

1 JANUARY–30 JUNE 2010 (compared with corresponding period a year ago)

- Net sales decreased by 3% (excluding exchange rate effects, net sales increased by 4%) to SEK 54,374m (56,242)
- Profit before tax, excluding restructuring costs, rose 12% (16% excluding exchange rate effects) to SEK 3,944m (3,525)
- Restructuring costs amounted to SEK 451m (439)
- Profit for the period, excluding restructuring costs, rose 10% to SEK 2,860m (2,608)
- Earnings per share were SEK 3.57 (3.24)
- Cash flow from current operations was SEK 2,816m (4,687)

EARNINGS TREND

SEKm	1006	0906	%	2010:2	2009:2	%
Net sales	54,374	56,242	-3	27,652	27,915	-1
Gross profit	12,445	13,015	-4	6,410	6,683	-4
Operating profit¹	4,467	4,504	-1	2,440	2,368	3
Financial items	-523	-979		-244	-354	
Profit before tax¹	3,944	3,525	12	2,196	2,014	9
Tax ¹	-1,084	-917		-595	-525	
Net profit for the period¹	2,860	2,608	10	1,601	1,489	8
Earnings per share, SEK	3.57	3.24	10	2.04	1.66	23

¹ Excluding restructuring costs; for amounts see page 17.

CEO'S COMMENTS

Net sales during the second quarter of 2010, excluding the effect of exchange rate movements, rose 6% compared with the same period a year ago. Operating profit excluding restructuring costs rose 3% (6% excluding exchange rate effects) to SEK 2,440m. Profit before tax, excluding restructuring costs, rose 9% (12% excluding exchange rate effects).

Compared with the first quarter of 2010, profit before tax rose 26%.

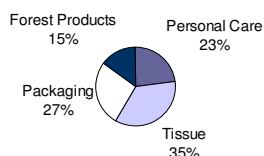
Cash flow from current operations for the first half of the year was SEK 2,816m (4,687). The decrease is mainly attributable to higher inventory values resulting from higher raw material prices.

For Personal Care, operating profit was down 8% during the second quarter (4% excluding exchange rate effects) compared with the same period a year ago, mainly due to increased market activity and higher raw material costs, while volume increases for incontinence and feminine care products made a positive contribution. Operating profit for Tissue decreased by 22% (19% excluding exchange rate effects), mainly due to higher raw material costs. The second quarter ended on a strong note, with lower costs for production and distribution, and higher volumes for AFH tissue, which had a positive effect on the operating margin.

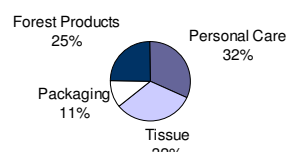
For Packaging, operating profit increased to SEK 306m (11) during the second quarter. Higher prices and volumes along with savings from the restructuring programme led to the earnings improvement. The operating margin improved during the second quarter over the first quarter. Operating profit for Forest Products rose 8% as a result of improved profitability for pulp, timber and solid-wood products.

SCA's hygiene products continue to perform well, with favourable growth for incontinence products and AFH tissue. In Tissue, price increases are being carried out, which will have a gradual effect during the second half of 2010. In Packaging, demand is increasing and prices are rising gradually. Demand for publication papers in Europe has improved, but from a low level.

SHARE OF NET SALES 1006



SHARE OF OPERATING PROFIT 1006



EARNINGS TREND FOR THE GROUP

SEKm	1006	0906	%	2010:2	2009:2	%
Net sales	54,374	56,242	-3	27,652	27,915	-1
Cost of goods sold	-41,929	-43,227		-21,242	-21,232	
Gross profit	12,445	13,015	-4	6,410	6,683	-4
Sales, general and administration	-7,978	-8,511		-3,970	-4,315	
Operating profit¹	4,467	4,504	-1	2,440	2,368	3
Financial items	-523	-979		-244	-354	
Profit before tax¹	3,944	3,525	12	2,196	2,014	9
Tax ¹	-1,084	-917		-595	-525	
Net profit for the period¹	2,860	2,608	10	1,601	1,489	8

¹ Excluding restructuring costs; for amounts see page 17.

