

SCA Interim Report

1 January–30 June 2006



Jan Åström
President and CEO

Highlights

- Pre-tax profit H1 2006: SEK 3,277m (+22%⁽¹⁾ vs. H1 2005)
- Highest quarterly pre-tax profit in three years: SEK 1,708m (+9% vs. Q1 2006)
- Good underlying volume development - fewer invoicing days in second quarter vs. first quarter
- Positive price movements
- Seasonally lower energy costs in Q2, but still on a high level
- Efficiency enhancement program is developing according to plan

¹ Excluding items affecting comparability



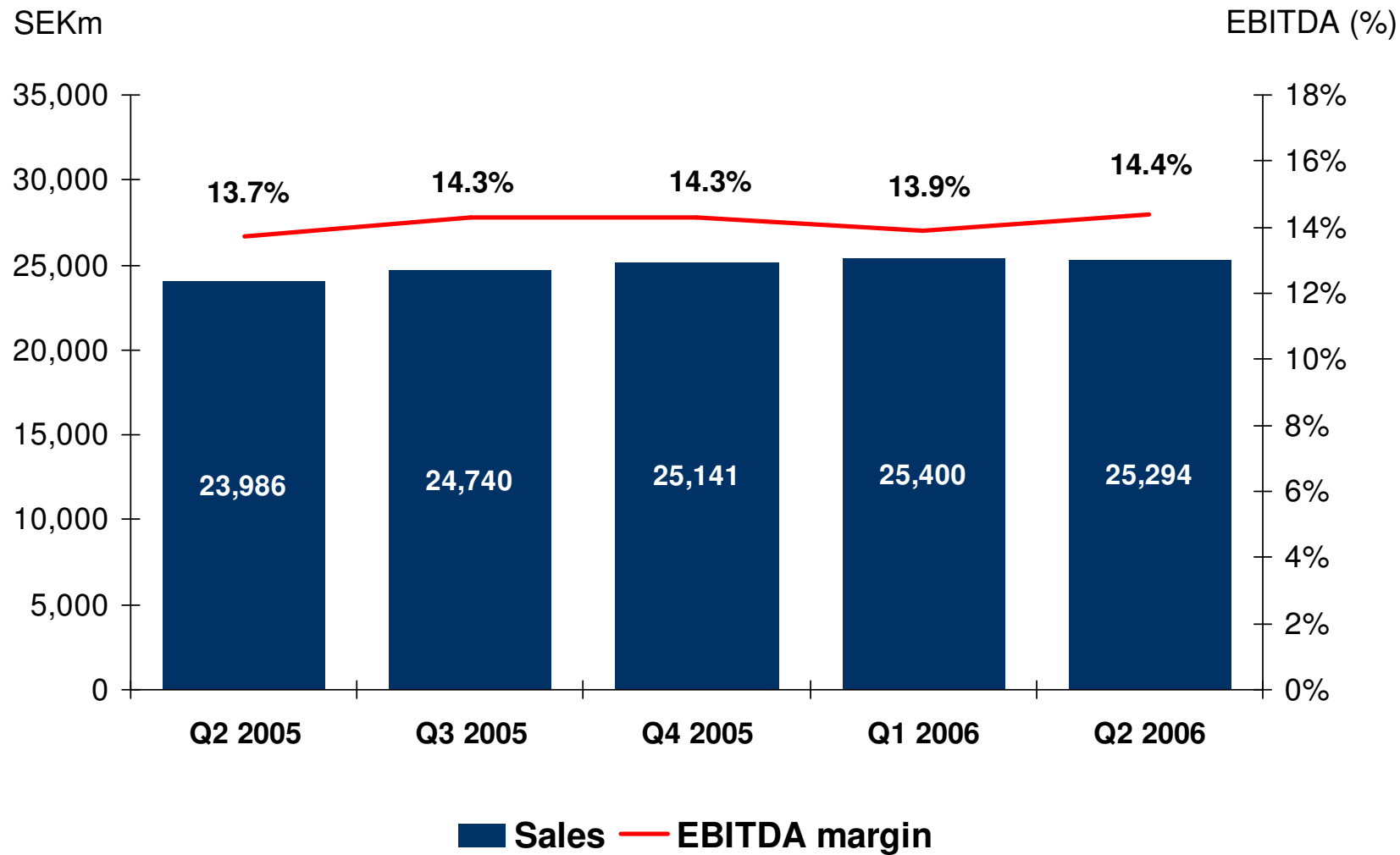
Financial Summary

	Q2 2006	Change Q/Q (%)	Change H1 06/H1 05 ⁽¹⁾ (%)
Net sales, SEKm	25,294	0%	+9%
Profit before tax, SEKm	1,708	+9%	+22%
Earnings per share, SEK	5.62	+13%	+25%

