

Interim report

1 January – 30 September 2007

1 JANUARY – 30 SEPTEMBER 2007 (compared with the same period previous year)

- Net sales amounted to SEK 78,105m (75,789).
- Profit before tax amounted to SEK 5,895m (5,030), an improvement of 17%.
- Net profit for the period amounted to SEK 5,023m (4,016).
- Earnings per share amounted to SEK 7.13 (5.70).
- Cash flow from current operations amounted to SEK 3,105m (1,549), an improvement of 100%.
- Net cash flow amounted to SEK 1,565m (-1,781).

EARNINGS TREND

SEKm	0709	0609	%	2007:3	2007:2	%
Net sales	78,105	75,789	3	26,362	26,128	1
Operating surplus	11,799	10,847	9	4,056	3,960	2
Operating profit	7,256	6,244	16	2,526	2,448	3
Financial items	-1,361	-1,214		-507	-435	
Profit before tax	5,895	5,030	17	2,019	2,013	0
Tax	-872	-1,014		0	-443	
Net profit for the period	5,023	4,016	25	2,019	1,570	29
Earnings per share, SEK	7.13	5.70	25	2.87	2.23	29

CEO'S MESSAGE

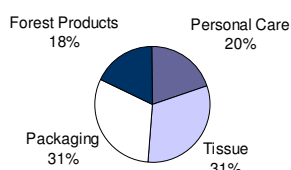
"The improvement in earnings compared with the previous year continues. Profit before tax is 17% higher and all business areas improved their operating profit. At the same time, SCA's operations maintained the earnings level from the strong second quarter and once again report a profit before tax in excess of SEK 2 billion.

Demand for the Group's products remains high with opportunities for further price improvements while raw material and energy costs are expected to be higher than during the third quarter.

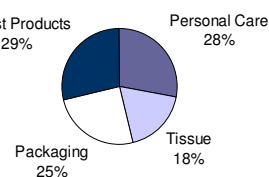
The acquisition of Procter & Gamble's tissue operations marks a key strategic step in the work of improving SCA's tissue operations in Europe. The deal was closed on 1 October and has clearly strengthened SCA's leading position in Europe."

Lennart Persson
acting President and CEO

SHARE OF NET SALES



SHARE OF OPERATING PROFIT



EARNINGS TREND FOR THE GROUP

SEKm	0709	0609	%	2007:3	2007:2	%
Net sales	78,105	75,789	3	26,362	26,128	1
Operating expenses	-66,306	-64,942		-22,306	-22,168	
Operating surplus	11,799	10,847	9	4,056	3,960	2
Depreciation and write-downs	-4,577	-4,624		-1,542	-1,526	
Share of profits of associated companies	34	21		12	14	
Operating profit	7,256	6,244	16	2,526	2,448	3
Financial items	-1,361	-1,214		-507	-435	
Profit before tax	5,895	5,030	17	2,019	2,013	0
Tax	-872	-1,014		0	-443	
Net profit for the period	5,023	4,016	25	2,019	1,570	29

Earnings per share, SEK - equity holders of the Parent Company

- after dilution effects	7.13	5.70	25	2.87	2.23	29
--------------------------	-------------	------	----	-------------	------	----

Margins (%)

Operating surplus margin	15.1	14.3		15.4	15.2	
Operating margin	9.3	8.2		9.6	9.4	
Financial net margin	-1.7	-1.6		-1.9	-1.7	
Profit margin	7.5	6.6		7.7	7.7	
Tax	-1.1	-1.3		0.0	-1.7	
Net margin	6.4	5.3		7.7	6.0	

OPERATING PROFIT PER BUSINESS AREA

SEKm	0709	0609	%	2007:3	2007:2	%
Personal Care	2,179	2,073	5	742	758	-2
Tissue	1,216	1,132	7	464	413	12
Packaging	1,959	1,474	33	648	622	4
Forest Products	2,179	1,799	21	766	750	2
Other	-277	-234		-94	-95	
Total	7,256	6,244	16	2,526	2,448	3

OPERATING CASH FLOW PER BUSINESS AREA

SEKm	0709	0609	%	2007:3	2007:2	%
Personal Care	1,713	2,202	-22	415	657	-37
Tissue	2,164	656	230	1,436	517	178
Packaging	489	135	262	582	167	249
Forest Products	1,854	1,784	4	922	241	283
Other	-332	-393		-271	160	
Total	5,888	4,384	34	3,084	1,742	77

KEY RATIOS

	0709	0609	2007:3	2007:2
Debt/equity ratio	0.53	0.69	0.53	0.56
Debt payment capacity, %	35	28	35	33
Return on capital employed, %	10	9	11	10
Return on equity, %	11	9	13	10

Development compared with the same period in the previous year:

Packaging

Net sales: +1%

Operating profit: +33%



Forest Products

Net sales: +6%

Operating profit: +21%



Tissue

Net sales: +2%

Operating profit: +7%



Personal Care

Net sales: +3%

Operating profit: +5%



GROUP

Net sales increased by 3% compared with the same period in the previous year and amounted to SEK 78,105m (75,789). Higher prices, primarily for corrugated board, but also for solid-wood products and tissue, and higher volumes increased net sales by 7% or SEK 5,500m. Net sales were negatively affected by divestments by 2% and exchange rate fluctuations by 2%. Profit before tax improved by 17% and amounted to SEK 5,895m (5,030).

