SCA Interim Report
1 January–30 June 2004

Jan Åström
President and CEO

SCA in Brief

1 January–30 June 2004

	2004:2	2004:1	0406	0306
Earnings per share, SEK	4.32	4.34	8.66	10.89
Cash flow from current operations per share, SEK	2.27	3.48	5.75	13.01
Net sales, SEK M	22,340	21,687	44,027	43,121
Earnings after financial items, SEK M	1,502	1,472	2,974	3,578
Net earnings, SEK M	1,009	1,014	2,023	2,525

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SCA in Brief
Compared with first half of 2003

- **Net sales amounted to SEK 44,027 M (43,121). Adjusted for currency and price effects, net sales rose by 7%**

- **The Group's operating profit excluding items affecting comparability amounted to SEK 3,413 M (3,794) a decline by 10%. Currency movements had a negative impact of 6%**

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SCA in Brief
Compared with first quarter of 2004

- Net sales amounted to SEK 22,340 M (21,687) and, accordingly, were 3% higher

- Operating profit for the Group amounted to SEK 1,742 M (1,627), an improvement of 7%. The operating profit for Hygiene Products was unchanged, while Packaging's earnings increased by 14% and Forest Products' by 12%

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Operating Profit - Business Areas
1 January–30 June

SEK M	**2004**	2003	Change
Hygiene Products	**2,310**	2,467	-6%
Packaging	**1,142**	1,313	-13%
Forest Products	**730**	738	-1%
Other operations	**-232**[1]	31[2]	
Operating profit before goodwill amortization	**3,950**	4,549	-13%
Goodwill amortization	**-581**	-558	
Operating profit	**3,369**	3,991	-16%

1) Including items affecting comparability SEK –44 M
2) Including items affecting comparability SEK 197 M

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Cash Flow Analysis

1 January–30 June

1 (2)

SEK M	**2004**	2003	Change
Operating cash surplus	**6,850**	6,890	-1%
Changes in working capital	-2,127	-1,407	
Current capital expenditures, net	-1,603	-1,535	
Other operating cash flow changes	-166	-106	
Operating cash flow	**2,954**	3,842	-23%
Financial items	-395	-413	
Income taxes paid	-1,220	-369	
Other	5	-42	
Cash flow from current operations	**1,344**	3,018	-55%

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Cash Flow Analysis
1 January-30 June

SEK M	**2004**	2003
Cash flow from current operations	**1,344**	3,018
Company acquisitions	-8,035	-851
Strategic capital expenditures	-977	-1,309
Strategic structural expenditures	-117	-225
Divestments	0	865
Cash flow before dividend	**-7,785**	1,498
Debt equity ratio, times	**0.66**	0.49
Debt payment capacity, %	**39**	55

