

Interim Report



Q1 2017



Hygiene and Forest Products Business Combined

Summary Q1 2017



- Net sales increased 4%
- Adjusted operating profit¹⁾ increased 5%
- AGM decision to split SCA into two listed companies
 - ◆ SCA, an efficient and well-invested forest products company
 - ◆ Essity, a leading global hygiene and health company
- Intention to distribute and list SCA Hygiene AB in June 2017
- Changed segment reporting as of Q1 2017



¹⁾ Excluding items affecting comparability

SCA Hygiene AB, The Future Hygiene and Health Company Essity

Magnus Groth
President and CEO



SCA Hygiene AB, The Future Essity

Financial Summary Q1 2017 vs Q1 2016



- 1) Sales which excludes exchange rate effects, acquisitions and divestments
- 2) Excluding items affecting comparability
- 3) Excluding items affecting comparability, currency translation effects and acquisitions

SCA Hygiene AB, The Future Essity

Summary Q1 2017



Significant Initiatives

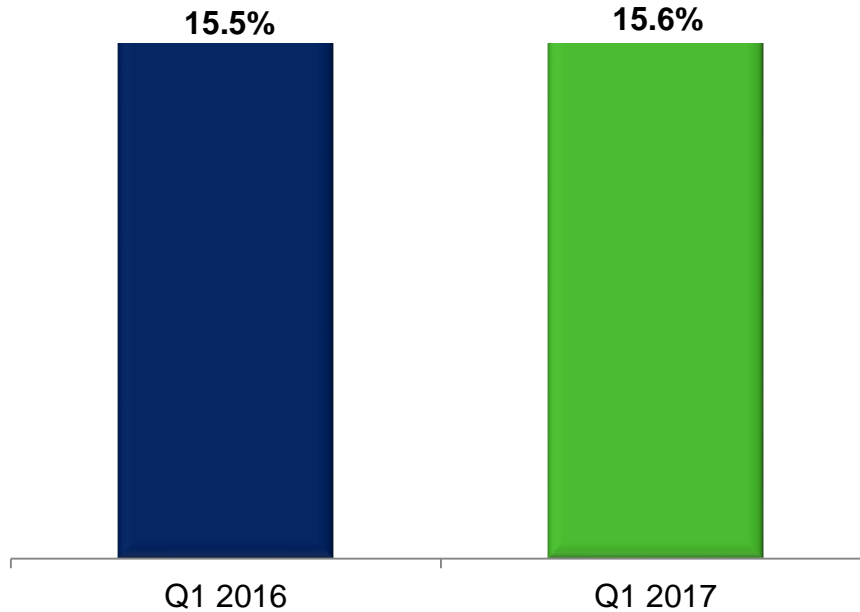
- Discontinued hygiene business in India
- Actions to strengthen supply chain and product offering in Europe and Mexico

Events after the Quarter

- Completed acquisition of BSN Medical on April 3, 2017
- New financial targets

SCA Hygiene AB, The Future Essity

Adjusted ROCE¹⁾



¹⁾ Adjusted Return on Capital Employed (Adjusted EBITA / Capital Employed) excluding items affecting comparability

SCA Hygiene AB, The Future Essity Innovations Q1 2017



**New Saba
Good Night**



**Re-launch of Libero
in Russia**



**TENA Flex with
ConfioAir™**



**TENA Lady
Discreet**

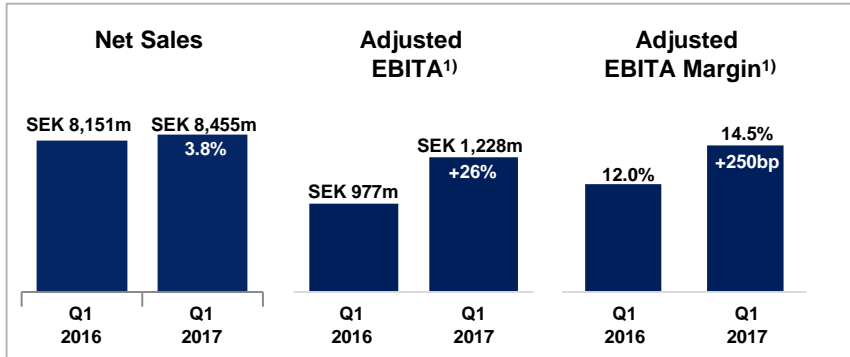


**Familia®
pH Balanceado**



Personal Care

Q1 2017 vs Q1 2016



¹⁾ Excluding items affecting comparability

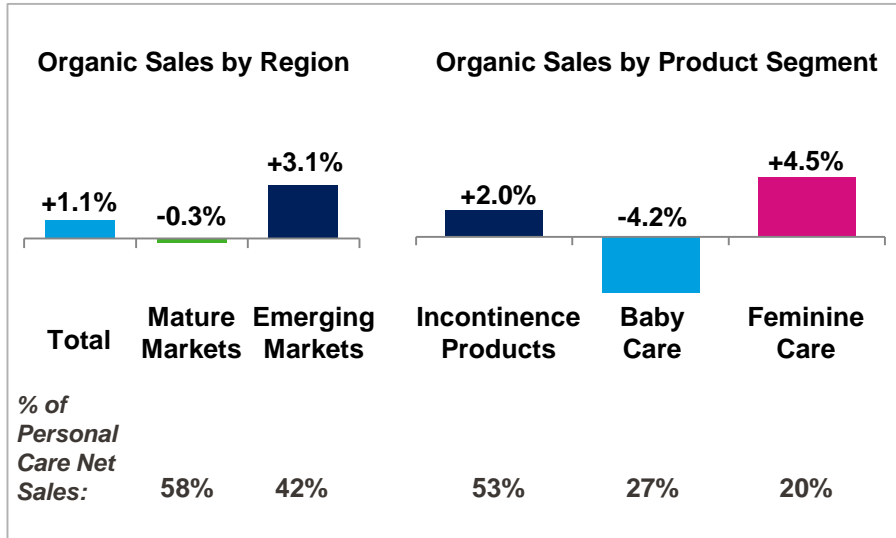
²⁾ Adjusted Return on Capital Employed (Adjusted EBITA / Capital Employed) excluding items affecting comparability