¹ Excluding items affecting comparability



Group – Quarterly Development⁽¹⁾

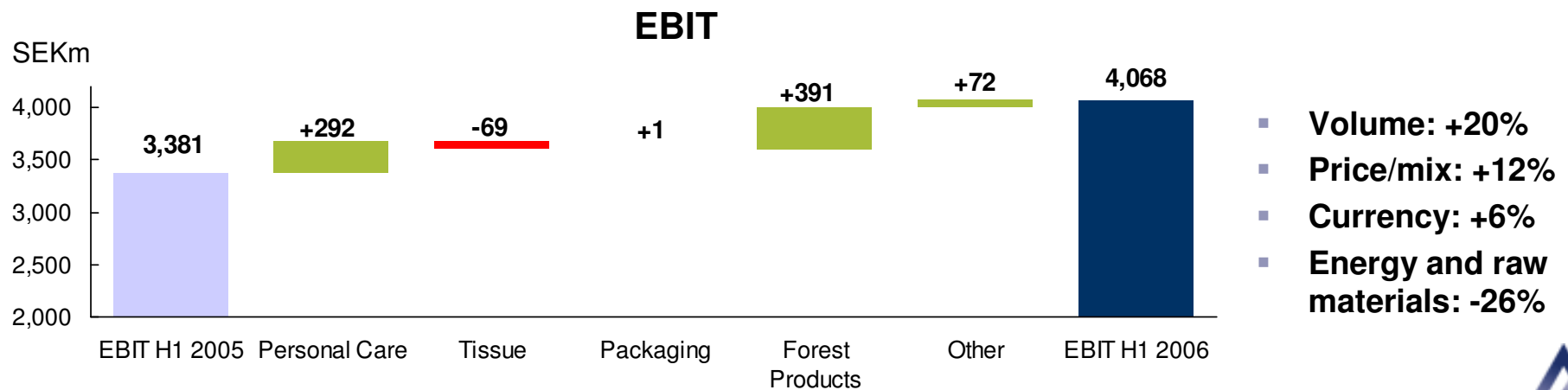
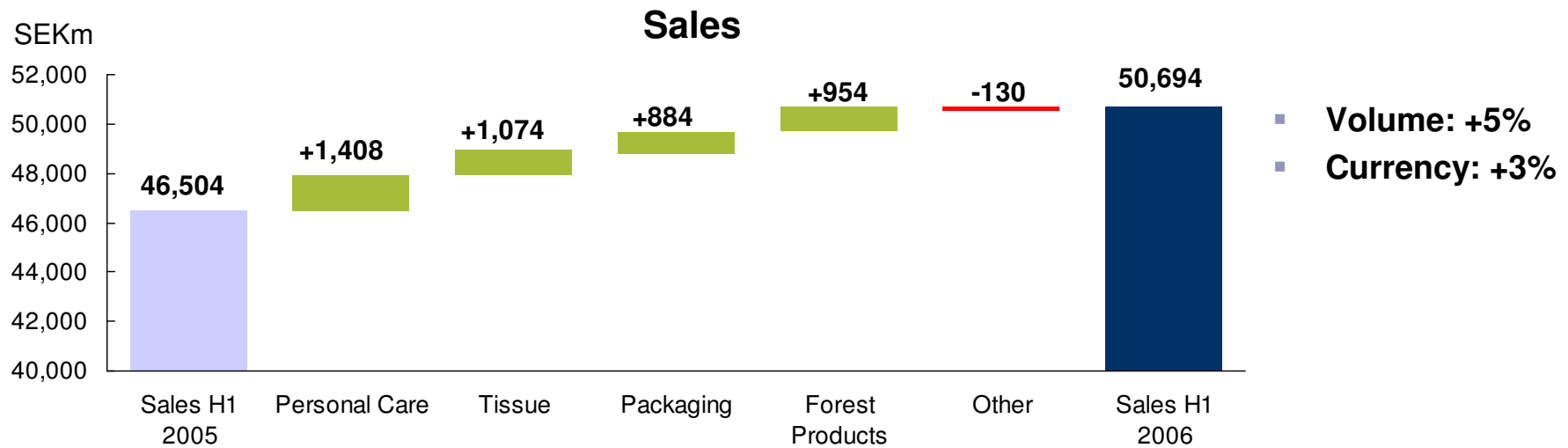