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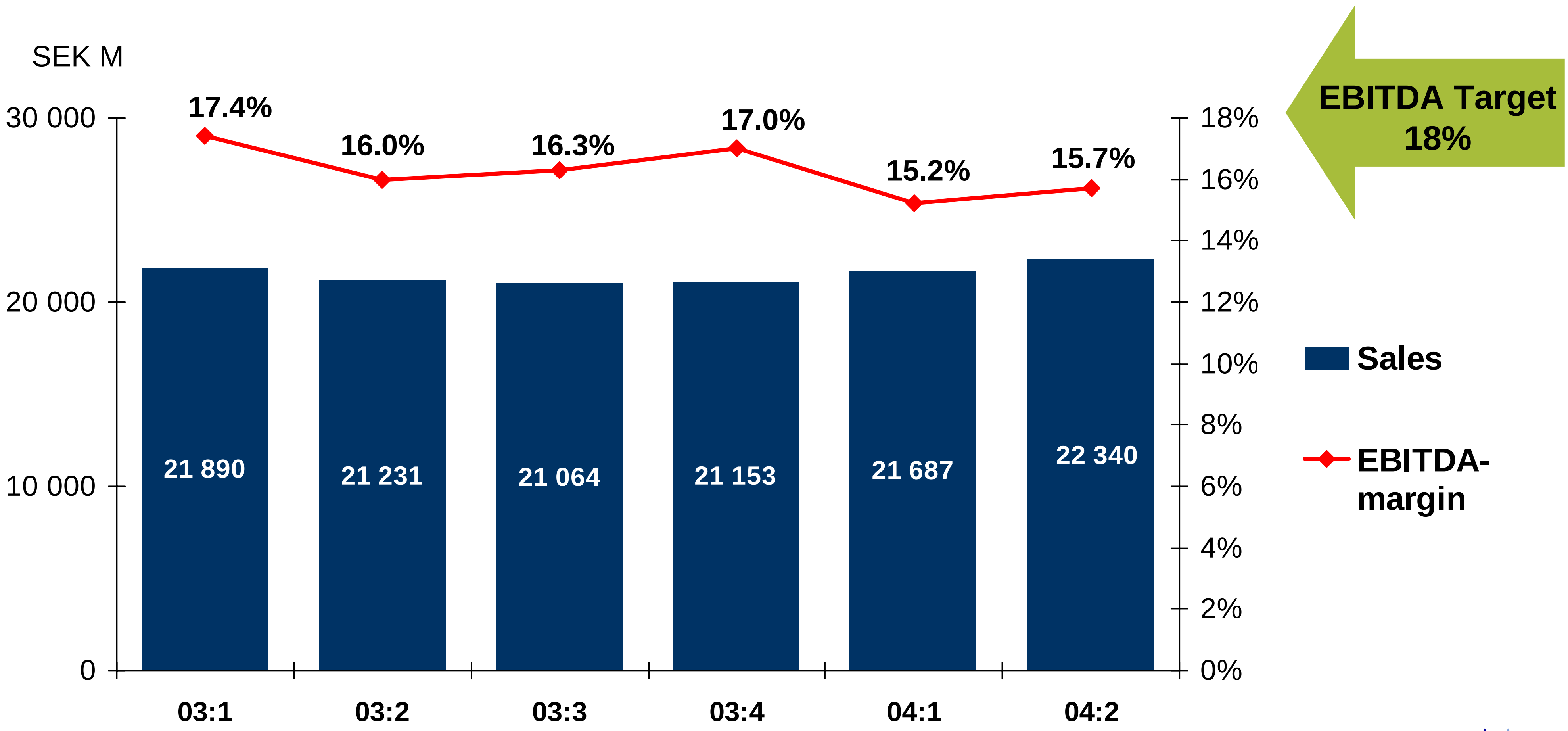
Group - Development
Quarterly data



ROCE	13%	12%	11%	11%	10%	10%

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Hygiene Products
Compared with first half of 2003

- **Net sales amounted to SEK 21,694 M (21,697)**
- **Operating profit down 6% - SEK 2,310 M (2,467)**
  - Currency effects –4%
- **Consumer Tissue operating profit unchanged**
  - Acquisitions and lower raw materials costs compensated for lower prices
- **AFH Tissue operating profit down 32%**
  - Lower prices, mainly in North America, partially offset by higher volumes
  - Higher prices for recovered paper in the North American operations
- **Personal Care operating profit virtually unchanged**
  - Acquisition in combination with volume growth and positive product mix, mainly in the incontinence area have had a positive effect
  - Lower prices and volumes for baby diapers in the area of retailers’ brands

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Hygiene Products
Compared with first quarter 2004

- **Operating profit on the same level as first quarter**
- **Consumer Tissue operating profit down 15%**
  - Higher pulp costs partly offset by acquisitions
- **AFH Tissue operating profit up 25%**
  - Higher earnings in the North American operations
- **Personal Care operating profit up 3%**
  - Positive effects due to acquisitions