- Net sales increased 3.8%
- Organic sales increased 1.1%
- Adjusted EBITA¹⁾ increased 26%
 - ◆ Better price/mix
 - ◆ Higher volumes
 - ◆ Lower raw material costs
 - ◆ Cost savings
 - ◆ Improved profitability in Incontinence Products in North America
 - ◆ Positive effect from exiting Baby Care in Mexico and hygiene business in India
 - ◆ Investments in increased marketing activities
- Adjusted EBITA margin¹⁾ 14.5%
- Adjusted ROCE²⁾ 35.4%



Personal Care

Q1 2017 vs Q1 2016



■ Organic sales increased 1.1%

- ◆ Price/mix +0.7%
- ◆ Volume +0.4%
- ◆ Negative impact of approximately 1% related to closures of Baby Care Mexico and hygiene business in India

■ Mature markets

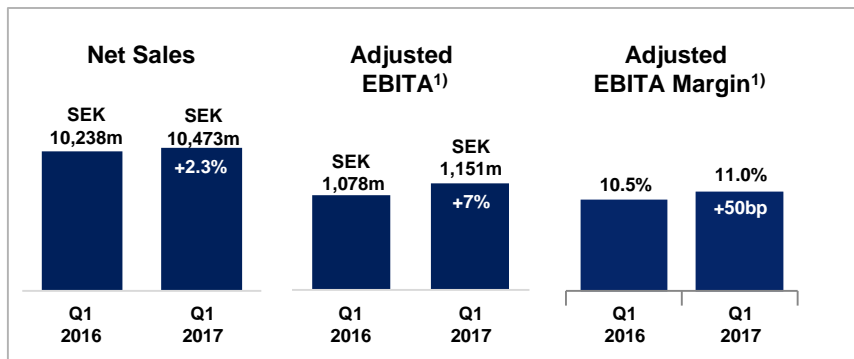
- ◆ Western Europe
 - Slightly lower sales
 - Incontinence Products showed good growth in Retail but lower sales in Health Care
- ◆ North America
 - Higher sales in Incontinence Products, both in Health Care and Retail

■ Emerging markets

- ◆ Latin America +3%
 - Good growth for Incontinence Products and Feminine Care
 - Lower sales in Baby Care mainly due to exiting Baby Care in Mexico
- ◆ Russia -24%
- ◆ Asia +1%

Consumer Tissue

Q1 2017 vs Q1 2016



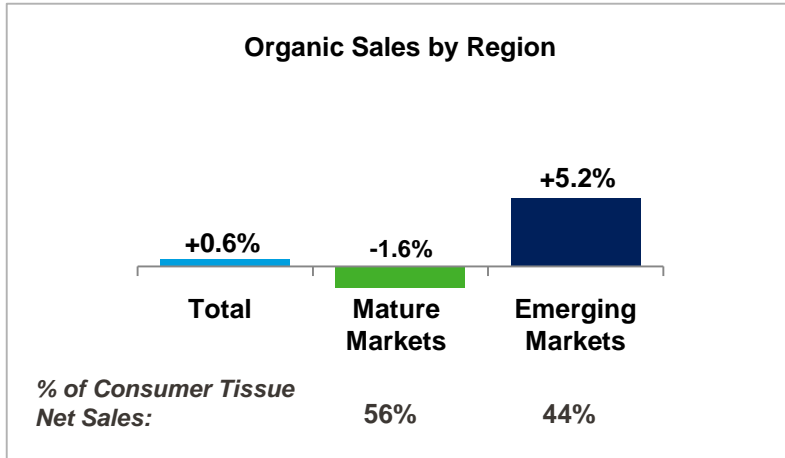
- **Net sales increased 2.3%**
- **Organic sales increased 0.6%**
- **Adjusted EBITA¹⁾ increased 7%**
 - ◆ Higher volumes
 - ◆ Lower raw material costs
 - ◆ Cost savings
 - ◆ Lower prices
 - ◆ Higher energy costs
- **Adjusted EBITA margin¹⁾ 11.0%**
- **Adjusted ROCE²⁾ 11.4%**

¹⁾ Excluding items affecting comparability

²⁾ Adjusted Return on Capital Employed (Adjusted EBITA / Capital Employed) excluding items affecting comparability

Consumer Tissue

Q1 2017 vs Q1 2016



■ Organic sales increased 0.6%

- ◆ Price/mix -0.3%
- ◆ Volume +0.9%

■ Mature markets

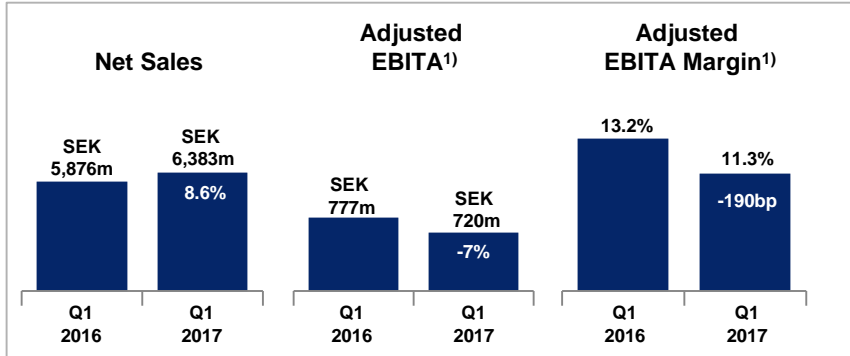
- ◆ Western Europe
 - Lower sales due to lower sales of retail branded products and mother reels

■ Emerging markets

- ◆ Asia +5%
- ◆ Latin America +6%
- ◆ Russia +14%

Professional Hygiene

Q1 2017 vs Q1 2016



- Net sales increased 8.6%
- Organic sales increased 2.1%
- Adjusted EBITA profit¹⁾ decreased 7%
 - ◆ Higher raw material costs mainly due to significantly higher recovered paper prices
 - ◆ Higher selling costs
 - ◆ Better price/mix
 - ◆ Higher volumes
 - ◆ Cost savings
 - ◆ Acquisition of Wausau Paper Corp.
- Adjusted EBITA margin¹⁾ 11.3%
- Adjusted ROCE²⁾ 13.7%