¹ Excluding items affecting comparability



SCA Group Sales and EBIT

H1 2006 compared with H1 2005⁽¹⁾

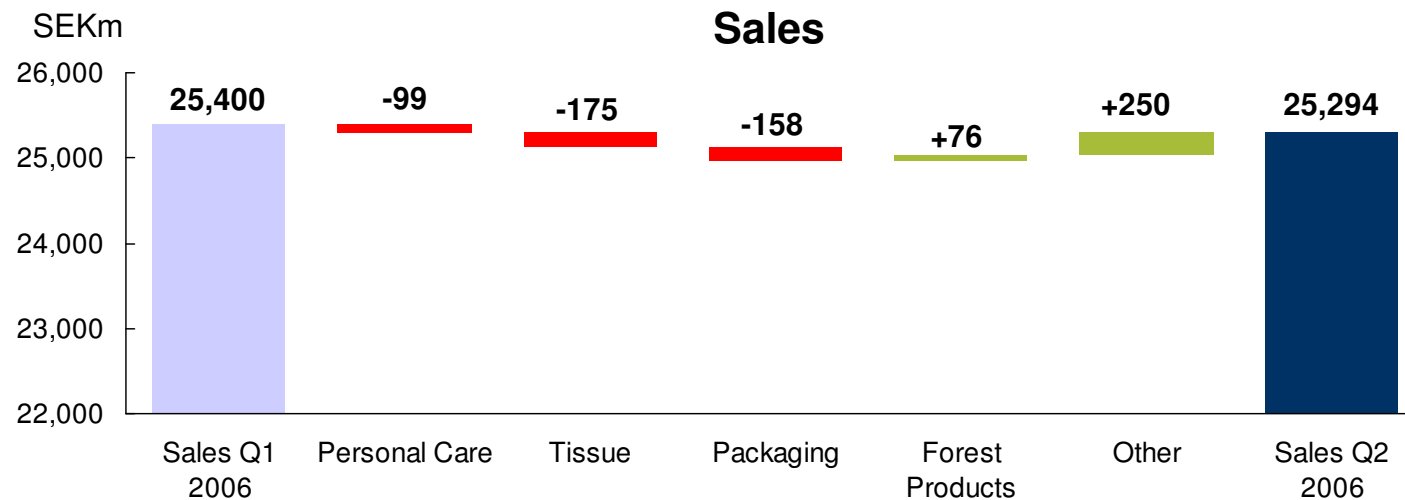


¹ Excluding items affecting comparability

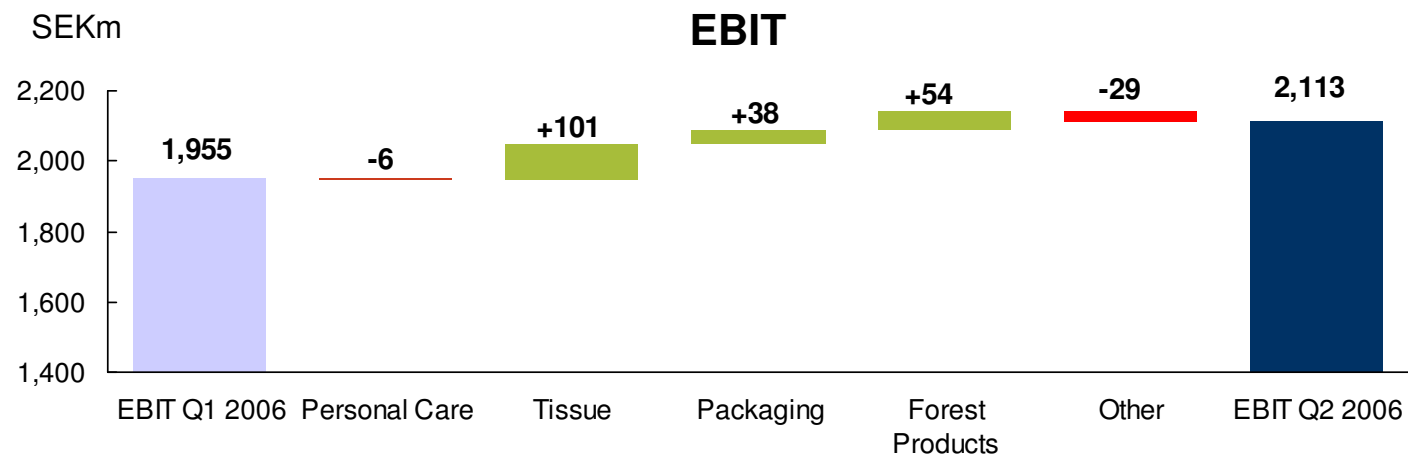


SCA Group Sales and EBIT

Q2 2006 compared with Q1 2006



- Currency: -1%

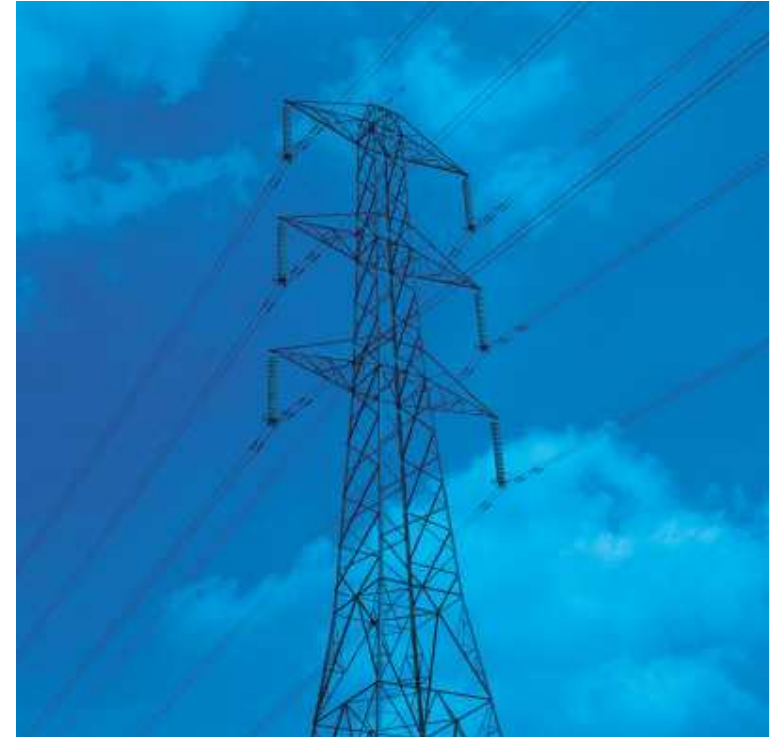


- Price: +5%
- Energy and raw materials: +6%
- Volume: +2%
- Currency: -4%



Energy Costs

- Energy costs SEK 150m lower compared with first quarter 2006 due to lower consumption and lower average prices
- Costs in third quarter expected to be in line with second quarter
- Price hedges in place for 2006:
 - Electricity: ~40%
 - Natural gas: ~30%