Earnings per share, SEK - owners of the parent

- after dilution effects	3.57	3.24	10	2.04	1.66	23
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Margins (%)

Gross margin	22.9	23.1		23.2	23.9	
Operating margin¹	8.2	8.0		8.8	8.5	
Financial net margin	-1.0	-1.7		-0.9	-1.3	
Profit margin¹	7.2	6.3		7.9	7.2	
Tax ¹	-2.0	-1.6		-2.2	-1.9	
Net margin¹	5.2	4.7		5.7	5.3	

¹ Excluding restructuring costs.

OPERATING PROFIT PER BUSINESS AREA

SEKm	1006	0906	%	2010:2	2009:2	%
Personal Care	1,490	1,524	-2	753	820	-8
Tissue	1,501	1,879	-20	791	1,015	-22
Packaging	498	92	441	306	11	2,682
Forest Products	1,178	1,225	-4	691	642	8
- <i>Publication papers</i>	-39	666	n/a	-24	378	n/a
- <i>Pulp, timber and solid-wood products</i>	1,217	559	118	715	264	171
Other	-200	-216		-101	-120	
Total¹	4,467	4,504	-1	2,440	2,368	3

¹ Excluding restructuring costs.

OPERATING CASH FLOW PER BUSINESS AREA

SEKm	1006	0906	%	2010:2	2009:2	%
Personal Care	1,654	1,887	-12	829	1,132	-27
Tissue	1,742	2,402	-27	722	1,405	-49
Packaging	7	100	-93	218	213	2
Forest Products	835	1,400	-40	604	658	-8
Other	-103	73		46	-60	
Total	4,135	5,862	-29	2,419	3,348	-28

GROUP

MARKET/EXTERNAL ENVIRONMENT

The recovery in the global economy continues, driven above all by emerging markets, while Western Europe is showing a slower recovery.

For personal care products, emerging markets are showing a continued favourable increase in demand. The European market for incontinence care products shows good growth.

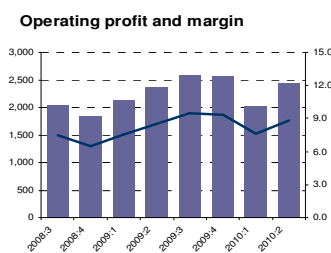
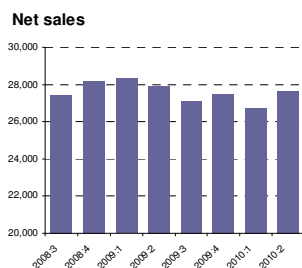
Demand for consumer tissue is stable, while in the away-from-home (AFH) tissue segment, demand has strengthened in pace with the economic recovery.

Demand in Europe for corrugated board was up 7% through May 2010 from a low level the same period a year ago. Price increases for liner and corrugated board continued during the second quarter.

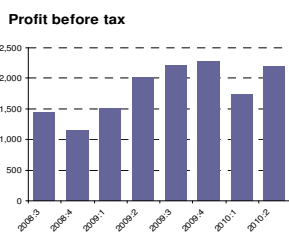
During the first half of 2010, demand in Europe for magazine paper (SC and LWC paper) rose 6%, while demand for newsprint rose 1%.

The market balance for solid-wood products is currently relatively favourable and prices rose during the second quarter.

During the second quarter, price rises continued for most raw materials. Compared with the second quarter a year ago, the price of OCC, which is used to manufacture liner, was up approximately 330% in Europe. In the USA, the price of recycled paper, which is used in SCA's away-from-home (AFH) tissue segment, has risen by more than 70%. In Europe the price has risen by approximately 120%. The price of pulp, which is a key raw material for Tissue, has risen by more than 60%.



Excluding items affecting comparability



Excluding items affecting comparability

SALES AND EARNINGS

Net sales decreased by 3% (excluding exchange rate effects, net sales increased by 4%) compared with a year ago to SEK 54,374m (56,242). Higher prices and volumes increased sales by 1% and 4%, respectively. Sales decreased by 1% as a result of closed and divested operations, of which the divested Asian packaging operation made the greatest contribution.

Operating profit, excluding restructuring costs of SEK 451m, decreased by 1% (excluding exchange rate effects, operating profit increased by 3%) to SEK 4,467m (4,504). Higher volumes had a favourable impact on profit. Lower energy costs and other production-related costs also made a positive contribution. Higher costs for raw materials and market activities had a lowering effect on profit.

Financial items decreased to SEK -523m (-979). Lower interest rates and lower average net debt had a favourable impact. Profit before tax, excluding restructuring costs, increased by 12% (16% excluding exchange rate effects) to SEK 3,944m (3,525). The tax expense excluding restructuring costs was SEK -1,085m (-917).

