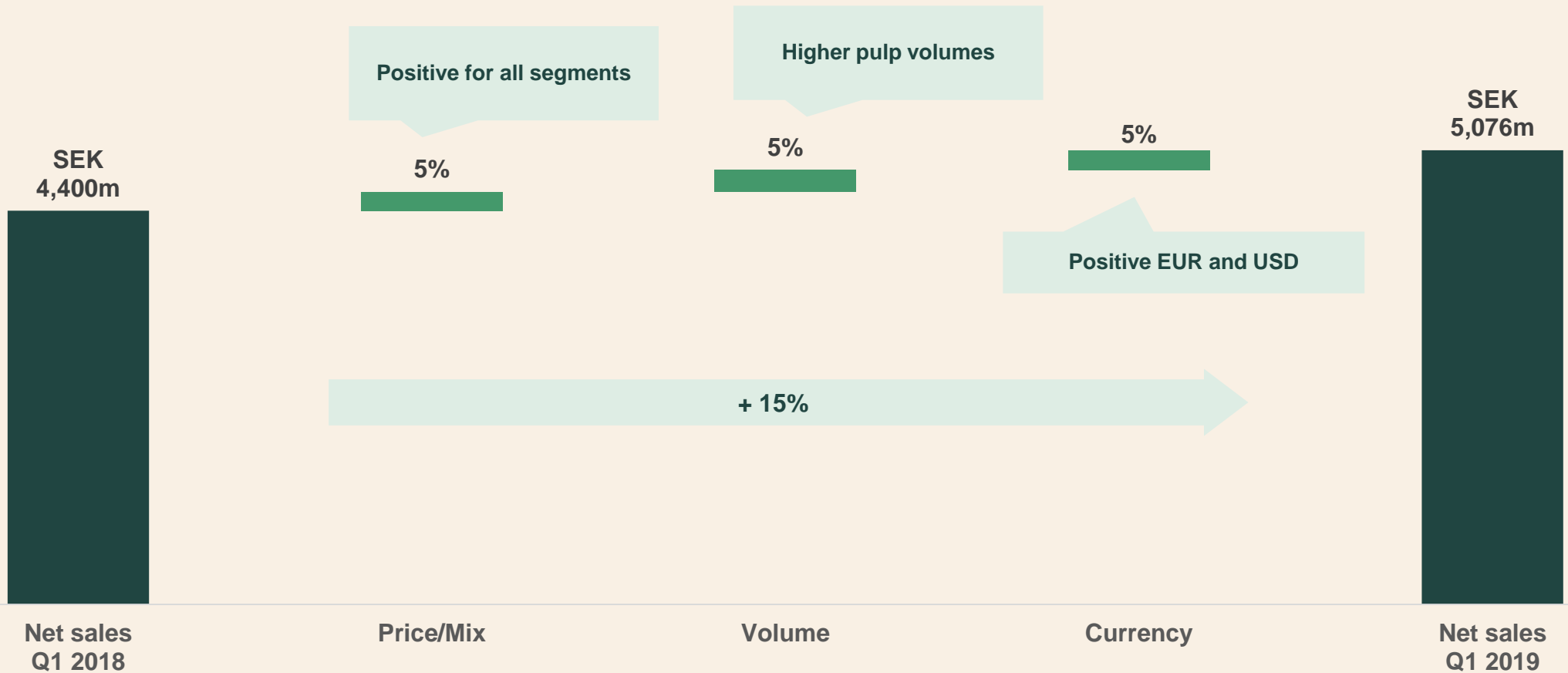
Paper



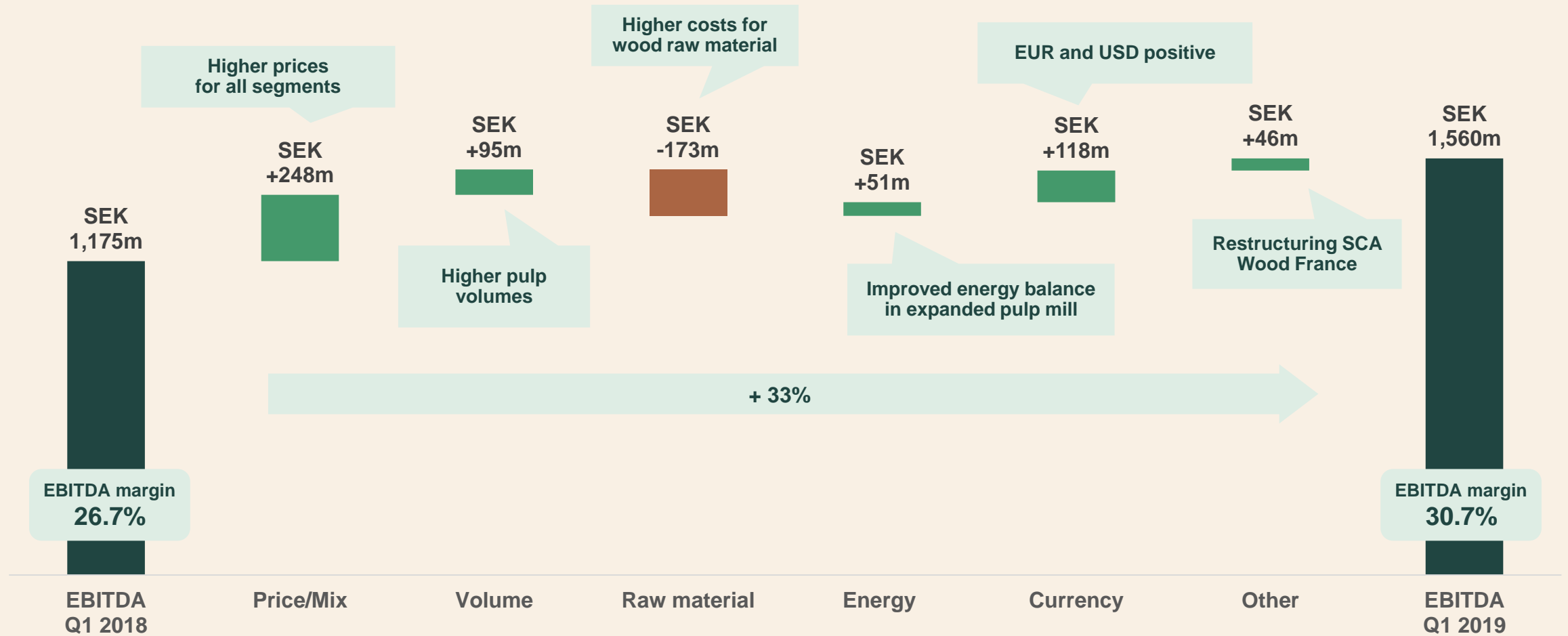
EBITDA (SEKm) and EBITDA margin



Net sales Q1 2019 vs. Q1 2018



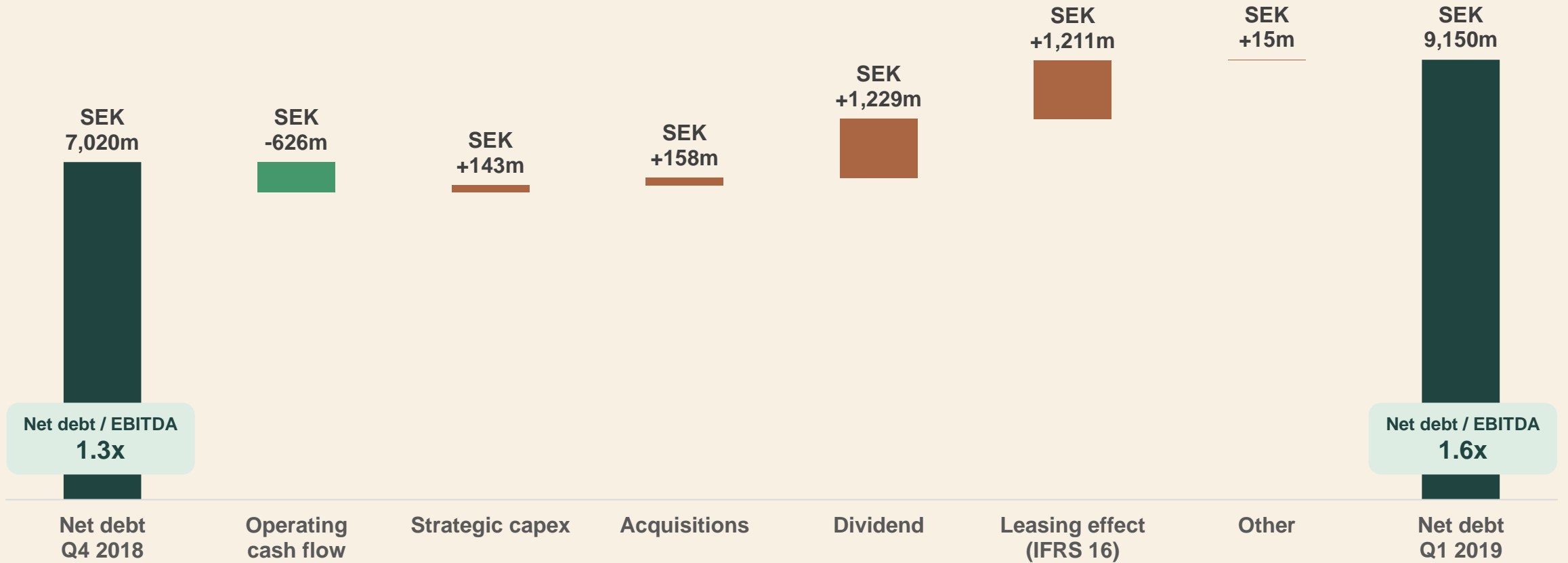
EBITDA Q1 2019 vs. Q1 2018



Cash flow

SEKm	Quarter	
	Q1 2019	Q1 2018
EBITDA	1,560	1,175
Revaluation of biological assets and other non cash flow items	-246	-253
Operating cash surplus	1,314	922
Change in working capital	-353	-159
Current capital expenditures	-168	-76
Other operating cash flow	-167	-96
Operating cash flow	626	591
Strategic capital expenditures	-143	-634