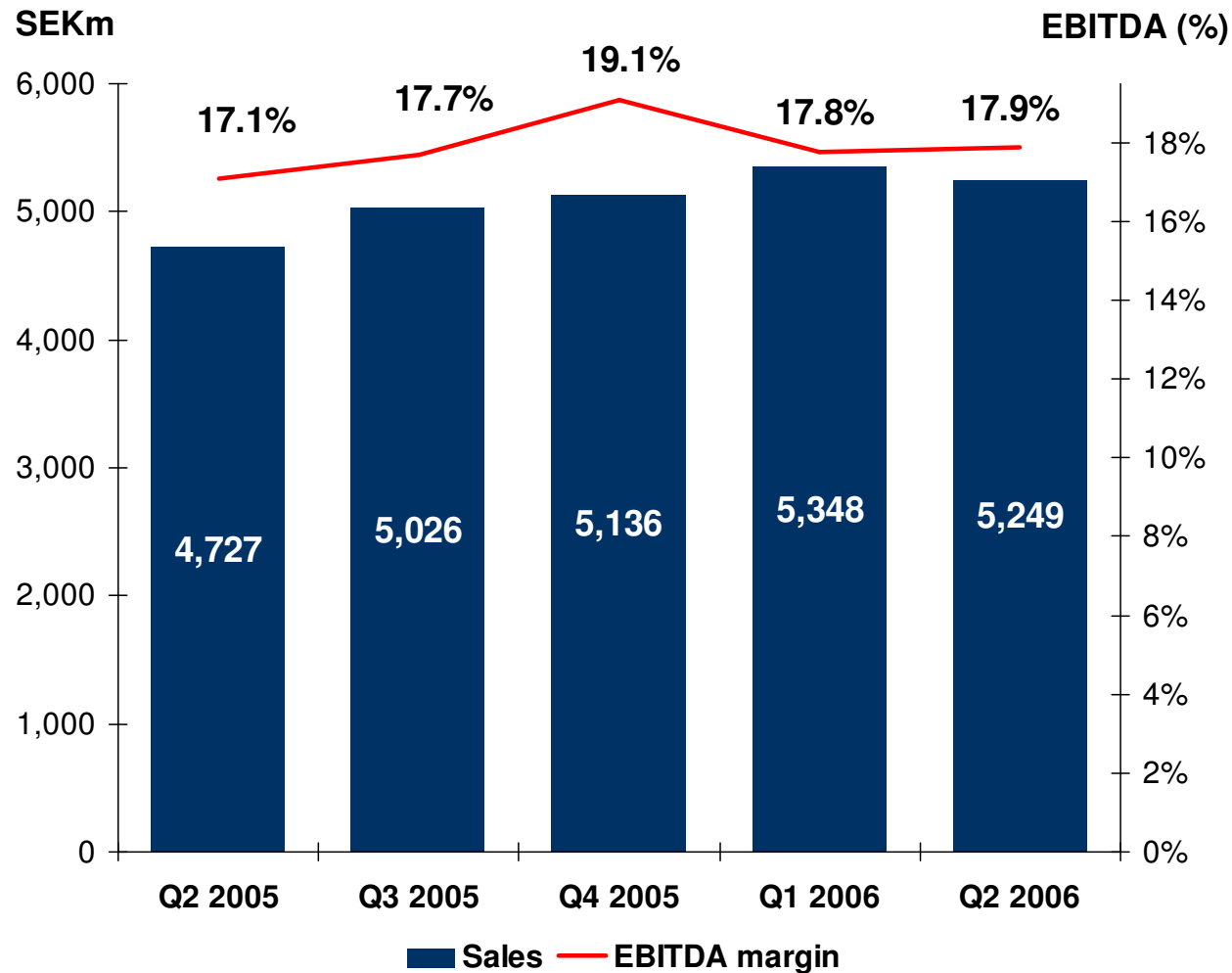
Cash Flow Analysis

H1 2006 compared with H1 2005

- Operating cash flow SEK 2,387m (2,563)
 - ◆ Higher operating cash surplus
 - ◆ Slightly increased current capex
 - ◆ Negative effect from increased working capital, due to volume growth and price increases
 - ◆ Increased cash outflow related to structural costs
- Cash flow before dividend SEK 325m (-345)
 - ◆ Lower strategic capex
- Debt/equity ratio: 0.70 (0.74)



Personal Care – Quarterly Development



Q2/Q1 comments:

- Lower sales due to negative calendar and currency effects
- Increased costs for raw materials and higher advertising and promotion spending