Profit for the period, excluding restructuring costs of SEK 327m after tax, improved by 10% to SEK 2,860m (2,608). Earnings per share were SEK 3.57 (3.24).

Second quarter 2010 compared with second quarter 2009

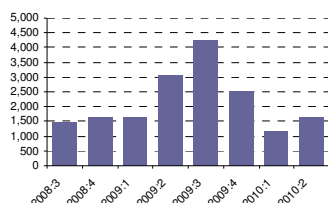
Net sales decreased by 1% (excluding exchange rate effects, net sales increased by 6%) to SEK 27,652m (27,915). Higher volumes and slightly higher prices increased sales by 5% and 1%, respectively.

Operating profit rose 3% (6% excluding exchange rate effects) excluding restructuring costs. An efficiency improvement project in the European baby diaper operations was initiated during the second quarter of 2010, with costs amounting to SEK 207m. During the second quarter of 2009, restructuring costs in the packaging operations amounted to SEK 439m. Higher prices in Packaging together with larger volumes had a favourable impact on profit. Higher raw material costs reduced profit, while savings from the restructuring programme in the packaging operations had a favourable effect on profit.

Profit before tax, excluding restructuring costs, improved by 9% (12% excluding exchange rate effects).

Profit for the second quarter, excluding restructuring costs, was SEK 1,601m (1,489). Earnings per share were SEK 2.04 (1.66).

Cashflow from current operations



CASH FLOW AND FINANCING

Operating cash surplus amounted to SEK 7,273m (7,439). Working capital increased as a result of higher accounts receivable and larger inventories. The increase in inventories is mainly attributable to higher raw material prices. The cash flow effect of the change in working capital was SEK -1,772m (586). Working capital in relation to net sales was 9% (10%). Current capital expenditures were lower than a year ago and amounted to SEK 952m (1,747). Operating cash flow was lower than a year ago and amounted to SEK 4,135m (5,862).

Financial items decreased to SEK -523m (-979). Tax payments were higher than a year ago and totalled SEK 798m (204). Cash flow from current operations decreased, mainly as a result of the aforementioned change in working capital, to SEK 2,816m (4,687).

Strategic investments amounted to SEK 997m (1,640). Acquisitions and divestments amounted to SEK 1,223m (11), mainly owing to the divestment of the Asian packaging operations. Dividends amounted to SEK 2,599m (2,458). Net cash flow was SEK 443m (600).

Net debt increased by SEK 416m since the start of the year, to SEK 40,846m. Net cash flow reduced net debt by SEK 443m, while fair value measurement of pension assets, pension obligations and financial instruments increased net debt by SEK 1,380m. Exchange rate movements caused by the strengthening of the Swedish krona decreased net debt by SEK 521m. The debt/equity ratio was 0.62 (0.60 at the beginning of the year). The debt payment capacity improved to 33% (28%).

As per 30 June 2010, SCA had outstanding commercial paper worth SEK 6,984m maturing within 12 months. On this same date, unutilised long-term credit facilities amounted to SEK 29,503m. Cash and cash equivalents amounted to SEK 3,999m.

EQUITY

Consolidated equity decreased during the period by SEK 1,753m to SEK 66,153m. Net profit for the period increased equity by SEK 2,533m. Equity decreased by SEK 2,599m through the shareholder dividend and by SEK 985m after tax as a result of revaluation of the net pension liability to fair value. Fair value measurement of financial instruments increased equity by SEK 252m after tax. Exchange rate movements, including the effect of hedges of net foreign assets, decreased equity by SEK 954m.

TAX

A tax expense of approximately 28% is reported for the period, which is also the estimated tax rate for the full year 2010.

OTHER EVENTS

First quarter

SCA initiated an efficiency improvement project in its European baby diaper operations through a decision to close its Personal Care factory in Linselles, France. The plant closure is planned for mid-2011 and will affect approximately 280 employees. A personnel reduction at the company's factory in Hoogezand, Netherlands, will also be carried out, which will affect approximately 50 employees by year-end 2010. The total cost is estimated to be EUR 60m, including EUR 10m in asset write-offs. The cost will be booked during the second and third quarters of 2010 and will be reported as an item affecting comparability.

The annual savings are estimated at EUR 15m and are expected to be achieved starting with the third quarter of 2011.