Net debt Q1 2019 vs. Q4 2018



Balance sheet

SEKm	Mar 31, 2019	Dec 31, 2018
<i>Forest assets according to IAS 41 ¹⁾</i>	32,298	32,065
<i>Deferred tax relating to Forest assets</i>	-6,653	-6,605
Forest assets, net of deferred tax	25,645	25,460
Working capital	3,955	3,735
<i>Working capital/Net sales ²⁾</i>	18%	18%
Other capital employed	18,174	16,887
Total capital employed	47,774	46,082
Net debt	9,150	7,020
<i>Net debt/EBITDA ³⁾</i>	1.6x	1.3x
Equity	38,624	39,062
<i>Net debt/Equity</i>	24%	18%

Note: 1) Gross value before deferred taxes. 2) Average working capital for 13 months as a percentage of 12-month rolling net sales. 3) 12-months EBITDA, up to end of each period.

Summary Q1 2019

Prices coming down from peak levels

Sales growth of 15% vs Q1 2018

EBITDA up 33% vs Q1 2018

Increasing pulp volumes from Östrand ramp-up

SCA Wood France merged with Groupe ISB

Acquisition of 10,000 ha forest land in Latvia (post Q1)



Q&A

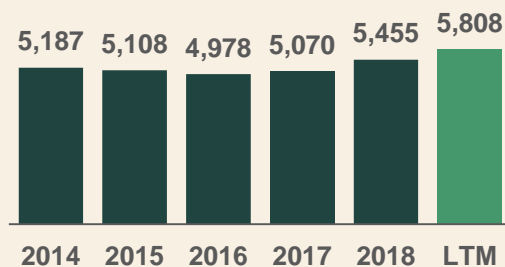
A sunset scene with a large sun partially obscured by a line of trees. The sky is a mix of orange and purple. The word "Appendix" is written in a bold, dark blue font across the center of the image.