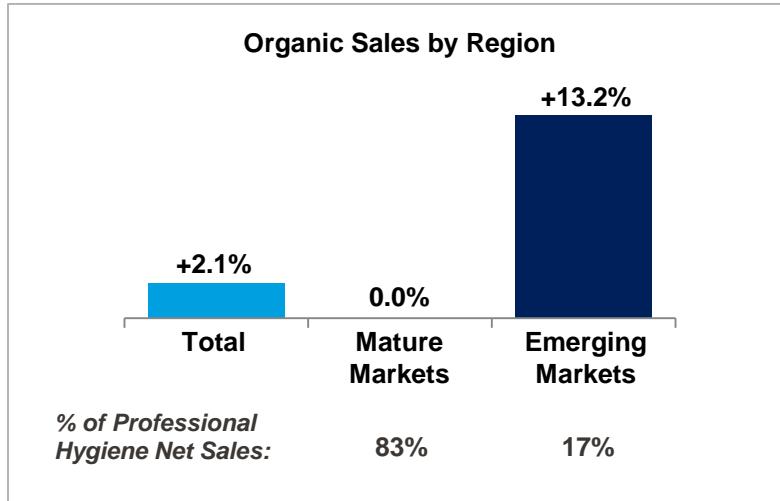


¹⁾ Excluding items affecting comparability

²⁾ Adjusted Return on Capital Employed (Adjusted EBITA / Capital Employed) excluding items affecting comparability

Professional Hygiene

Q1 2017 vs Q1 2016



- **Organic sales increased 2.1%**

- ◆ Price/mix +0.9%
- ◆ Volume +1.2%

- **Mature markets**

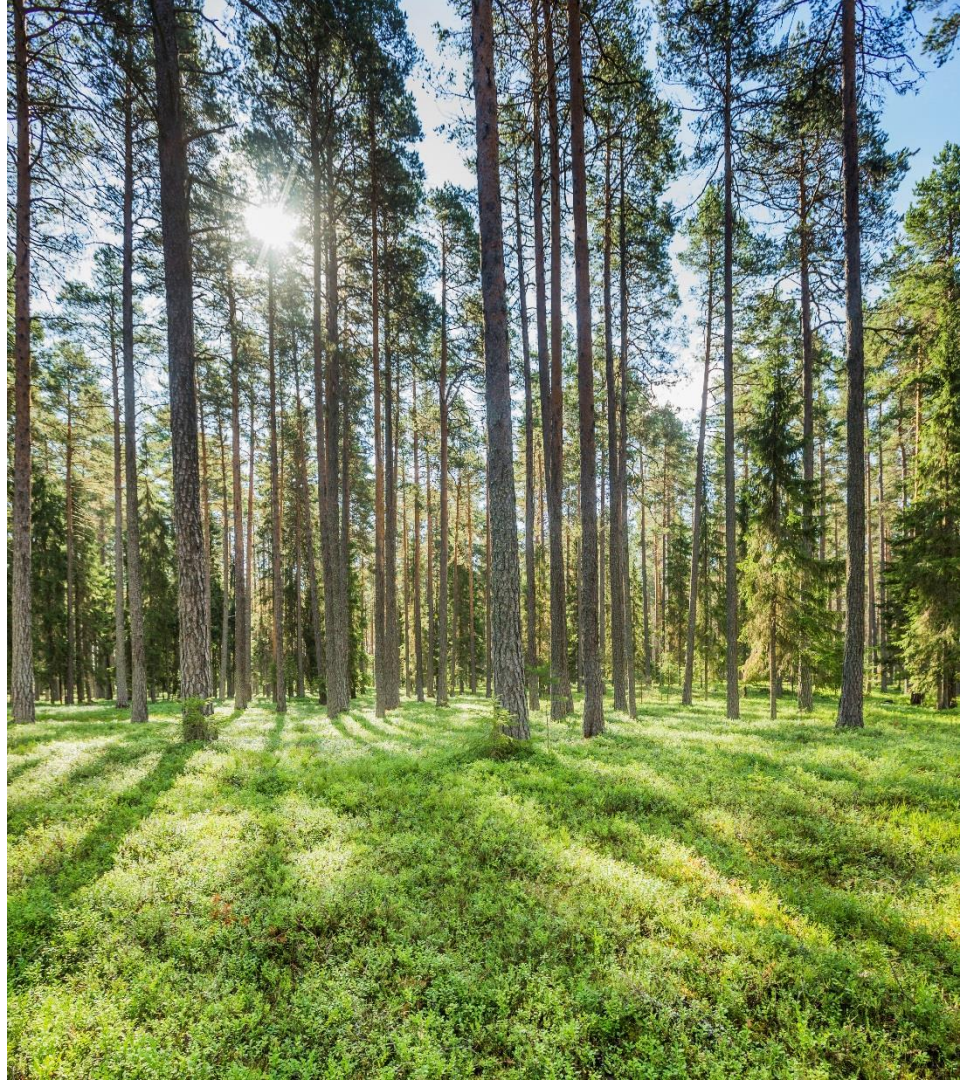
- ◆ Higher sales in Western Europe compensated for lower sales in North America

- **Emerging markets**

- ◆ Asia +22%
- ◆ Latin America +12%
- ◆ Russia 0%

SCA AB, The Future Forest Products Company SCA

Ulf Larsson
Executive Vice President
President Forest Products



SCA AB, The Future Forest Products Company

Summary Q1 2017



- Net sales increased 5%
- Adjusted EBITDA and EBITDA margin decreased
 - ◆ Negative impact from revaluation related to the fair value measurement of electricity certificates
 - ◆ Higher costs related to Östrand pulp mill expansion
- Investment in increased pulp capacity in Östrand progressing according to plan
 - ◆ Since start of project approximately SEK 3.1bn has been invested of the total estimated investment of approximately SEK 7.8bn
- Committed credit facilities totaling SEK 9.5bn