Second quarter

The divestment of SCA's Asian packaging operation was completed during the second quarter. The operation was deconsolidated as per the end of April 2010. The purchase price

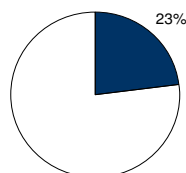
was USD 200m and was paid in cash on 30 June. The transaction gave rise to neither a capital gain nor capital loss. The Asian operation had sales of approximately USD 250m in 2009 and employed approximately 4,500 people at 15 plants in China, Singapore, Malaysia and Indonesia.

At the end of the quarter, the decision was made to proceed with an efficiency improvement project in Forest Products at the Ortviken paper mill in Sweden. The project will involve a reduction of 90 employees, or roughly 10% of the work force. The cost of the project is estimated to amount to SEK 60m and will be reported during the third quarter of 2010 as an item affecting comparability. Fully completed, it is estimated to generate annual savings of SEK 45m.

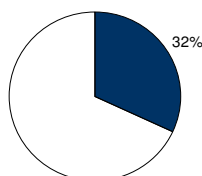
In April 2010 Camilla Weiner was named as the new Senior Vice President of Corporate Communications. Ms Weiner will assume her position after summer 2010 and will be a member of SCA's Corporate Senior Management Team. In May 2010 Kersti Strandqvist was appointed as Senior Vice President of the newly established corporate staff function for Sustainability. Ms Strandqvist will assume her position on 1 August 2010 and will be a member of SCA's Corporate Senior Management Team.

PERSONAL CARE

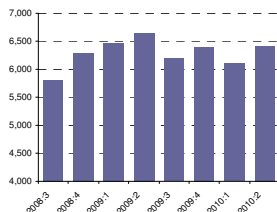
Share of Group, net sales
1006



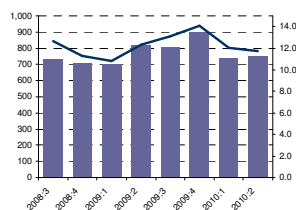
Share of Group, operating profit
1006



Net sales



Operating profit and margin



Deviations, operating profit (%)
1006 vs. 0906

Price/mix	-11
Volume	12
Raw material	6
Energy	0
Currency	-4
Other	-5

SEKm	1006	0906	%	2010:2	2009:2	%
Net sales	12,527	13,126	-5	6,418	6,650	-3
Operating surplus ¹	2,094	2,101	0	1,051	1,113	-6
Operating profit ¹	1,490	1,524	-2	753	820	-8
Operating margin, % ¹	11.9	11.6		11.7	12.3	
Operating cash flow	1,654	1,887		829	1,132	

1) Excluding restructuring costs, which are reported as items affecting comparability outside of the Personal Care business area.

In Europe where SCA – through its Tena brand – is the market leader in the incontinence care segment the roll-out of an economy line of products has continued. In China, the market test of incontinence care products was widened to cover new regions.

In baby diapers, SCA consolidated its market-leading position in the Nordic countries with a market share of slightly higher than 60% for the Libero brand. During the quarter, the year's spring collection was successfully launched using a soccer theme.

The work on strengthening the Libresse brand continued during the second quarter with the launch of Libresse-brand feminine care products in Malaysia. In Europe, a line of tampons was launched under the Libresse brand in Sweden and the Netherlands.

January–June 2010 compared with corresponding period a year ago

Net sales decreased by 5% (excluding exchange rate effects, net sales were unchanged) to SEK 12,527m (13,126). Sales rose 2% as a result of higher volumes, but decreased by 2% as a result of lower prices associated with increased market activities. In emerging markets, sales rose 8% excluding exchange rate effects.

Operating profit was 2% lower (excluding exchange rate effects, 2% higher) than a year ago and amounted to SEK 1,490m (1,524). Profit was favourably affected by higher volumes for incontinence and feminine care products and lower raw material costs. Higher marketing costs had a negative effect on earnings. The higher marketing costs, which are included in the item Other in the deviation analysis, are partly attributable to efforts to broaden the offering of incontinence care products and partly to a continued focus on emerging markets.

Operating cash surplus decreased slightly to SEK 2,093m (2,136). Operating cash flow decreased to SEK 1,654m (1,887). Cash flow decreased as a result of a lower operating cash surplus and higher level of tied up working capital. Current capital expenditures were lower than the same period a year ago.