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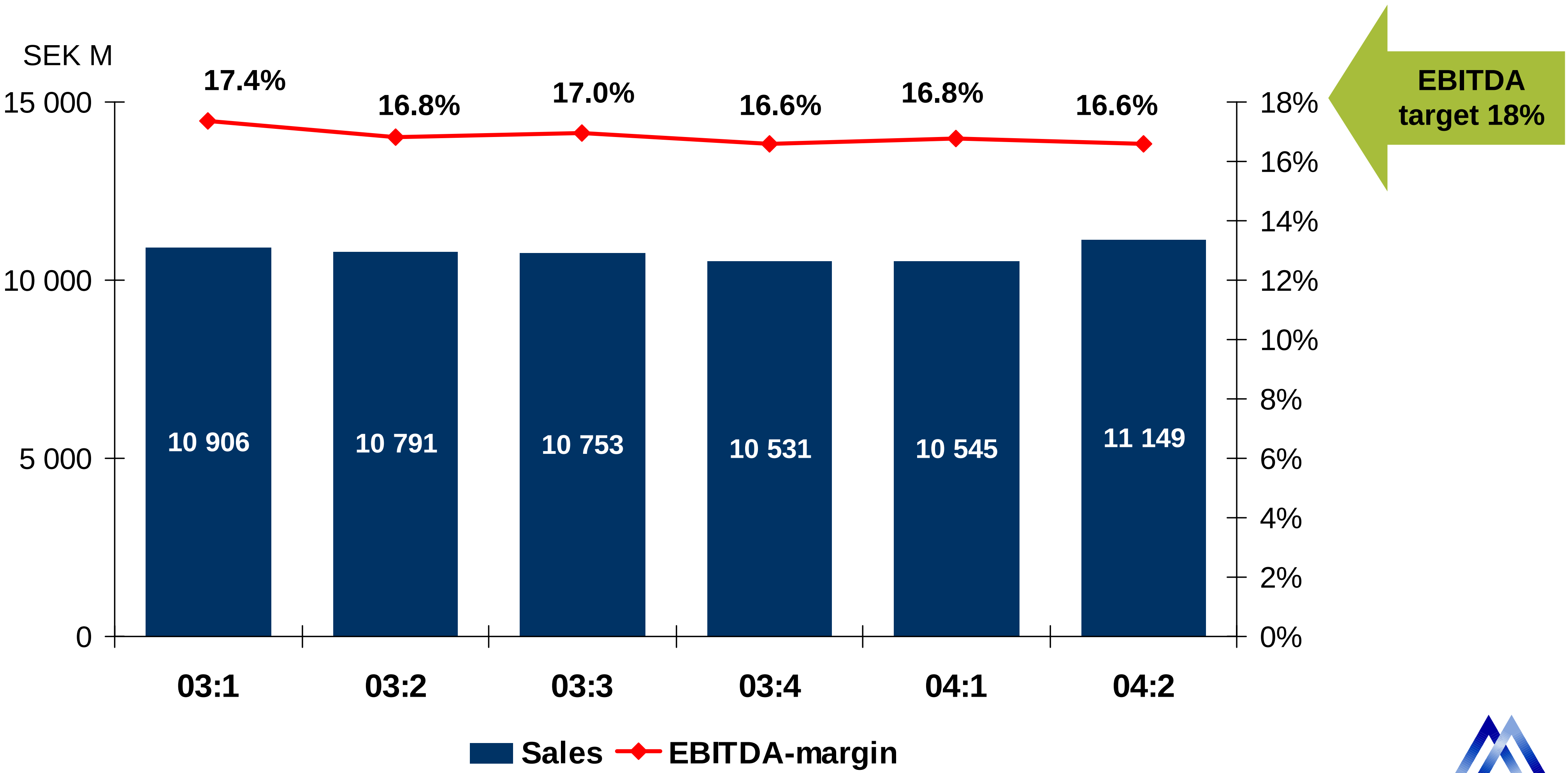
Hygiene Products - Development
Quarterly data



Tissue - Europe
Market

- **Consumer Tissue**
  - Stable demand in competitive markets
  - Raw material driven price increases expected during second half 2004

- **AFH Tissue**
  - Stable demand and prices

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Tissue – North America
Market