Compared with the second quarter of 2007 net sales rose 1% and amounted to SEK 26,362m, the highest amount ever. The increase is an effect of continued price increases for corrugated board and solid-wood products as well as improved volumes for the tissue operations. The operating surplus margin improved and amounted to 15.4%. Profit before tax was on a par with the previous quarter and amounted to SEK 2,019m (2,013).

CASH FLOW AND FINANCING

Operating cash surplus amounted to SEK 11,325m compared with SEK 10,387m in the same period in the previous year. High tied-up working capital had a negative effect on operating cash flow of SEK 1,876m (1,767). The increase in working capital was greatest within Packaging and is primarily an effect of implemented price increases. As in the previous year, current capital expenditures amounted to approximately 4% of net sales. Expenditures for the efficiency enhancement programmes are proceeding according to plan. The operating cash flow improved to SEK 5,888m (4,384).

Financial items increased by SEK 147m and amounted to SEK -1,361m. A lower net debt and higher dividends received did not compensate for higher interest rates. Tax payments were slightly lower than in the same period last year and amounted to SEK 1,429m (1,537). Cash flow from current operations improved to SEK 3,105m (1,549).

Strategic investments and acquisitions amounted to SEK 1,536m (775), of which SEK 330m related to the purchase price for the minority holding in the Chinese tissue company Vinda, which was listed after SCA's acquisition. Investments included rebuilding the testliner machines in Lucca, Italy, and Aschaffenburg, Germany, as well as construction of a tissue plant in Moscow, Russia. Divestments during the period amounted to SEK 2,846m, primarily related to the sold packaging operations in North America. Dividends were paid to shareholders in April and amounted to SEK 2,807m. During the third quarter a dividend, amounting to SEK 97m, was paid to the minority shareholders in SCA Hygiene Products AG. Net cash flow was SEK 1,565m (-1,781).

Net debt at the end of the period was SEK 33,113m, a decrease of SEK 3,286m since the start of the year. A positive net cash flow of SEK 1 565m was offset by exchange rate fluctuations of SEK 120m due to the weakening of the Swedish krona.

Remeasurements according to IAS 19 for pensions and IAS 39 for financial instruments had a combined positive effect of SEK 1,841m, mostly attributable to pensions.

EQUITY

Consolidated equity increased during the period by SEK 3,443m to SEK 62,406m. Net profit for the period and the effects of remeasurements according to IAS 19 for pensions and IAS 39 for financial instruments, increased equity by SEK 5,023m and SEK 1,391m respectively. Dividends amounted to SEK 2,904m while exchange rate fluctuations decreased equity by SEK 67m.

PERSONNEL

At the end of the period the average number of employees was 49,600 compared with approximately 51,000 in 2006 and 50,000 in the same period in the previous year.

EFFICIENCY ENHANCEMENT PROGRAMME

Additional savings from the ongoing efficiency programme affected earnings by SEK 50m in the third quarter. Total savings in the third quarter amounted to SEK 370m, which corresponds to an annual rate of SEK 1,480m. As previously announced, annual savings of SEK 1,550m will be achieved with full impact in 2008.

TAX

Reductions in corporate tax in Germany to start in 2008 were decided at the beginning of the quarter. As well as a future lower tax expense, there will also be a one-time effect of SEK 454m due to revaluation of deferred tax liabilities, primarily in Germany, which reduced the tax expense during the quarter. The estimated tax rate for the year, excluding the one-time effect mentioned above, was revised downwards during the second quarter from 23% to 22.5%.

ACQUISITIONS AND DIVESTITURES

First half

Payment was received for the North American packaging operations, approximately SEK 2,833m, and the operations were deconsolidated on 7 March.

SCA acquired 20% of the Chinese tissue company Vinda for SEK 330m. The company was listed in July in conjunction with a new issue which meant that SCA's stake in the company decreased to 14%.

A joint venture company (50/50) was established with Godrej Consumer Products Ltd for manufacturing and sales of baby diapers and feminine care products in India, Nepal and Bhutan.

In May, SCA acquired the British company Severn Timber, which supplies wood products to the British builders' merchant market and processes planed and impregnated products.

Third quarter

In July, a final decision was issued in the ten-year old valuation dispute between the minority shareholders in PWA (now SCA Hygiene Products AG) and SCA. The value was set at EUR 231.60 per share and the annual dividend at EUR 16.20 per share. Further information is provided in a separate press release dated 24 July 2007.

SCA and the Norwegian energy company Statkraft are to form a jointly owned company to invest in wind power in northern Sweden. The plans involve production of 2,800 GWh of wind power electricity per year in seven wind farms. Statkraft will provide financing, SEK 16 000m, while SCA grants land for the wind power farms. Plans also include studying the feasibility of expanding hydropower in the northern regions Jämtland, Västernorrland and Västerbotten.

CAPITAL EXPENDITURES

First half

A decision was made to invest in a second tissue machine in Barton, USA. The investment amounts to approximately SEK 1,000m.

A decision was made to invest in a new tissue plant south of Moscow, Russia. The investment amounts to approximately SEK 615m.

In Nantes, France, approximately SEK 425m is being invested in a new corrugated board plant. Approximately SEK 129m is being invested in two corrugated board plants in Poland. In Romania, approximately SEK 92m will be invested to upgrade an existing facility into a fully integrated corrugated board plant.

SCA is investing approximately SEK 137m in a new packaging plant in Suzhou, China, and approximately SEK 82m in the construction of a packaging plant in Nanjing, China.

Third quarter

SCA's sales of pant diapers, Libero Up&Go, are increasing fast. In order to meet rising demand, SCA will invest approximately SEK 212m in a new line for the production of pant diapers in Hoogezaand, the Netherlands.