SCA AB, The Future Forest Products Company

Financial Summary Q1 2017 vs Q1 2016



Net Sales

**SEK
3,969m
+5%**

Adjusted EBITDA¹⁾

**SEK
807m
-1%**

Adjusted EBITDA Margin¹⁾

**20.3%
-110bp**

EPS²⁾

SEK 0.52

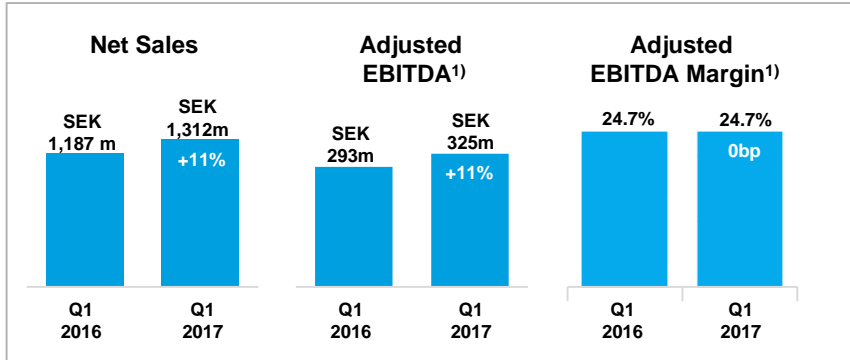
Operating Cash Flow

**SEK
85m
-89%**

- 1) Excluding items affecting comparability
- 2) Continuing operations

Forest

Q1 2017 vs Q1 2016



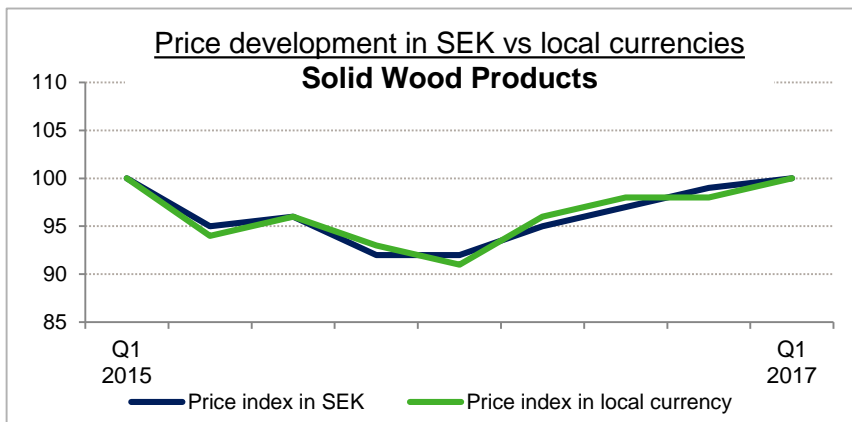
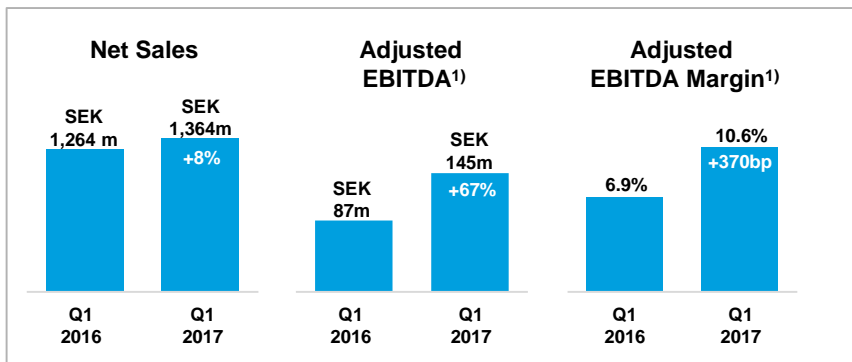
- **Net sales increased 11%**
 - ◆ Increase mainly related to higher volumes
- **Adjusted EBITDA¹⁾ increased 11%**
 - ◆ Higher harvesting of own forest
 - ◆ Lower harvesting costs
- **Adjusted EBITDA margin¹⁾ 24.7%**



¹⁾ Excluding items affecting comparability

Wood

Q1 2017 vs Q1 2016

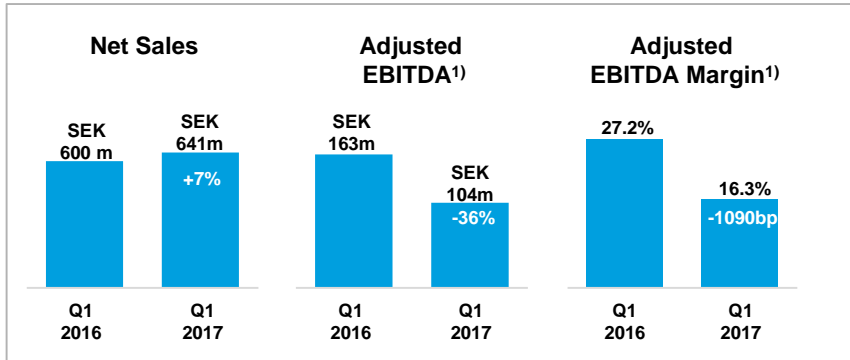


- **Net sales increased 8%**
 - ◆ Price/mix +9%
 - ◆ Volume 0%
 - ◆ Currency -1%
- **Adjusted EBITDA¹⁾ increased 67%**
 - ◆ Higher prices
 - ◆ Higher raw material costs
 - ◆ Higher distribution costs
- **Adjusted EBITDA margin¹⁾ 10.6%**