Appendix

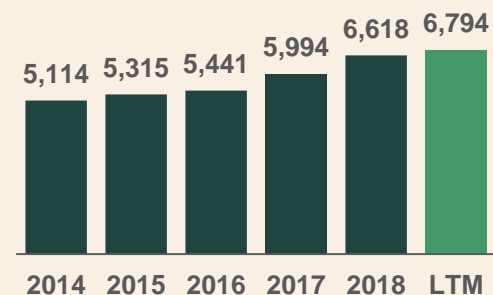
Contribution by segment

Forest

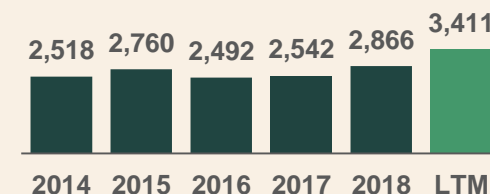
Net sales (SEKm)



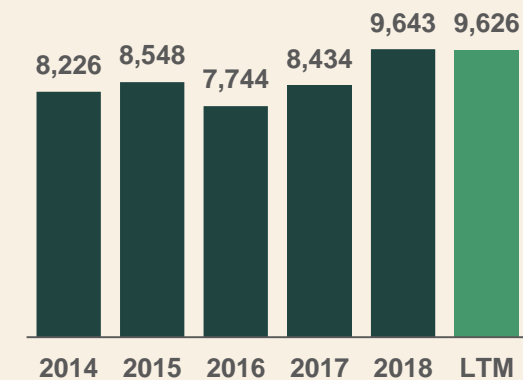
Wood



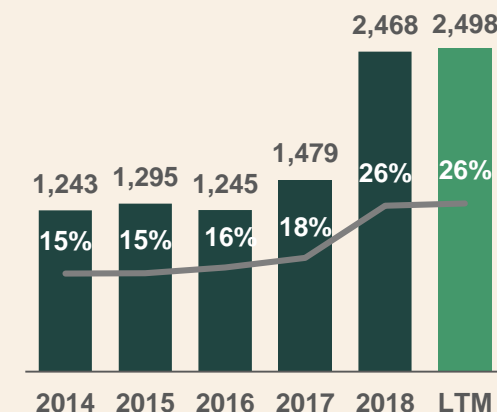
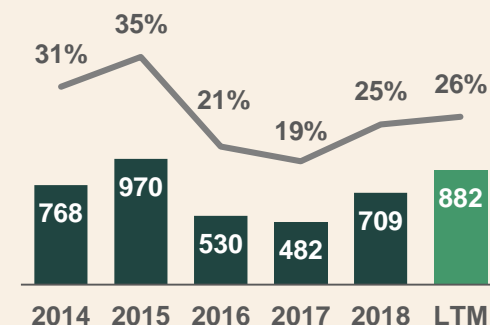
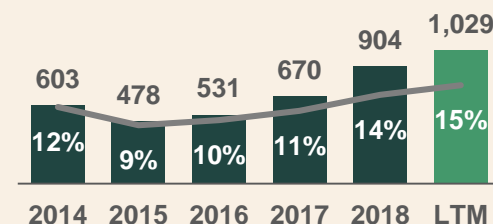
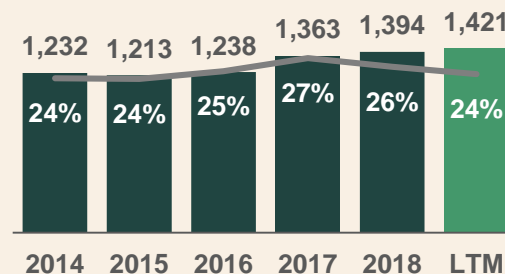
Pulp



Paper



EBITDA (SEKm) and EBITDA margin ¹⁾



Note: 2014 and 2015 EBITDA refer to adjusted figures. 2016 and forward refer to unadjusted figures. For details please see the quarterly report.

SCA Frontier





Europe's largest private forest owner

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.