SCA is investing approximately SEK 800m in the paper mill in Ortviken, Sweden, where production of mechanical pulp will be expanded. As a result of this investment, Ortviken's paper production can continue to increase while significant quality improvements will be achieved. The new equipment is scheduled to be installed and in operation in spring 2009.

SIGNIFICANT EVENTS DURING THE THIRD QUARTER

The Board appointed Jan Johansson as the new President and CEO of SCA in September. Jan Johansson was previously CEO of Boliden AB and will take up his position on 1 November. The former CEO, Jan Åström, left his position on 3 September.

SCA and the Norwegian energy company Statkraft signed a long-term electricity supply contract in September at a highly competitive price. The 10-year contract is for an annual supply of 500 GWh of electricity to SCA's Swedish wood products facilities. Deliveries are expected to start in spring 2009.

EVENTS AFTER THE END OF THE REPORT PERIOD

In October, SCA formed a joint venture company (50/50) with the Jordan-based industrial group Nuqul. The new company will manufacture and sell feminine care products in the Middle East and Egypt. Operations will be conducted in eighteen countries in the region. The purchase price for SCA's 50% stake is SEK 127m.

In September, the European competition authorities approved SCA's acquisition of Procter & Gamble's European tissue operations, which include the Tempo brand. The total purchase price amounts to approximately SEK 4,725m and in accordance with the contract will be paid in three parts. The first part-payment, related to brands, the plants in Neuss and Witzenhausen, Germany, Lucca, Italy, and the operations in Hong Kong, was made on 1 October and amounted to SEK 3,037m. The remaining two part-payments totalling approximately SEK 1,688m relate to the plants in Manchester, England, and Orleans, France, which will be taken over and paid once certain technical adjustments have been carried out. This is expected to take place during the first half of 2008. The EU's approval is subject to SCA divesting its operations within handkerchiefs under the Softis brand in Germany and Austria. The sale is expected to be completed during the fourth quarter of 2007.

Annual sales of the operations acquired from Procter & Gamble have amounted to approximately SEK 4,600m and with approximately the same margins as SCA's existing tissue operations. Integration work started 1 October. During the fourth quarter SCA will issue a preliminary acquisition balance sheet, and announce synergy effects and structural measures resulting from this acquisition.

Against the background of development in the timber market and the changed interest rate situation, a review of the value of SCA's forest holdings has been initiated. The effects of this valuation will be reported in the fourth quarter of 2007.

RISKS AND UNCERTAINTIES

SCA's financial risk management is presented in the 2006 Annual Report on pages 66 – 69. The Group's operations and the inherent risks are described in other sections of the Annual Report. No significant changes have occurred that have changed the risks as reported in the Annual Report.

Strategic risks

Risks in conjunction with company acquisitions are analyzed in the due diligence processes that SCA carries out prior to all acquisitions. Acquisitions that might affect the assessment of SCA's financial and operational risks are described under the heading "Acquisitions and Divestitures" in this interim report.

Operational risks

Management of operational risks is primarily carried out by SCA's business managers. SCA's internal audit function is tasked with following up compliance with internal control processes.

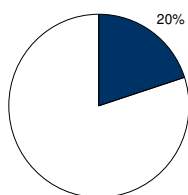
RELATED PARTY TRANSACTIONS

No transactions have been carried out between SCA and related parties that had a material impact on the company's financial position and results.

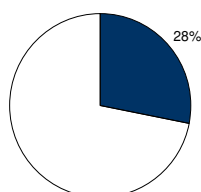
ACCOUNTING PRINCIPLES

This interim report is prepared according to IAS 34 and according to the Swedish Financial Accounting Standards Council's standard RR 31 and, with regard to the Parent Company, RR 32. The accounting principles applied comply with those presented in the 2006 Annual Report.

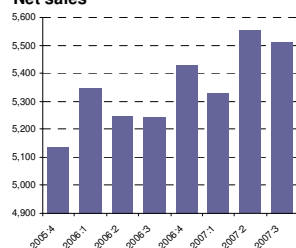
Share of group, net sales



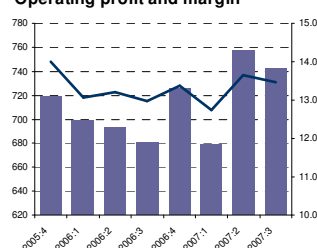
Share of group, operating profit



Net sales



Operating profit and margin



Deviations, operating profit (%)

0709 vs. 0609		5%
Price/mix	10%	
Volume	18%	
Raw material	-5%	
Energy	0%	
Currency	-2%	
Other	-16%	

Deviations, operating profit (%)

2007:3 vs. 2007:2		-2%
Price/mix	3%	
Volume	-1%	
Raw material	-3%	
Energy	0%	
Currency	-1%	
Other	0%	

PERSONAL CARE

Net sales amounted to SEK 16,395m which was 3% higher than in the corresponding period in 2006. Increased volumes and higher prices improved net sales by 5%.

MARKET

Sales of incontinence products to the healthcare sector were seasonally lower during the third quarter. In Europe, SCA continues its successful transfer from old to more modern products. This is happening fast and strengthening profitability. In Europe, there is still intense competition within baby diapers, but Libero's market positions remain strong. Continued product upgrades led to production adjustments which reduced sales of diapers for retailers' brands during the quarter.

OPERATIONS

January – September (compared with the same period previous year)

Net sales amounted to SEK 16,395m compared with SEK 15,843m in the same period in the previous year. The sales increase is an effect of higher volumes of incontinence products to the European retail market and increased sales of baby diapers and feminine care products in South America. An increased share of incontinence protection in a pant model contributed to an improved product mix. Exchange rate fluctuations reduced net sales by 2%.