¹⁾ Excluding items affecting comparability

Pulp

Q1 2017 vs Q1 2016



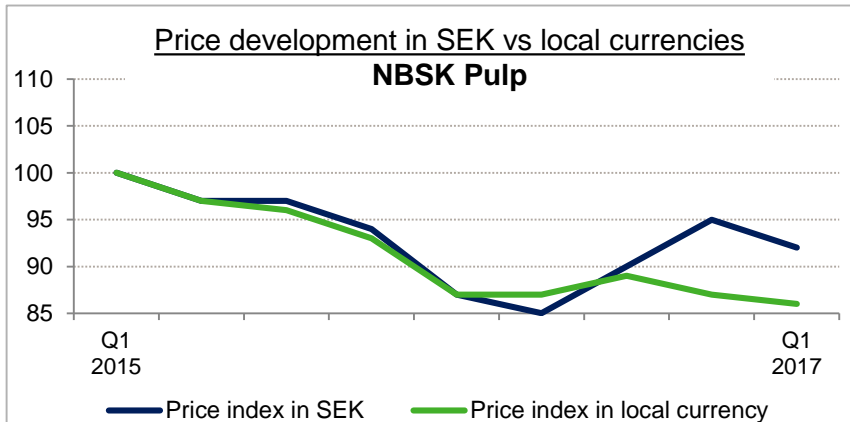
- **Net sales increased 7%**

- ◆ Price/mix 0%
- ◆ Volume +4%
- ◆ Currency +3%

- **Adjusted EBITDA¹⁾ decreased 36%**

- ◆ Revaluation related to the fair value measurement of electricity certificates of approximately SEK 25m
- ◆ Higher costs related to pulp mill expansion project of approximately SEK 15m

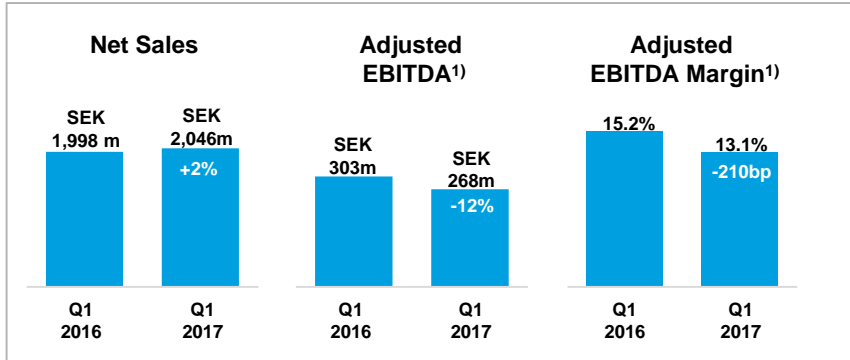
- **Adjusted EBITDA margin¹⁾ 16.3%**



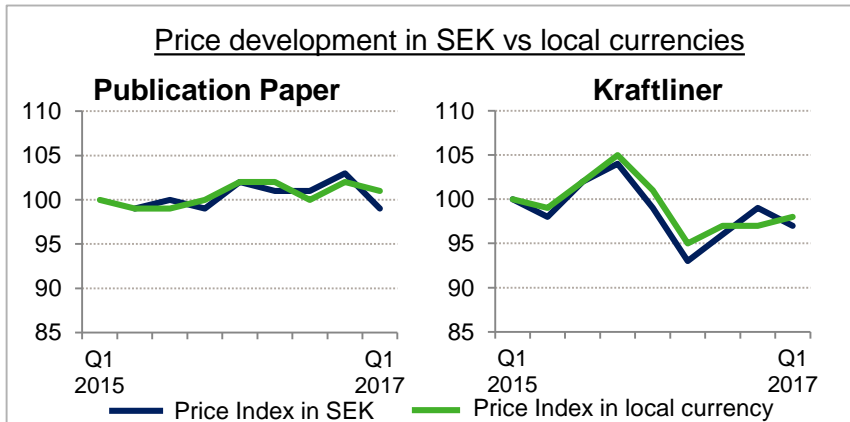
¹⁾ Excluding items affecting comparability

Paper

Q1 2017 vs Q1 2016



- **Net sales increased 2%**
 - ◆ Price/mix -3%
 - ◆ Volume +4%
 - ◆ Currency +1%
- **Adjusted EBITDA¹⁾ decreased 12%**
 - ◆ Lower prices
 - ◆ Higher energy and raw material costs
 - ◆ Revaluation related to the fair value measurement of electricity certificates of approximately SEK 15m
 - ◆ Higher volumes
 - ◆ Positive currency effects
- **Adjusted EBITDA margin¹⁾ 13.1%**



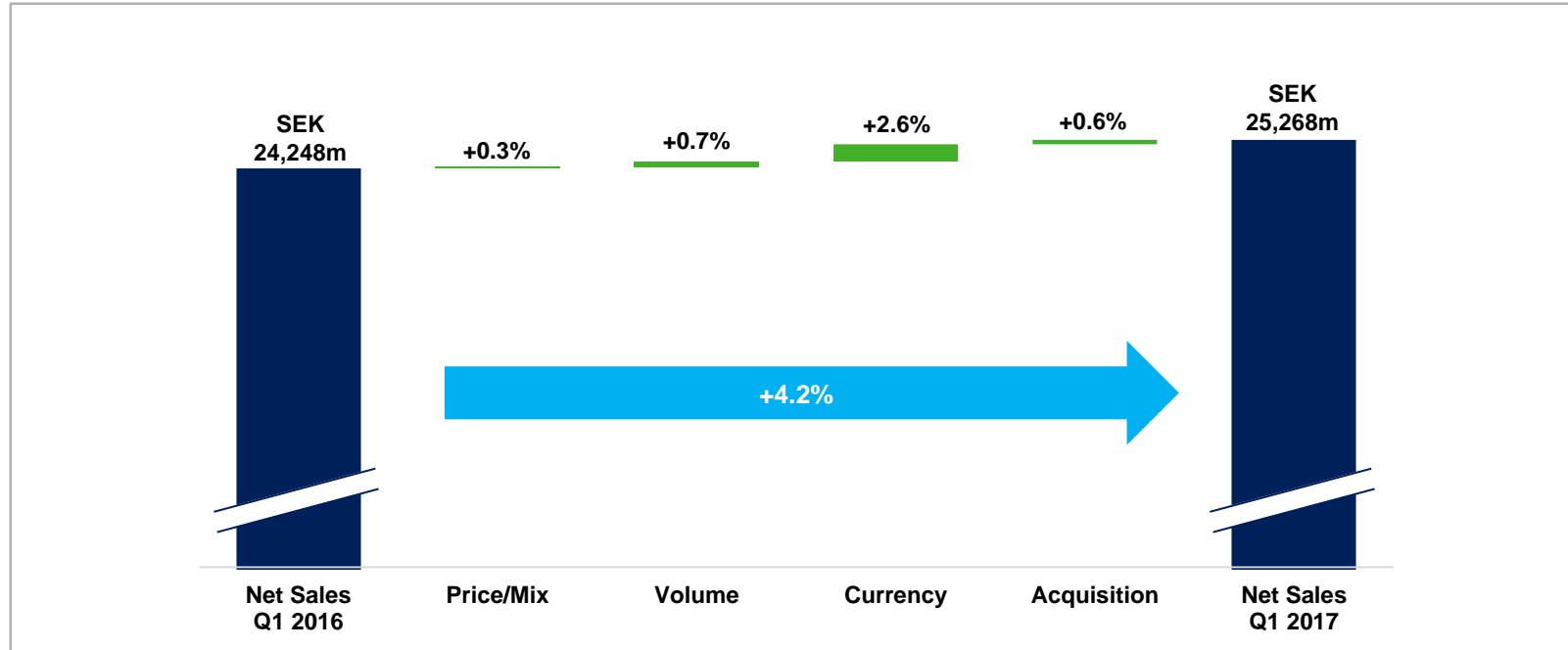
¹⁾ Excluding items affecting comparability