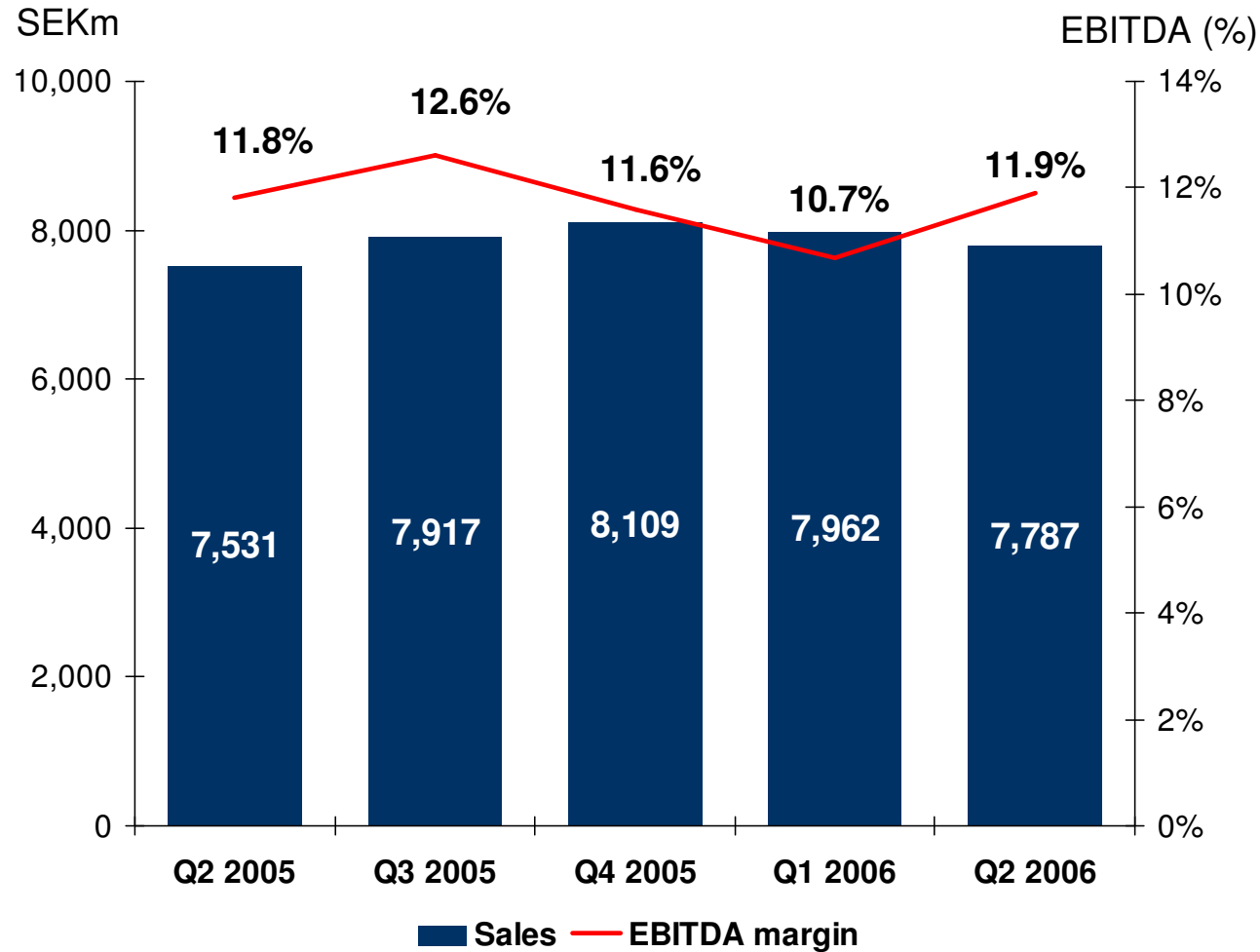


Personal Care

- **Incontinence products**
 - ◆ Good volume growth in retail segment
 - ◆ Improved product mix – increased sales from new products
- **Baby diapers**
 - ◆ Maintained / strengthened shares for Libero
 - ◆ Strong growth in retailers' brands
- **Feminine hygiene products**
 - ◆ Increased sales of branded products
 - ◆ Higher advertising and promotion spending



Tissue – Quarterly Development



Q2/Q1 comments:

- Lower sales due to negative calendar and currency effects
- Higher prices and lower energy costs improved the profitability