Operating profit increased by 5% and amounted to SEK 2,179m (2,073). Operating profit improved by 28% due to increased volumes and higher prices which contributed SEK 372m and SEK 208m respectively. Volume and price improvements were offset by increased costs for continued expansion in new markets in the form of marketing and organizational build-up (reported under Other in the deviations analysis) as well as higher production costs, primarily due to rising raw material costs. Exchange rate fluctuations reduced operating profit by 2%.

Operating cash surplus amounted to SEK 2,923m (2,798) and operating cash flow was SEK 1,713m (2,202). An improved operating cash surplus was counteracted by higher tied-up working capital and slightly higher net current capital expenditures.

Third quarter (compared with the previous quarter)

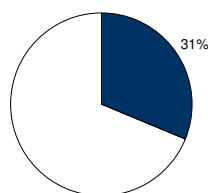
Sales decreased slightly compared with the strong second quarter in terms of volume. For the healthcare sector the decrease is a seasonal effect. Incontinence products sold via the retail sector showed the highest-ever sales.

Product mix improved compared with the previous quarter while manufacturing costs increased slightly, primarily due to higher costs for raw material and transport.

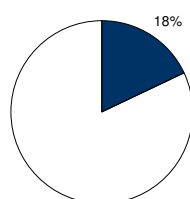
BUSINESS AREA PERSONAL CARE

SEKm	0709	0609	%	2007:3	2007:2	%
Net sales	16,395	15,843	3	5,510	5,554	-1
Operating surplus	2,919	2,814	4	995	991	0
Operating profit	2,179	2,073	5	742	758	-2
Operating surplus margin, %	17.8	17.8		18.1	17.8	
Operating margin, %	13.3	13.1		13.5	13.6	
Volume growth, %	5.1	8.5		-0.3	3.4	

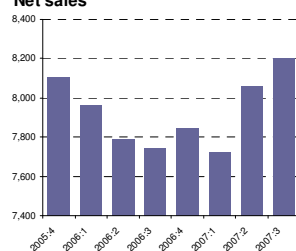
Share of group, net sales



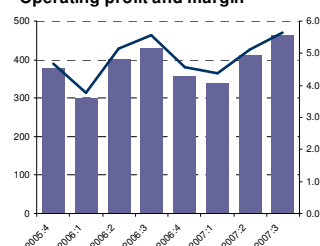
Share of group, operating profit



Net sales



Operating profit and margin



Deviations, operating profit (%)

0709 vs. 0609 7%

Price/mix	80%
Volume	3%
Raw material	-51%
Energy	8%
Currency	-3%
Other	-30%

Deviations, operating profit (%)

2007:3 vs. 2007:2 12%

Price/mix	19%
Volume	8%
Raw material	-19%
Energy	-3%
Currency	0%
Other	7%

TISSUE

Net sales amounted to SEK 23,989m and increased by 2% compared with the corresponding period in 2006. In the European and North American operations prices improved by 5% while exchange rate fluctuations offset this improvement.

MARKET

SCA continued to improve its customer offering and product mix during the quarter. Zewa overtook the leading competing brand and became market leader in Romania. In South America and Australia marketing and market investments were intensified in order to strengthen the local brands which resulted in maintained high and strong market shares.

Sales of Away-From-Home, AFH, tissue developed well due to new contracts and the high season in the restaurant and hotel industry.

OPERATIONS

January – September (compared with the same period previous year)

Net sales amounted to SEK 23,989m compared with SEK 23,492m in the same period in the previous year. Implemented price increases were counteracted by exchange rate fluctuations which reduced net sales by 3% corresponding to SEK 630m. Price increases in the operations in Europe and North America amounted to 5%.

Operating profit amounted to SEK 1,216m (1,132), an increase of 7% compared with the same period in the previous year. Higher prices in Europe, North America and Latin America as well as slightly lower energy costs were offset by higher raw material costs. Exchange rate fluctuations reduced operating profit by 3%. Increased depreciation, temporarily lower capacity utilization in North America due to major rebuilding, and higher selling costs are reported under Other in the deviations analysis.

Operating cash surplus amounted to SEK 2,834m (2,674) and operating cash flow was SEK 2,164m (656). A slightly better operating cash surplus combined with lower tied-up working capital, lower expenditures for the ongoing efficiency programmes and lower current capital expenditures contributed to the improvement.

Third quarter (compared with the previous quarter)

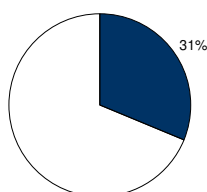
Sales increased during the third quarter due to higher volumes in North America and Australia as well as higher prices in the European and North American operations, mainly due to an improved product and customer mix.

The 12% improvement in earnings in the third quarter is mainly explained by higher prices. Higher volumes also contributed to earnings but were offset by higher raw material costs, mainly for recycled fibre.