Fredrik Rystedt

Executive Vice President and CFO

SCA Hygiene AB, The Future Essity

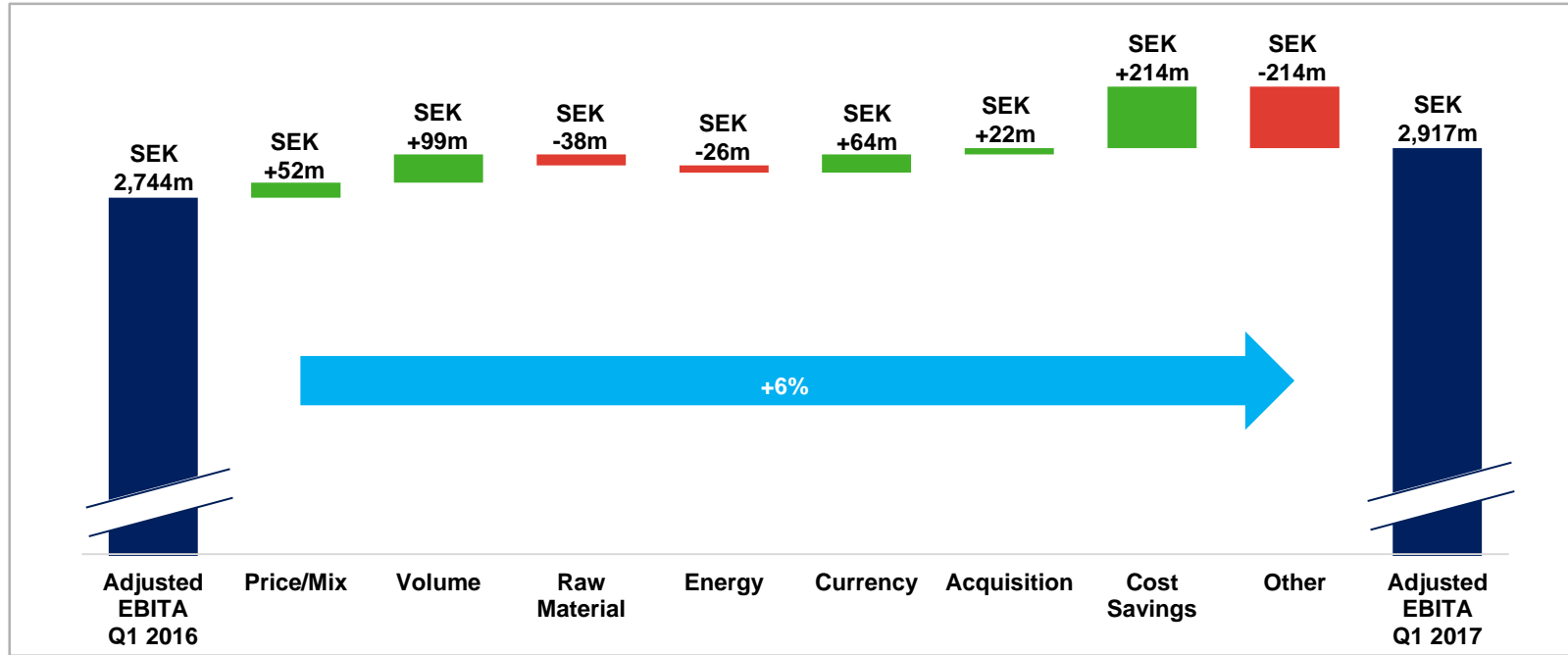
Net Sales Q1 2017 vs. Q1 2016



- Organic sales increased 1.0%
- ◆ Price/Mix +0.3%
- ◆ Volume +0.7%

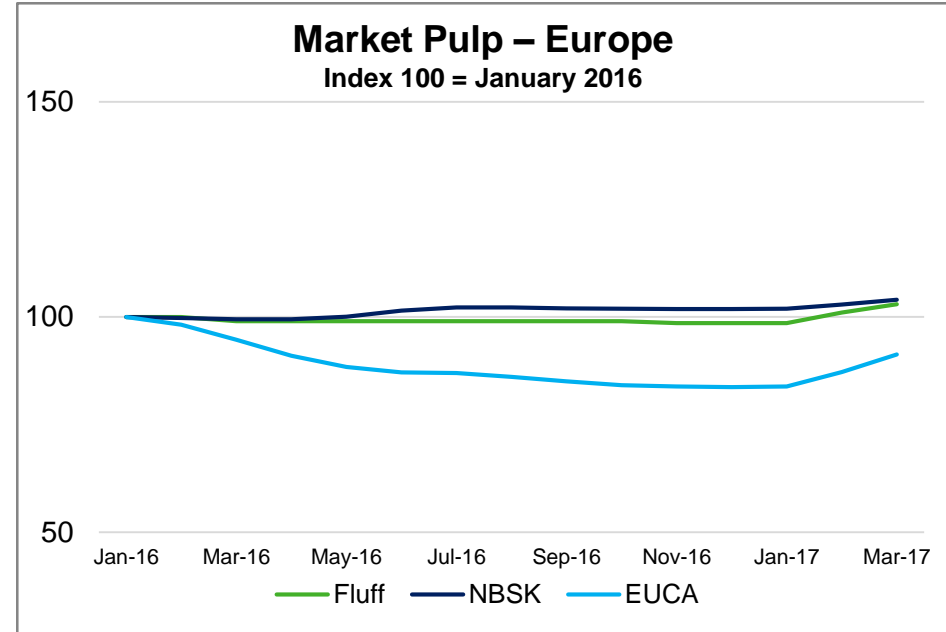
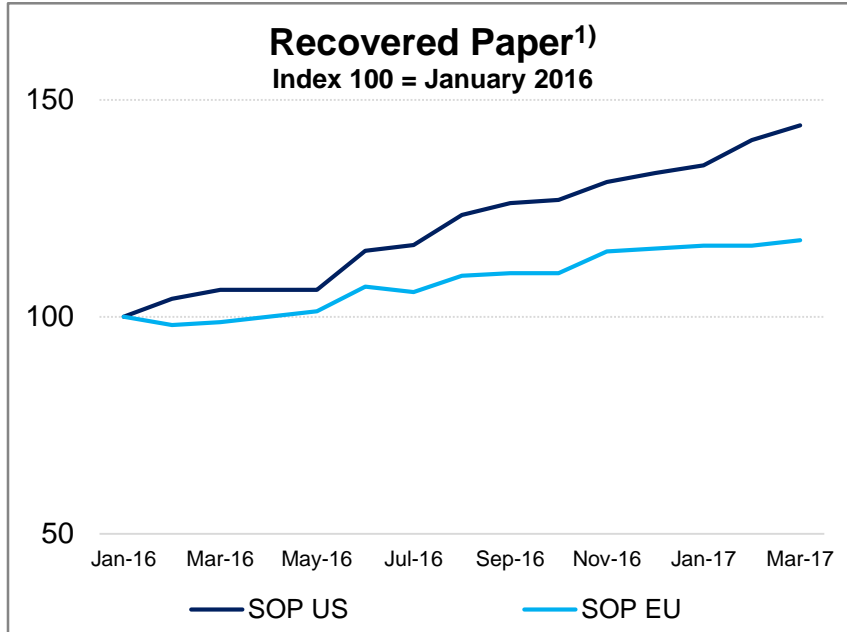
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Adjusted EBITA¹⁾ Q1 2017 vs. Q1 2016



¹⁾ Excluding items affecting comparability

Raw Material Development



¹⁾ Index based in local currencies

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Cash Flow Q1 2017 vs Q1 2016



	Q1 2017 SEKm	Q1 2016 SEKm
Operating cash surplus	4,146	3,900
Change in working capital	-253	-1,071
Restructuring costs and other operating cash flow	-211	-231
Capital expenditures (including strategic)	-852	-1,086