Tissue

- **Consumer tissue**

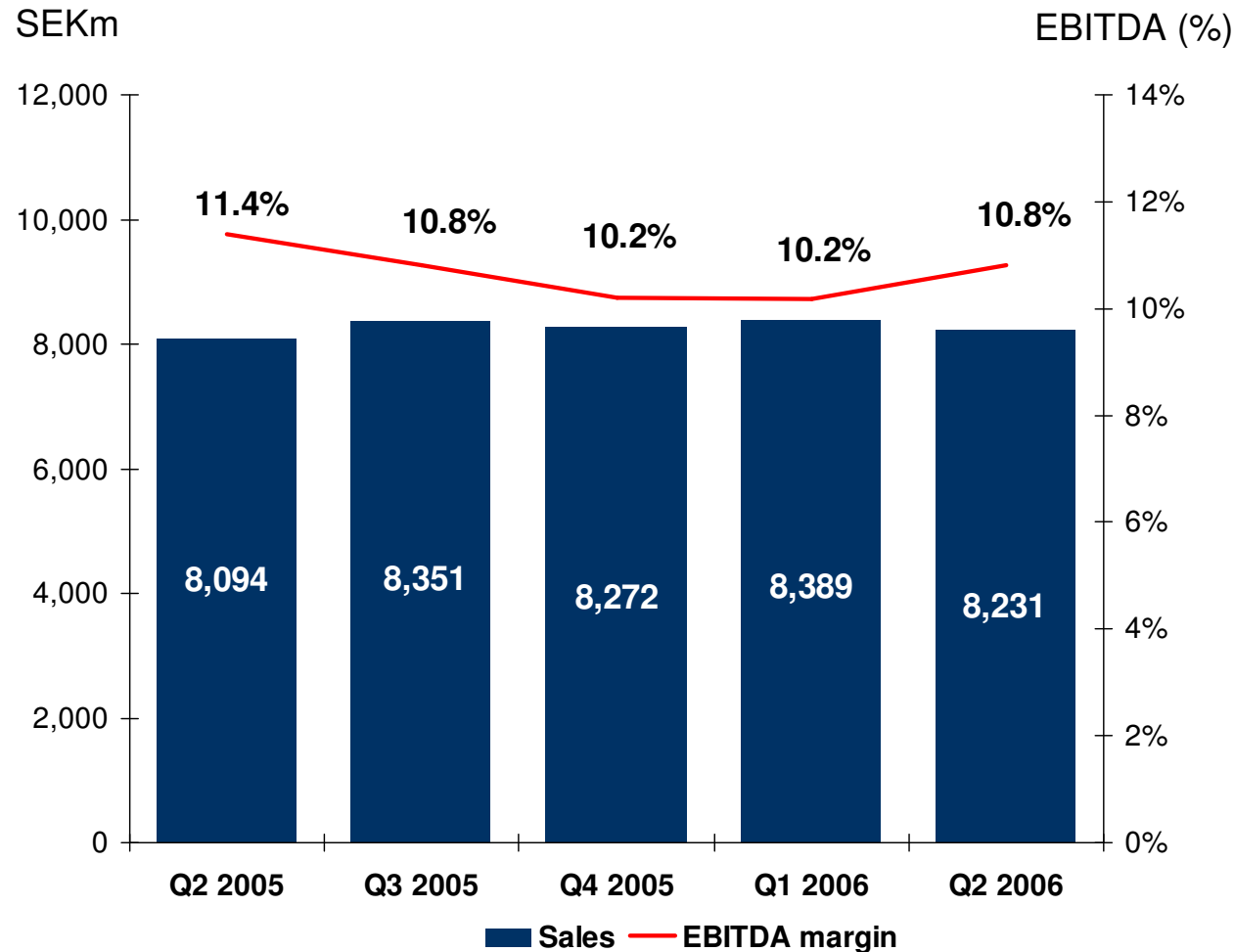
- ◆ Competitive pressure remains in Europe
- ◆ Some price increases
- ◆ Lower energy costs
- ◆ Improved volumes and prices in Mexico and South America

- **AFH tissue**

- ◆ Seasonally strong volumes and higher prices in North America
- ◆ Improved product mix in Europe
- ◆ Strong volume development in Eastern Europe



Packaging – Quarterly Development



Q2/Q1 comments:

- Lower sales due to negative currency, calendar effects and higher own liner integration
- Improved profitability through lower energy costs and higher prices



Packaging

- **Corrugated board**

- ◆ Acceptance for price increases of ~5%⁽¹⁾ of which approximately half is expected to have an impact on earnings during the third quarter