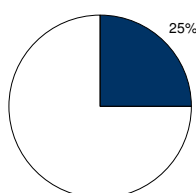
BUSINESS AREA TISSUE

SEKm	0709	0609	%	2007:3	2007:2	%
Net sales	23,989	23,492	2	8,204	8,060	2
Operating surplus	2,857	2,718	5	1,022	966	6
Operating profit	1,216	1,132	7	464	413	12
Operating surplus margin, %	11.9	11.6		12.5	12.0	
Operating margin, %	5.1	4.8		5.7	5.1	
Volume growth, %	1.2	1.4		1.6	1.7	

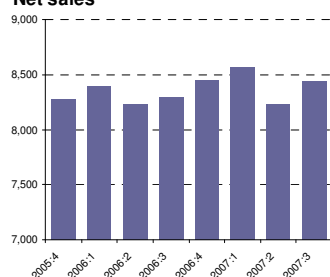
Share of group, net sales



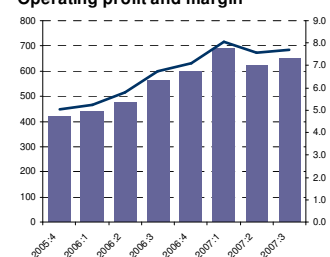
Share of group, operating profit



Net sales



Operating profit and margin



Deviations, operating profit (%)

0709 vs. 0609		33%
Price/mix		92%
Volume		13%
Raw material		-55%
Energy		9%
Currency		-1%
Other		-25%

Deviations, operating profit (%)

2007:3 vs. 2007:2		4%
Price/mix		20%
Volume		-1%
Raw material		-19%
Energy		-5%
Currency		0%
Other		9%

PACKAGING

Net sales amounted to SEK 25,234m, an increase of 12% compared with the same period in the previous year, adjusted for the sale of the North American packaging operations. Higher corrugated board prices in Europe contributed SEK 1,235m.

MARKET

Since the start of the year, testliner prices have increased by EUR 75 per tonne. Prices of both wood raw material and recycled paper continued to rise during the third quarter. A further price increase for testliner was therefore announced of EUR 40 per tonne with effect from October. There is still a need for additional price increases for corrugated board. SCA's sales development was favourable during the quarter with consumer packaging making a positive contribution to earnings.

The positive sales trend in China continued. Raw material prices continue to rise while competition is intense and price increases are difficult to implement.

OPERATIONS

January – September (compared with the same period previous year)

Net sales amounted to SEK 25,234m compared with SEK 24,908m in the same period in the previous year. Adjusted for the divestiture of the North American packaging operations, net sales rose 12%. The increase is mainly explained by implementation of price increases for corrugated board as well as higher sales of consumer and display packaging. Exchange rate fluctuations reduced net sales by 1%.

Operating profit improved by 33% compared with the same period last year and amounted to SEK 1,959m (1,474). Higher prices and lower energy costs were offset to some extent by higher raw material costs. Exchange rate fluctuations reduced operating profit by 1%. The item Other in the deviations analysis includes the effects of divestments, depreciation and personnel costs.

Operating cash surplus amounted to SEK 2,995m (2,658) and operating cash flow was SEK 489m (135). A higher operating cash surplus and lower expenditure for the ongoing efficiency programmes were offset by higher tied-up working capital.

Third quarter (compared with the previous quarter)

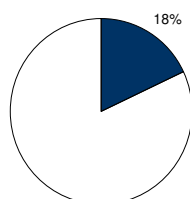
Operations grew by 2% during the quarter. Higher prices and high demand in Germany, Scotland and other markets, were offset by a lower level of activity during the summer months, particularly in Southern Europe.

Operating profit improved by 4%. Continued price increases and lower personnel costs, an effect of lower activity during the summer months, were offset by increasingly high costs for wood and recycled fibre as well as slightly higher energy costs. Planned maintenance shutdowns were carried out during the quarter.

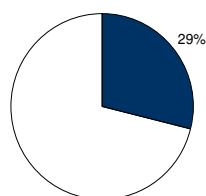
BUSINESS AREA PACKAGING

SEKm	0709	0609	%	2007:3	2007:2	%
Net sales	25,234	24,908	1	8,434	8,229	2
Operating surplus	3,110	2,730	14	1,044	1,003	4
Operating profit	1,959	1,474	33	648	622	4
Operating surplus margin, %	12.3	11.0		12.4	12.2	
Operating margin, %	7.8	5.9		7.7	7.6	
Deliveries						
- Liner products, ktonnes	1,775	1,845	-4	583	607	-4
- Corrugated board, million m ²	3,328	3,271	2	1,084	1,114	-3

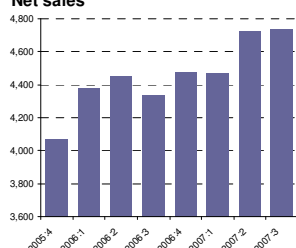
Share of group, net sales



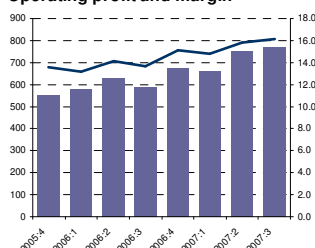
Share of group, operating profit



Net sales



Operating profit and margin



Deviations, operating profit (%)

0709 vs. 0609		21%
Price/mix	57%	
Volume	-3%	
Raw material	-22%	
Energy	12%	
Currency	-11%	
Other	-12%	

Deviations, operating profit (%)

2007:3 vs. 2007:2		2%
Price/mix	7%	
Volume	-2%	
Raw material	-13%	
Energy	1%	
Currency	-2%	
Other	11%	

FOREST PRODUCTS

Net sales amounted to SEK 13,941m, an increase of 6% compared with the same period in the previous year.

MARKET

Demand for SC and LWC paper improved during the third quarter and prices on the spot markets rose. The markets for pulp and timber remained strong. Use of solid-wood products remained good but high production in Europe led to growing stocks which resulted in reduced order bookings and price pressure.