Operating cash flow including strategic capital expenditures	2,830	1,512

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Items Affecting Comparability Q1 2017



	Q1 2017 SEKm
Costs related to the split of the SCA Group into two listed companies	-460
Restructuring costs related to closure of tissue machine in the UK	-80
Wausau Paper Corp.	-30
Release of provision related to anti-trust case in Poland	+265
Other	-104
Total items affecting comparability	-409

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New Group Financial Targets



Annual Organic
Sales Growth¹⁾

>3%

Adjusted Return on
Capital Employed²⁾

>15%

- Capital structure policy and dividend policy unchanged

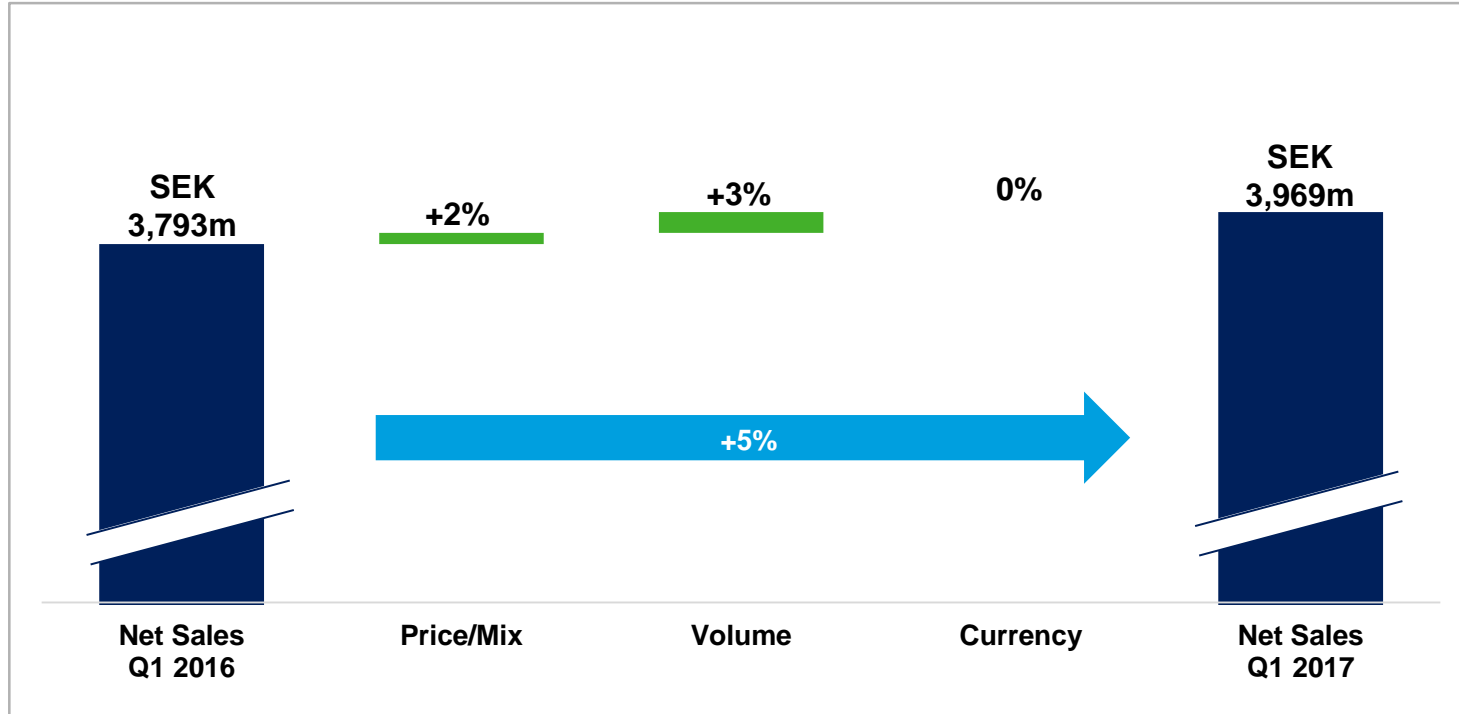
¹⁾ Excluding exchange rate effects, acquisitions and divestments