AFH Tissue

- **Increasing demand**
  - US shipments up 3.5 % YTD May
- **Higher prices**
  - 4% price increase effective through March
  - Further raw material driven price increases expected during second half 2004

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Personal Care
Market

- **Incontinence products**
  - Retail continues to show double-digit growth
- **Baby diapers**
  - Competitive situation remains
  - Price pressure within retail brand due to branded price decreases
- **Feminine hygiene products**
  - Continuous growth within retailers' brands

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Packaging
Compared with first half of 2003

- **Net sales up 4% - SEK 15,769 M (15,136)**
  - Acquisitions in North America and Asia combined with volume growth affected positively
  - Negative currency movements
  - Lower prices

- **Operating profit down 13% - SEK 1,142 M (1,313)**
  - Lower prices for corrugated board were partly offset by higher volumes and company acquisitions in North America and Asia
  - Currency movements had a negative impact of 5%

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Packaging
Compared with first quarter 2004

- **Operating profit increased by 14%**
  - Higher capacity utilization in the liner operations and increased integration with the corrugated board operations
  - In the North American operations, earnings improved as the result of higher volumes and prices

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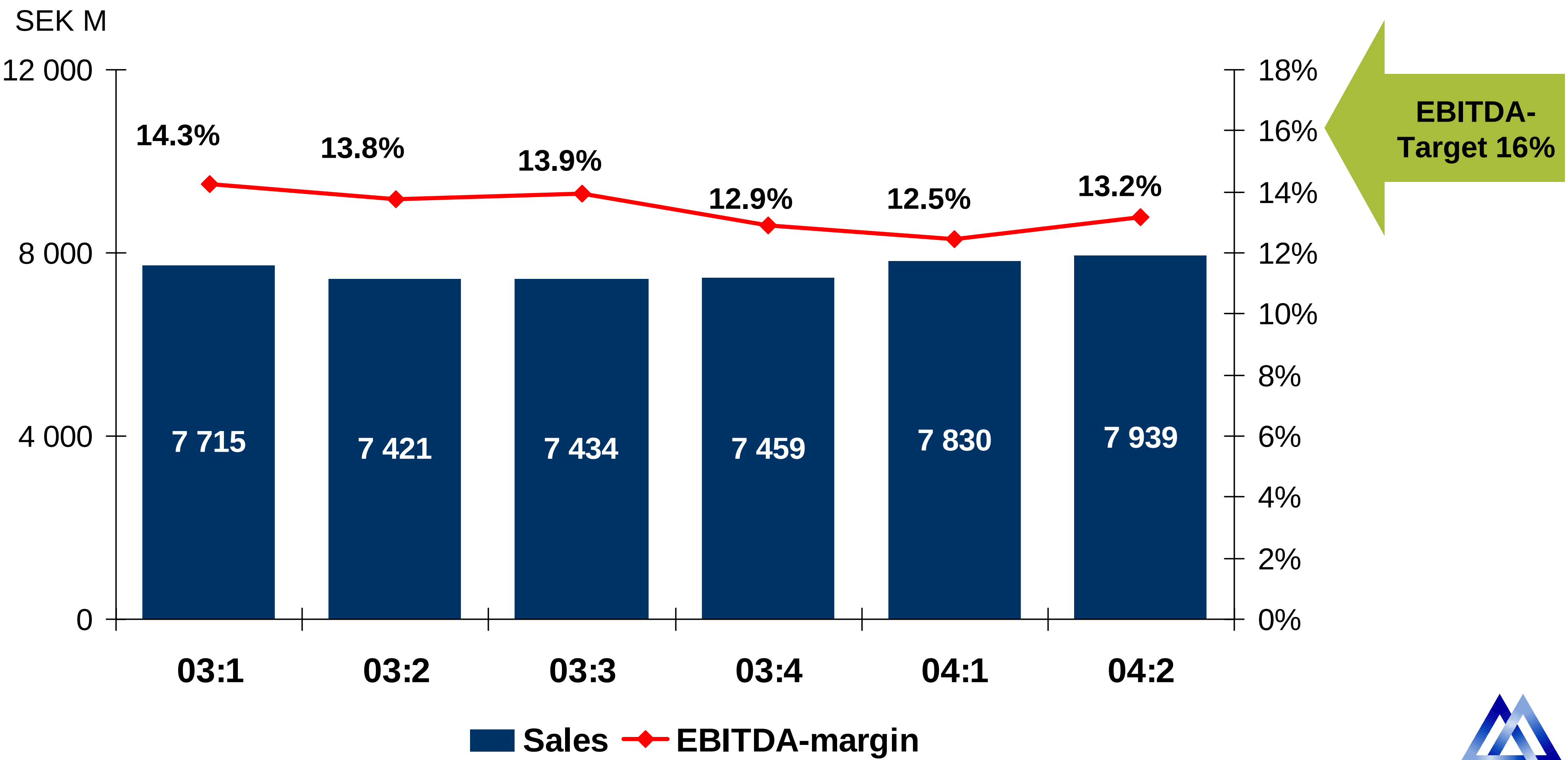
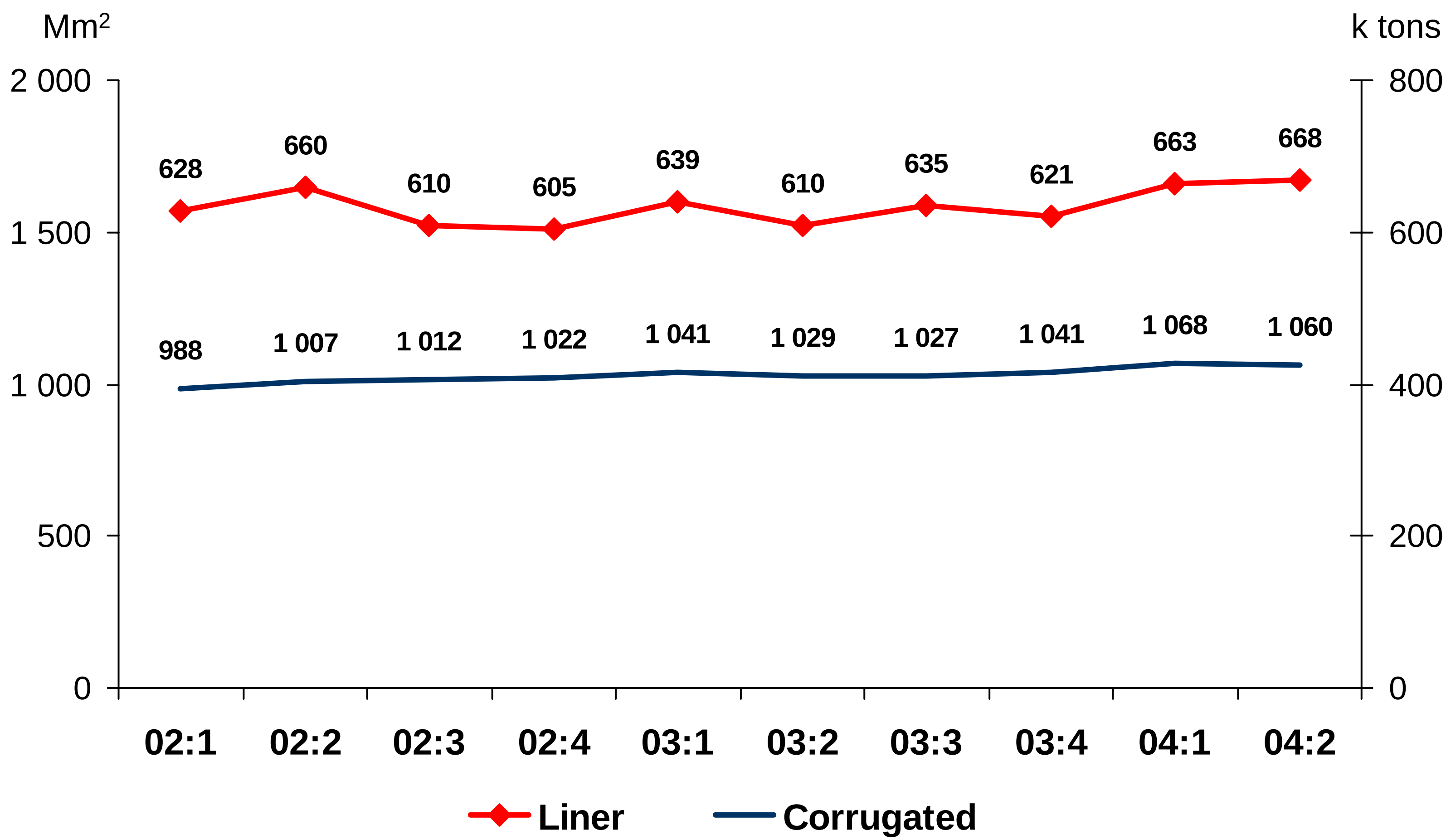
Packaging - Development
Quarterly data