OPERATIONS

January – September (compared with the same period previous year)

Net sales amounted to SEK 13,941m (13,171). Higher prices for solid-wood products and pulp as well as newsprint, were offset by lower volumes for the publication papers business. Exchange rate fluctuations reduced net sales by 2%.

Operating profit improved by 21% and amounted to SEK 2,179m (1,799). Higher prices for solid-wood products and pulp and lower energy costs, partly an effect of the investment in the recovery boiler at the Östrand pulp mill, were offset by higher raw material costs and somewhat lower volumes and prices within the publication papers business. Exchange rate fluctuations reduced operating profit by 11%.

Operating cash surplus amounted to SEK 2,891m (2,512) and operating cash flow was SEK 1,854m (1,784). A higher operating cash surplus compensated for higher tied-up working capital and higher net current capital expenditures.

Third quarter (compared with the previous quarter)

Sales improved slightly compared with the previous quarter, primarily for LWC and SC paper.

Operating profit improved by 2%. Higher prices within the sawmill operations made a positive contribution while higher costs for external purchases of wood raw material and lower prices for publication papers subdued development.

BUSINESS AREA FOREST PRODUCTS

SEKm	0709	0609	%	2007:3	2007:2	%
Net sales	13,941	13,171	6	4,743	4,726	0
Operating surplus	3,173	2,800	13	1,082	1,088	-1
Operating profit	2,179	1,799	21	766	750	2
- Publication papers	412	610	-32	143	141	1
- Pulp, timber and solid-wood products	1,767	1,189	49	623	609	2
Operating surplus margin, %	22.8	21.3		22.8	23.0	
Operating margin, %	15.6	13.7		16.2	15.9	
Deliveries						
- Publication papers, ktonnes	1,134	1,159	-2	405	374	8
- Solid-wood products, km ³	1,247	1,255	-1	395	440	-10

SHARE DISTRIBUTION

The Annual General Meeting decided to carry out a split whereby each existing share was divided into three shares of the same class. The split was carried out on 9 May 2007.

30 September 2007	Class A	Class B	Total
Registered number of shares	112,905,207	592,204,887	705,110,094
- of which treasury shares		3,168,312	3,168,312

During the quarter no Class A shares were converted to Class B shares. At the end of the quarter, the proportion of Class A shares was 16.0%. As a result of the exercise of employee options, the number of treasury shares was reduced to 3,168,312.

Calculated according to IFRS recommendations, the effects of outstanding employee options programmes correspond to a maximum dilution of 0.06%, which was taken into account when calculating earnings per share for the period.

FUTURE REPORTS

The year-end report for 2007 will be published on 30 January 2008. In 2008 reports will be published on 29 April, 24 July and 29 October.

NOMINATION COMMITTEE

The Nomination Committee, whose tasks include providing proposals regarding the composition of SCA's Board of Directors to the 2008 Annual General Meeting, comprises Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee, Curt Källströmer, Handelsbanken's funds and foundations, Anders Oscarsson, SEB funds, Hans Sterte, Skandia Liv, Magnus Landare, Alecta and Sverker Martin-Löf, Chairman of SCA.

ANNUAL GENERAL MEETING

The Annual General Meeting of SCA will be held in Stockholm on Tuesday, 8 April 2008.

Stockholm, 31 October 2007
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Lennart Persson
acting President and CEO

A press conference will be held today, October 31, at 10.30 CET. For further details, see www.sca.com.

For further information, please contact:

Bodil Eriksson, Corporate Communications, +46 8 788 52 34
Johan Karlsson, Investor Relations, +46 8 788 51 30
Pär Altan, Media Relations, +46 8 788 52 37

Note

SCA discloses the information provided herein pursuant to the Swedish Securities Exchange and Clearing Operations Act. The information was submitted for publication at 08.00 CET on 31 October 2007.

This report has been prepared in both Swedish and English. In case of variation in the content of the two versions, the Swedish version shall prevail. The report has not been reviewed by the company's auditors.

OPERATING CASH FLOW ANALYSIS

SEKm	0709	0609
Operating cash surplus	11,325	10,387
Change in working capital	-1,876	-1,767
Current capital expenditures, net	-3,076	-3,314
Restructuring costs, etc.	-485	-922
Operating cash flow	5,888	4,384
Financial items	-1,361	-1,214
Income taxes paid	-1,429	-1,537
Other	7	-84
Cash flow from current operations	3,105	1,549
Acquisitions	-740	-134
Strategic capital expenditures, fixed assets	-796	-611
Strategic structural expenditures	0	-30
Divestments	2,846	4
Cash flow before dividend	4,415	778
Dividend	-2,904	-2,623
Cash flow after dividend	1,511	-1,845
Sale of treasury shares	54	64
Net cash flow	1,565	-1,781
Net debt at the start of the period	-36,399	-39,826
Net cash flow	1,565	-1,781
Remeasurement to equity	1,841	881
Currency effects	-120	1,194
Net debt at the end of the period	-33,113	-39,532
Debt/equity ratio	0.53	0.69
Debt payment capacity, %	35	28