²⁾ Adjusted EBITA / Capital Employed

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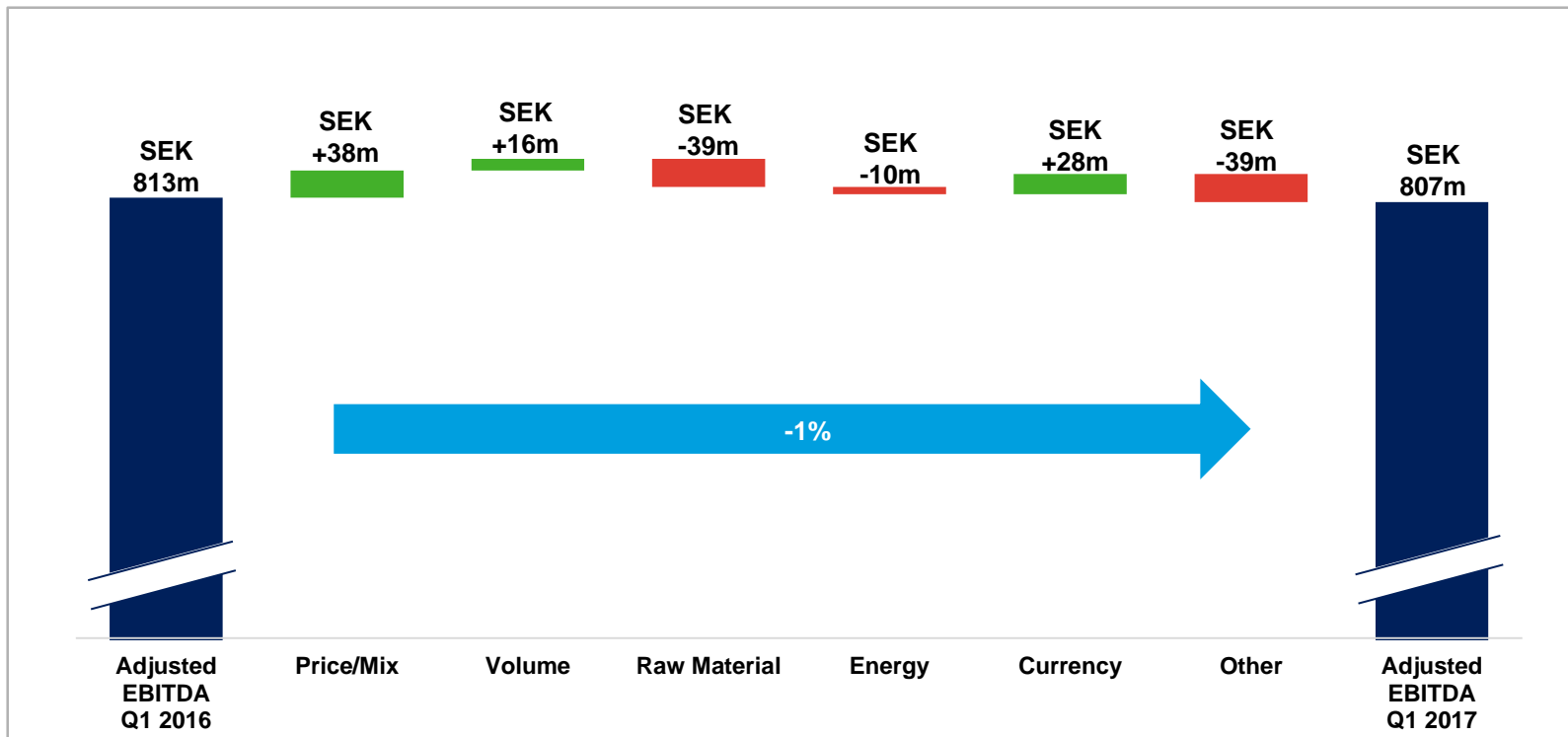
Net Sales Q1 2017 vs. Q1 2016



SCA AB, The Future Forest Products Company



Adjusted EBITDA¹⁾ Q1 2017 vs. Q1 2016



¹⁾ Excluding items affecting comparability

SCA AB, The Future Forest Products Company



Cash Flow Q1 2017 vs. Q1 2016

	Q1 2017 SEKm	Q1 2016 SEKm
Operating cash surplus	574	514
Change in working capital	-354	349
Restructuring costs and other operating cash flow	-9	10
Capital expenditures (including strategic)	-641	-461
Operating cash flow including strategic capital expenditures	-430	412

Magnus Groth

President and CEO



essity



SCA

Q&A



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 our most recent annual report for a better understanding of these risks and uncertainties.



SCA
Care of Life