Second quarter 2010 compared with second quarter 2009

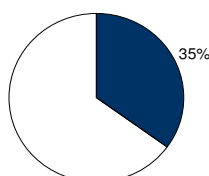
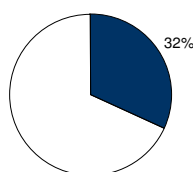
Net sales decreased by 3% (excluding exchange rate effects, net sales increased by 2%) to SEK 6,418m (6,650). Higher volumes increased sales by 3%, while lower prices associated with increased market activities decreased sales by 1%.

Sales of Tena-brand incontinence care products increased by 5%, excluding exchange rate effects. Growth in markets in Latin America, Russia and Eastern Europe remained very favourable.

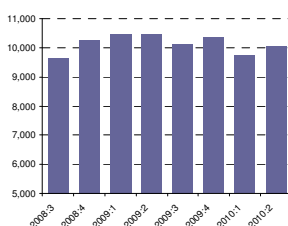
Sales of baby diapers decreased by 8%, excluding exchange rate effects. The decrease is mainly associated with lower volumes in Europe for products sold under retailers' private labels.

Sales of feminine care products rose 7%, excluding exchange rate effects. Solid growth in markets in Russia and Latin America – partly through the acquisition in Argentina – contributed to the increase.

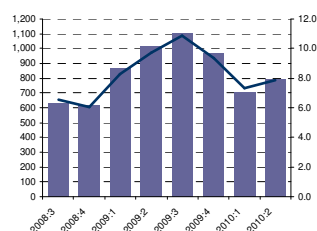
Operating profit decreased by 8% (4% excluding exchange rate effects) to SEK 753 m (820). Higher volumes increased earnings, while higher raw material costs has a lowering effect on profit.

Share of Group, net sales
1006Share of Group, operating profit
1006

Net sales



Operating profit and margin



Deviations, operating profit (%)

1006 vs. 0906	
	-20
Price/mix	-17
Volume	5
Raw material	-52
Energy	10
Currency	-5
Other	39

TISSUE

SEKm	1006	0906	%	2010:2	2009:2	%
Net sales	19,792	20,940	-5	10,064	10,474	-4
Operating surplus	2,589	3,153	-18	1,333	1,655	-19
Operating profit	1,501	1,879	-20	791	1,015	-22
Operating margin, %	7.6	9.0		7.9	9.7	
Operating cash flow	1,742	2,402		722	1,405	

Implementation of the new brand platform in Europe continues in the aim of reducing the number of brands and using specific brands for personal care products and products for use in the home and households, respectively.

As a result of higher raw material costs, price increases are being carried out for both consumer tissue and tissue in the away-from-home (AFH) segment. These will take gradual effect during the second half of 2010.

In Europe, SCA launched a new line of dispensers, Tork Performance, for the AFH tissue segment.

January–June 2010 compared with corresponding period a year ago

Net sales decreased by 5% (excluding exchange rate effects, net sales rose 2%) to SEK 19,792m (20,940). Sales increased by 3% as a result of higher volumes primarily in the AFH segment. Lower prices affected sales by 1%. Sales in emerging markets increased by 4%, excluding exchange rate movements.

Operating profit decreased by 20% (15% excluding exchange rate effects) to SEK 1,501m (1,879). Higher raw material costs and lower prices had a negative effect on profit. Higher volumes and lower energy costs, together with lower distribution costs, had a favourable effect on profit.

Operating cash surplus decreased to SEK 2,617m (3,122), and operating cash flow decreased to SEK 1,742m (2,402). Cash flow decreased as a result of the lower level of operating cash surplus and higher level of tied-up working capital. Current net capital expenditures were lower than a year ago.

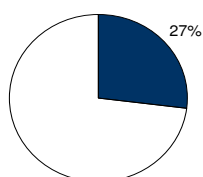
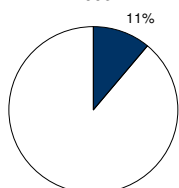
Second quarter 2010 compared with second quarter 2009

Net sales decreased by 4% (excluding exchange rate effects, net sales increased by 2%) to SEK 10,064m (10,474m). Higher volumes increased sales by 3%, while lower prices and a changed product mix decreased sales by 1%.

Sales of consumer tissue decreased by 1%, excluding exchange rate effects. The decrease is mainly related to markets in Western Europe.

AFH tissue showed a strong recovery, and sales rose 8% excluding exchange rate effects. The markets in Western Europe, North America and Latin America showed increased growth.