CASH FLOW STATEMENT

SEKm	0709	0609
Operating activities		
Profit before tax	5,895	5,030
Adjustment for non-cash items ¹	3,660	3,108
	9,555	8,138
Paid tax	-1,429	-1,537
Cash flow from operating activities before changes in working capital	8,126	6,601
Cash flow from changes in working capital		
Change in inventories	-1,354	-553
Change in operating receivables	-1,327	-1,427
Change in operating liabilities	805	213
Cash flow from operating activities	6,250	4,834
Investing activities		
Acquisition of operations	-705	-134
Sold operations	2,779	4
Acquisition tangible and intangible assets	-4,309	-4,220
Sale of tangible assets	455	296
Payment of loans to external parties	-693	-425
Cash flow from investing activities	-2,473	-4,479
Financing activities		
Sale of treasury shares	54	64
Borrowings	-	2,015
Amortization of debt	-1,018	-
Dividends paid	-2,904	-2,623
Cash flow from financing activities	-3,868	-544
Cash flow for the period	-91	-189
Cash and cash equivalents at the beginning of the year	1,599	1,684
Exchange differences in cash and cash equivalents	3	-49
Cash and cash equivalents at the end of the period	1,511	1,446
Reconciliation with operating cash flow analysis		
Cash flow for the period	-91	-189
Deducted items:		
Payment of loans to external parties	693	425
Borrowings	-	-2,015
Added items:		
Net debt in acquired and divested operations	32	-
Accrued interest	-69	-1
Investments through finance leases	-18	-1
Net cash flow according to operating cash flow analysis	1,565	-1,781
¹ Depreciation and write-downs, fixed assets	4,577	4,624
Fair value valuation of forest assets	-318	-261
Payments related to efficiency programmes previously recognized as liabilities	-446	-915
Other	-153	-340
Total	3,660	3,108

CONSOLIDATED INCOME STATEMENT

SEKm	2007:3	2006:3	2007:2	0709	0609
Net sales	26,362	25,095	26,128	78,105	75,789
Other income	515	454	487	1,567	1,575
Change in fair value of biological assets	107	87	54	318	261
Change in inventories of finished goods and work in progress	-116	-268	26	9	-264
Work performed and capitalized	48	54	51	163	148
Raw materials and consumables	-10,004	-8,617	-9,862	-29,503	-26,504
Personnel costs	-4,802	-4,884	-4,908	-14,654	-14,891
Other operating expenses	-8,054	-8,236	-8,016	-24,206	-25,267
Depreciation	-1,534	-1,514	-1,541	-4,584	-4,619
Impairments	-8	-2	15	7	-5
Share of profits of associated companies	12	7	14	34	21
Operating profit	2,526	2,176	2,448	7,256	6,244
Financial items	-507	-423	-435	-1,361	-1,214
Profit before tax	2,019	1,753	2,013	5,895	5,030
Tax	0	-227	-443	-872	-1,014
Net profit for the period	2,019	1,526	1,570	5,023	4,016
Earnings attributable to:					
Equity holders of the Parent Company	2,014	1,521	1,565	5,008	3,994
Minority interests	5	5	5	15	22
Earnings per share, SEK - equity holders of the Parent Company					
- before dilution effects	2.87	2.17	2.23	7.14	5.70
- after dilution effects	2.87	2.18	2.23	7.13	5.70
Average no. of shares before dilution, millions	701.8	701.0	701.7	701.8	701.0
Warrants	0.4	0.4	0.5	0.4	0.4
Average no. of shares after dilution	702.2	701.4	702.2	702.2	701.4

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

SEKm	0709	0609
Actuarial gains and losses related to pensions, incl. payroll tax	1,848	922
Available-for-sale financial assets:		
- Gains from fair value measurement taken to equity	51	12
- Transferred to income statement at sale	-34	-19
Cash flow hedges		
- Gains from remeasurement of derivatives taken to equity	32	76
- Transferred to profit or loss for the period	-16	-79
Transferred to cost of hedged investments	3	-8
Translation difference in foreign operations	-308	-1,569
Gains from hedging of net investments in foreign operations	204	-93
Tax on items taken to/transferred from equity	-493	-276
Total transactions taken to equity	1,287	-1,034
Net profit for the period recognized in the income statement	5,023	4,016
Total income and expenses recognized for the period	6,310	2,982
<i>Attributable to:</i>		
- <i>Equity holders of the Parent Company</i>	<i>6,274</i>	<i>2,986</i>
- <i>Minority interests</i>	<i>36</i>	<i>-4</i>
	6,310	2,982
<i>Other changes in equity</i>		
- <i>sale of treasury shares</i>	<i>54</i>	<i>64</i>
- <i>dividend</i>	<i>-2,904</i>	<i>-2,623</i>
- <i>change in Group structure</i>	<i>-17</i>	<i>-10</i>
- <i>remeasurement owned portion at successive acquisitions, within window period</i>	<i>0</i>	<i>4</i>

CONSOLIDATED BALANCE SHEET

	30 September 2007	31 December 2006
	SEKm	SEKm
Assets		
Goodwill	16,971	16,997
Other intangible assets	2,814	3,054
Tangible assets	74,727	74,670
Shares and participations	1,000	518
Non-current financial assets ¹	4,364	2,970
Other non-current receivables	838	861
Total non-current assets	100,714	99,070
Operating receivables and inventories	32,038	29,907
Current financial assets	649	409
Non-current assets held for sale	54	2,559
Cash and cash equivalents	1,511	1,599
Total current assets	34,252	34,474
Total assets	134,966	133,544
Equity		
Equity holders of the Parent Company	61,705	58,299
Minority interests	701	664
Total equity	62,406	58,963
Liabilities		
Provisions for pensions	1,815	2,793
Other provisions	11,407	11,447
Non-current financial liabilities	20,712	16,852
Other non-current liabilities	181	157
Total non-current liabilities	34,115	31,249
Current financial liabilities ²	16,860	21,537
Non-current liabilities held for sale	0	55
Operating liabilities	21,585	21,740
Total current liabilities	38,445	43,332
Total liabilities	72,560	74,581
Total equity and liabilities	134,966	133,544
Debt/equity ratio	0.53	0.62
Visible equity/assets ratio	46%	44%
Return on capital employed, %	10	9
Return on equity, %	11	9
¹ Of which pension assets	2,546	1,419
² Contracted committed credit lines amount to SEK 25,249m.		
Capital employed	95,519	95,362
- of which working capital	11,501	9,870
Net debt	33,113	36,399
Shareholders' equity	62,406	58,963
Provisions for restructuring costs are included in the balance sheet as follows:		
- Other provisions	307	423
- Operating liabilities	591	797