Packaging - Deliveries

Quarterly data



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Recovered Paper
Market

- **Europe**
  - OCC prices are stable
  - Demand for de-ink grades has remained stable with unchanged prices
  - Demand and prices for tissue grades stable
  - Uncertainty regarding Asian export due to environmental import regulations in China

- **US**
  - Stable US markets in May

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Containerboard
Market

- **Testliner**
  - Prices largely stable on the continent, with some upward adjustments in the UK
  - Mill stocks stable
- **Kraftliner**
  - European shipments up 5% YTD May
    - EUR 30 price increase fully implemented in April
  - Imports from the US remain on a low level
  - Third price increase in four months on the US market
    - USD 35 price increase in June
  - EUR 50 price increase in Europe announced (1 September)

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Corrugated Board – Europe
Market

- **Weak start of the year - increasing activity through second quarter**
  - Demand up 1% YTD May
    - Germany, France and UK up approximately 1%
    - Italy up 1.8%
    - Spain up 2.5%
- **Prices stabilized with some upwards adjustments at end of second quarter**

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Forest Products
Compared with first half of 2003

- **Net sales up 8% - SEK 7,554 M (6,967)**
  - Positive effects of higher volumes and the acquisition of Scaninge's forestry and sawmill operations
  - Lower paper prices

- **Operating profit virtually unchanged - SEK 730 M (738)**
  - Increased volumes combined with acquisitions, more than offset the lower prices and higher energy costs in publication paper business
  - Currency effects -11%