Operating profit fell 22% (19% excluding exchange rate effects) to SEK 791m (1,025). Higher raw material costs and slightly lower prices had a lowering effect on profit. Lower distribution costs had a favourable impact on profit.

Share of Group, net sales
1006Share of Group, operating profit
1006

PACKAGING

SEKm	1006	0906	%	2010:2	2009:2	%
Deliveries						
- Liner products, thousand tonnes	1,055	1,023	3*	529	483	10*
- Corrugated board, million m ²	1,772	1,656	7	897	822	9
Net sales	14,836	14,453	3	7,583	6,958	9
Operating surplus ¹	1,228	955	29	661	437	51
Operating profit ¹	498	92		306	11	
Operating margin, % ¹	3.4	0.6		4.0	0.2	
Operating cash flow	7	100		218	213	

1) Excluding restructuring costs, which are reported as items affecting comparability outside of the Packaging business area.

*) Adjusted for the change in volume resulting from the closure of the New Hythe testliner mill, deliveries increased by 10% and 14%, respectively.

In the ongoing restructuring programme, 15 corrugated board plants and the testliner plant in the UK have been closed. Personnel reductions corresponding to approximately 1,700 positions have been carried out. At the end of the second quarter of 2010, 80% of the projected annual savings of SEK 1,070m had been achieved.

January–June 2010 compared with corresponding period a year ago

Net sales rose 3% (12% excluding exchange rate effects) to SEK 14,836m (14,453). The closure of the New Hythe testliner mill in the UK in 2009, together with the divestment of the Asian packaging operation during the second quarter, reduced sales by 3%. Higher prices and volumes increased sales by 6% and 9%, respectively. Corrugated board prices were slightly lower than the same period a year ago.

Operating profit was SEK 498m (92). The improvement is mainly attributable to higher prices and volumes, and savings from the ongoing restructuring programme. Higher raw material costs reduced the earnings improvement.

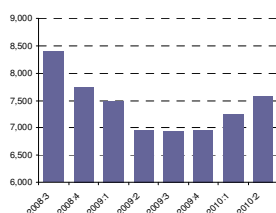
Operating cash surplus improved to SEK 1,213m (934), and operating cash flow was SEK 7m (100). A higher level of tied-up working capital and higher outgoing payments for the restructuring programme were partly compensated by a lower level of current capital expenditures.

Second quarter 2010 compared with second quarter 2009

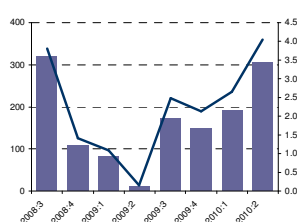
Net sales rose 9% (19% excluding exchange rate effects) to SEK 7,583m (6,958). Net sales increased by 12% as a result of higher prices, of which 2 percentage points pertained to higher prices for corrugated board, and by 12% as a result of higher volumes. The divestment of the Asian packaging operation lowered sales by 5%.

Operating profit increased to SEK 306m (11). Higher prices and volumes, and savings from the restructuring programme increased profit. Higher raw material costs and exchange rate effects reduced profit.

Net sales

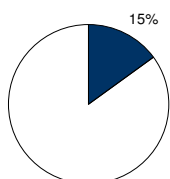
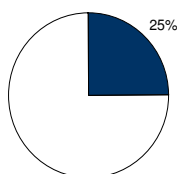


Operating profit and margin

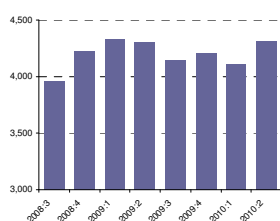


Deviations, operating profit (%)

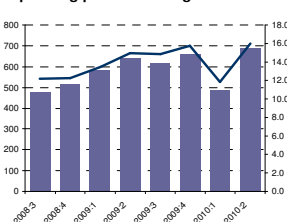
1006 vs. 0906	441
Price/mix	641
Volume	347
Raw material	-884
Energy	19
Currency	-39
Other	357

Share of Group, net sales
1006Share of Group, operating profit
1006

Net sales



Operating profit and margin



Deviations, operating profit (%)

1006 vs. 0906	
	-4
Price/mix	-17
Volume	3
Raw material	-2
Energy	6
Currency	-1
Other	7

FOREST PRODUCTS

SEKm	1006	0906	%	2010:2	2009:2	%
Deliveries						
- Publication papers, thousand tonnes	785	760	3	388	380	2
- Solid-wood products, thousand m ³	831	869*	-4	440	488*	-10
Net sales	8,418	8,637	-3	4,308	4,304	0
Operating surplus	1,858	1,911	-3	1,030	983	5
Operating profit	1,178	1,225	-4	691	642	8
Operating margin, %	14.0	14.2		16.0	14.9	
Operating cash flow	835	1,400		604	658	

¹⁾ Delivered volumes for previous periods have been adjusted

Demand in Europe for publication papers improved, and price increases for magazine paper have been announced with effect from 1 July.