- **Containerboard**

- ◆ Price increases implemented in June

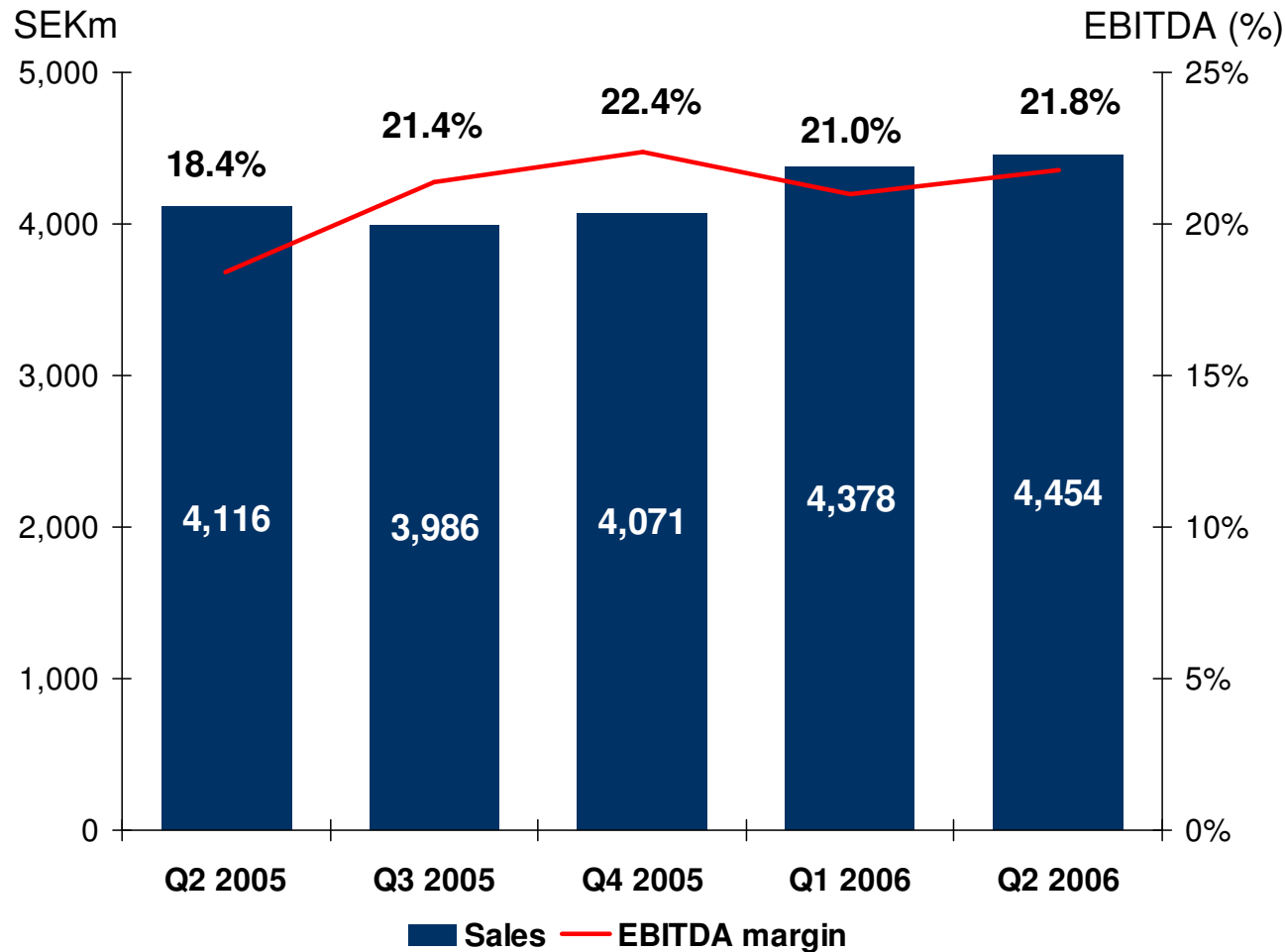
- **North America**

- ◆ Improved prices and lower raw material costs



¹ Measured from year-end 2005

Forest Products – Quarterly Development



Q2/Q1 comments:

- Sales increased as a result of high deliveries of solid-wood products and LWC paper
- Continued high volumes and lower energy costs improved the profitability



Forest Products

- **Continued good volumes within publication papers**
 - ◆ High capacity utilization
 - ◆ Lower energy costs
- **Pulp, timber and solid-wood products**
 - ◆ Higher pulp prices
 - ◆ Strong demand and positive price movements on solid-wood products



Outlook

- Positive price momentum, primarily in Packaging
- Continued stable volume development
- Energy expected to remain flat in third quarter, increase in fourth quarter
- Increased raw material cost to be expected (oil-based and pulp)



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