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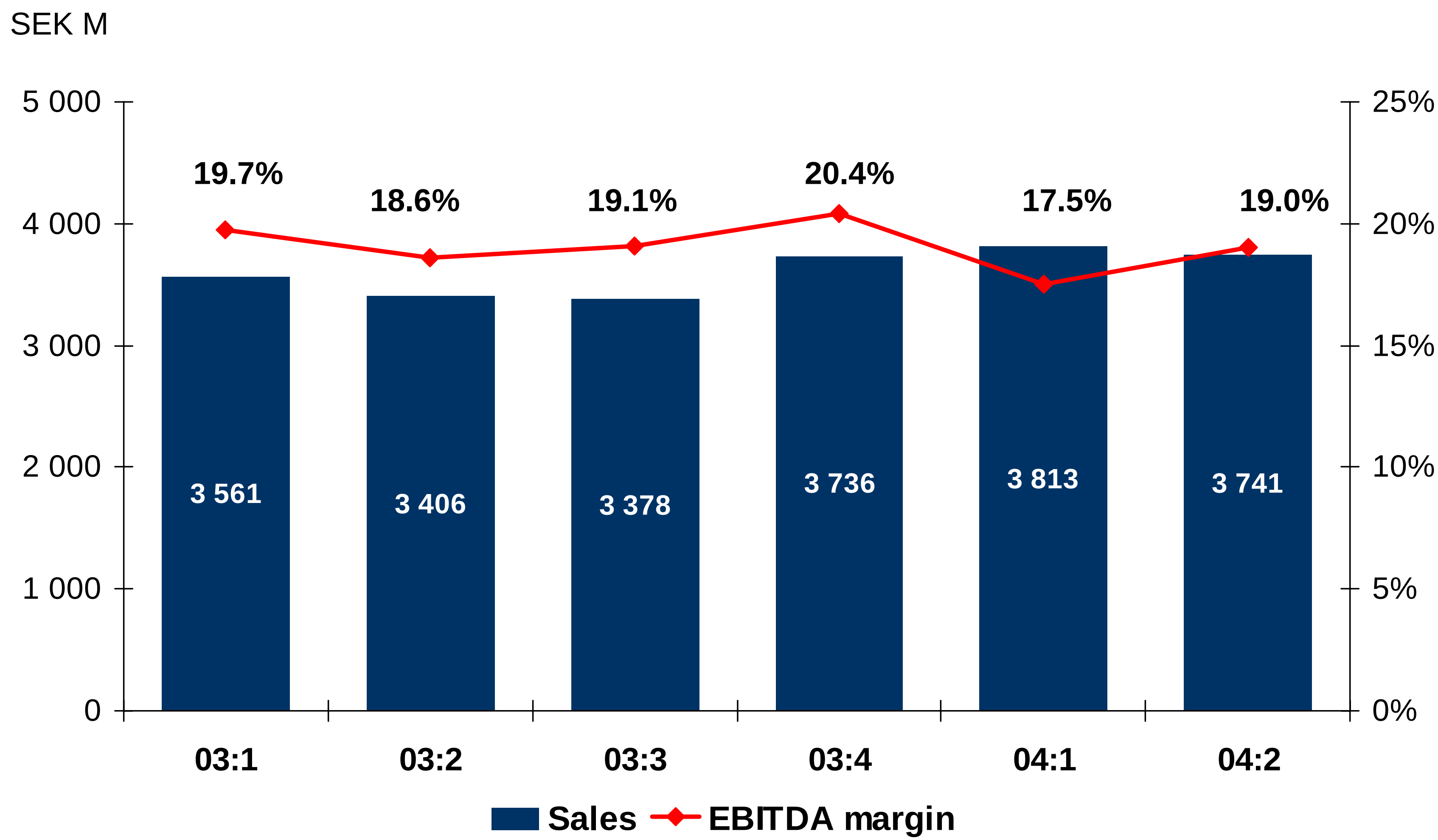
Forest Products
Compared with first quarter 2004