NET SALES

SEKm	2007:3	2007:2	2007:1	2006:4	2006:3	2006:2	2006:1	2005:4
Personal Care	5,510	5,554	5,331	5,429	5,246	5,249	5,348	5,136
Tissue	8,204	8,060	7,725	7,844	7,743	7,787	7,962	8,109
Packaging	8,434	8,229	8,571	8,445	8,288	8,231	8,389	8,272
Forest Products	4,743	4,726	4,472	4,480	4,339	4,454	4,378	4,071
- Publication papers	2,225	2,149	2,082	2,167	2,279	2,339	2,145	2,067
- Pulp, timber and solid-wood products	2,518	2,577	2,390	2,313	2,060	2,115	2,233	2,004
Other	320	341	357	336	326	296	233	301
Intra-group deliveries	-849	-782	-841	-884	-847	-723	-910	-748
Total net sales	26,362	26,128	25,615	25,650	25,095	25,294	25,400	25,141

OPERATING SURPLUS

SEKm	2007:3	2007:2	2007:1	2006:4	2006:3	2006:2	2006:1	2005:4
Personal Care	995	991	933	961	925	939	950	983
Tissue	1,022	966	869	913	944	924	850	941
Packaging	1,044	1,003	1,063	1,024	988	888	854	841
Forest Products	1,082	1,088	1,003	1,008	911	970	919	910
- Publication papers	327	347	337	412	371	456	426	456
- Pulp, timber and solid-wood products	755	741	666	596	540	514	493	454
Other	-87	-88	-85	-88	-83	-80	-52	-88
Total operating surplus	4,056	3,960	3,783	3,818	3,685	3,641	3,521	3,587

OPERATING PROFIT

SEKm	2007:3	2007:2	2007:1	2006:4	2006:3	2006:2	2006:1	2005:4
Personal Care	742	758	679	726	681	693	699	719
Tissue	464	413	339	358	431	401	300	379
Packaging	648	622	689	598	560	476	438	418
Forest Products	766	750	663	676	591	631	577	553
- Publication papers	143	141	128	208	168	237	205	222
- Pulp, timber and solid-wood products	623	609	535	468	423	394	372	331
Other	-94	-95	-88	-97	-87	-88	-59	-94
Total operating profit	2,526	2,448	2,282	2,261	2,176	2,113	1,955	1,975
Financial items	-507	-435	-419	-458	-423	-405	-386	-401
Profit before tax	2,019	2,013	1,863	1,803	1,753	1,708	1,569	1,574
Tax	0	-443	-429	-352	-227	-387	-400	-377
Net profit for the period	2,019	1,570	1,434	1,451	1,526	1,321	1,169	1,197

OPERATING SURPLUS MARGIN

%	2007:3	2007:2	2007:1	2006:4	2006:3	2006:2	2006:1	2005:4
Personal Care	18.1	17.8	17.5	17.7	17.6	17.9	17.8	19.1
Tissue	12.5	12.0	11.2	11.6	12.2	11.9	10.7	11.6
Packaging	12.4	12.2	12.4	12.1	11.9	10.8	10.2	10.2
Forest Products	22.8	23.0	22.4	22.5	21.0	21.8	21.0	22.4
- Publication papers	14.7	16.1	16.2	19.0	16.3	19.5	19.9	22.1
- Pulp, timber and solid-wood products	30.0	28.8	27.9	25.8	26.2	24.3	22.1	22.7

OPERATING MARGIN

%	2007:3	2007:2	2007:1	2006:4	2006:3	2006:2	2006:1	2005:4
Personal Care	13.5	13.6	12.7	13.4	13.0	13.2	13.1	14.0
Tissue	5.7	5.1	4.4	4.6	5.6	5.1	3.8	4.7
Packaging	7.7	7.6	8.0	7.1	6.8	5.8	5.2	5.1
Forest Products	16.2	15.9	14.8	15.1	13.6	14.2	13.2	13.6
- Publication papers	6.4	6.6	6.1	9.6	7.4	10.1	9.6	10.7
- Pulp, timber and solid-wood products	24.7	23.6	22.4	20.2	20.5	18.6	16.7	16.5

INCOME STATEMENT PARENT COMPANY

SEKm	0709	0609
Net sales	122	104
Operating expenses	-492	-358
Operating profit	-370	-254
Financial items	551	986
Profit before tax	181	732
Tax	441	281
Net profit for the period	622	1,013

BALANCE SHEET PARENT COMPANY

	30 June 2007	31 December 2006
	SEKm	SEKm
Intangible assets	7	11
Tangible assets	6,164	6,129
Financial investments	62,423	62,346
Total fixed assets	68,594	68,486
Total current assets	1,076	1,474
Total assets	69,670	69,960
Restricted equity	10,996	10,996
Unrestricted equity	9,806	11,930
Total shareholders' equity	20,802	22,926
Untaxed reserves	124	124
Provisions	1,556	1,575
Long-term liabilities	0	0
Current liabilities	47,188	45,335
Total equity and liabilities	69,670	69,960