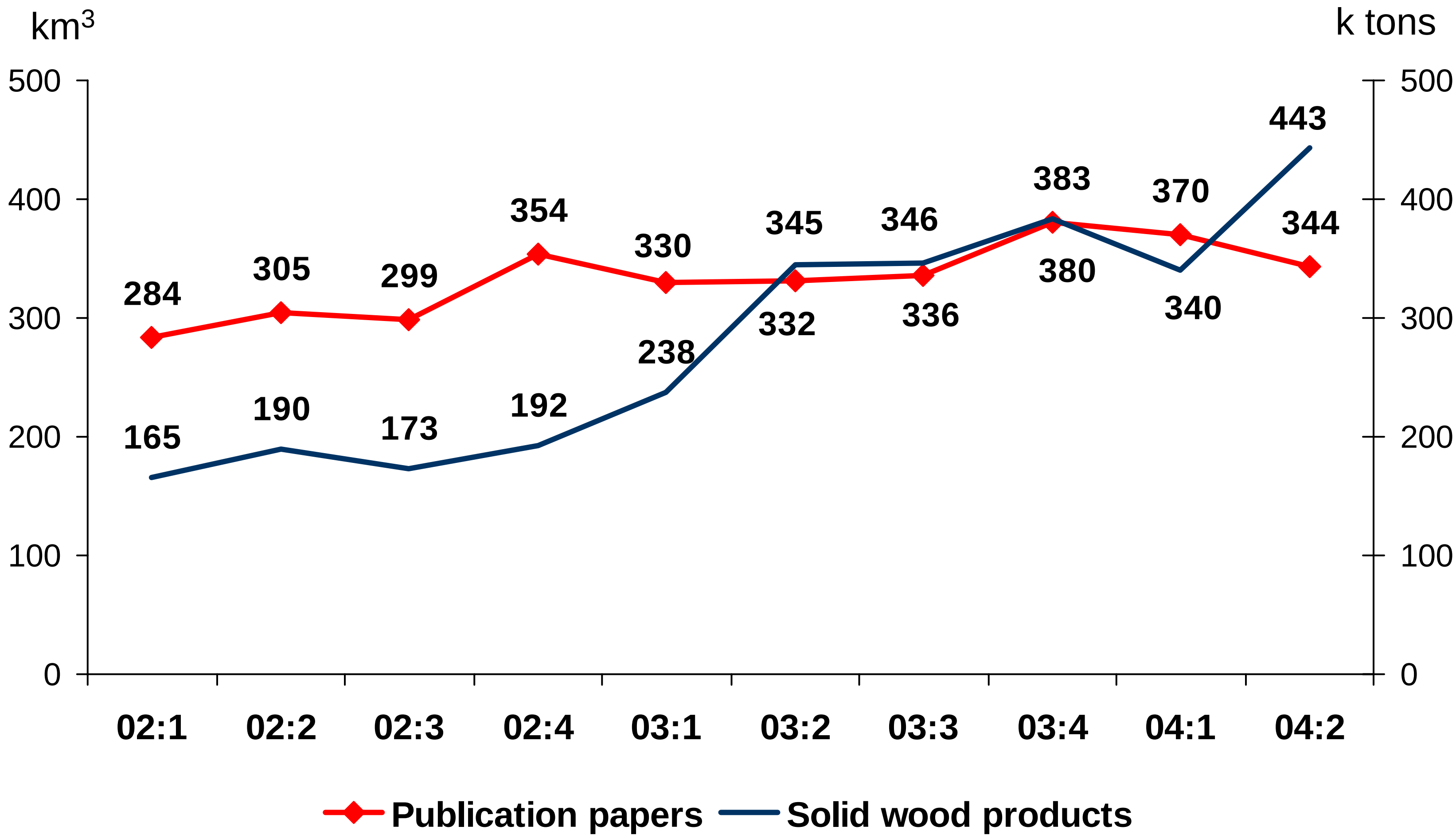
- **Operating profit up 12%**
- **Publication papers operating profit on the same level as in the first quarter**
- **Pulp, timber and solid wood products operating profit up 16%**
  - Higher pulp prices

Forest Products - Development
Quarterly data



EBITDA target 25%

Forest Products - Deliveries
Quarterly data



Publication Papers
Market

- **Slow European demand for standard Newsprint**
  - Total newsprint (incl. improved) flat YTD May
  - Demand for improved grades up 19% YTD May
- **Strong demand for SC and LWC paper**
  - SC up 3% and LWC up 4% YTD May
- **Increased capacity utilization**

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Market Pulp
Market

- Uncertain implementation of the NBSK 30 USD price increase from June
- The announced USD 30 increase for eucalyptus has failed
- 100 USD gap between softwood and hardwood remains

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Solid Wood Products
Market

- **Pressure on pine markets**
  - Demand has improved, but high supply put pressure on prices

- **Stable spruce markets**
  - Producer inventories down

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Market Outlook

- SCA’s consumer products continue to show a favorable demand trend
- The volume growth in tissue is favorable and price increases to compensate higher raw material costs is expected to be achieved during the second half of the year
- After a weak start of the year, the market for packaging in Europe has improved and prices are successively rising. In North America, the improvement in volume and price is stronger
- The growth in demand for publication paper continues, in particular for magazine paper, which is leading to better capacity utilization

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