January–June 2010 compared with corresponding period a year ago

Net sales decreased by 3% (1% excluding exchange rate effects) to SEK 8,418m (8,637). Sales decreased by 9% as a result of lower prices in the publication papers operations, while higher prices for pulp and solid-wood products had a favourable effect on sales, by 6%. Higher volumes increased sales by 2%.

Operating profit decreased by 4% (3% excluding exchange rate effects) to SEK 1,178m (1,225). Profit for the publication paper operations fell sharply to SEK -39m (666) as a result of lower prices. Operating profit for the pulp and solid-wood operations increased as a result of higher prices.

Operating cash surplus increased to SEK 1,540m (1,426), while operating cash flow decreased to SEK 835m (1,400). The higher operating cash surplus did not compensate for a higher level of tied-up working capital.

Second quarter 2010 compared with second quarter 2009

Net sales were level with the second quarter of 2009 (excluding exchange rate effects, net sales were up 2%) and amounted to SEK 4,308m (4,304). Volumes increased net sales by 2%, while higher prices for the pulp and sawmill operations were offset by lower prices for the publication paper operations.

Operating profit rose 8% (8% excluding exchange rate effects) to SEK 691m (642). Higher prices in the pulp and sawmill operations were offset by lower prices and higher raw material costs in the publication paper operations.

SHARE DISTRIBUTION

30 June 2010	Class A	Class B	Total
Registered number of shares	101,951,871	603,158,223	705,110,094
- of which treasury shares		2,767,605	2,767,605

At the end of the period, the proportion of Class A shares was 14.5%. The total number of votes in the company amounts to 1,622,676,933.

RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 46–51 of the 2009 Annual Report. No significant changes have taken place that have affected the reported risks.

Risks in conjunction with company acquisitions are analysed in the due diligence processes that SCA carries out prior to all acquisitions. In cases where acquisitions have been carried out that may affect the assessment of SCA's risk exposure, these are described under the heading "Other events" in interim reports. No significant acquisitions were made during the period.

Risk management processes

SCA's board decides on the Group's strategic direction, based on recommendations made by Group management. Responsibility for the long-term, overall management of strategic risks corresponds to the company's delegation structure, from the Board to the CEO and from the CEO to the business area heads. This means that most operational risks are managed by SCA's business areas at the local level, but that they are co-ordinated when considered necessary. The tools used in this co-ordination consist primarily of the business areas' regular reporting and the annual strategy process, where risks and risk management are a part of the process.

SCA's financial risk management is centralised, as is the Group's internal bank for the Group companies' financial transactions and management of the Group's energy risks. Financial risks are managed in accordance with the Group's finance policy, which is adopted by SCA's board and which – together with SCA's energy risk policy – makes up a framework for risk management. Risks are compiled and followed up on a regular basis to ensure compliance with these guidelines. SCA has also centralised other risk management.

SCA has a staff function for internal audit, which ensures that the organisation is in compliance with the Group's policies.

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 of operations.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1.3 of the Swedish Financial Reporting Board (RFR), and with regard to the Parent Company, according to RFR 2.3. The accounting principles applied correspond to those described in the 2009 Annual Report, except for with respect to a number of amendments to existing standards and new interpretations that took effect on 1 January 2010. For SCA, IFRS 3 (revised) Business Combinations and IAS 27 (revised) Consolidated and Separate Financial Statements, are judged to be relevant for the structuring of the financial statements and their accounting principles.

FUTURE REPORTS

The interim report for the period January–September 2010 will be published on 28 October. The year-end report for 2010 will be published on 27 January 2011.

INVITATION TO PRESS CONFERENCE ON Q2

The media and analysts are invited to attend a press conference at which this interim report will be presented by Jan Johansson, President and CEO.


Time: Wednesday, 21 July, 10.30 CET.

Location: World Trade Center (conference room New York), Klarabergsviadukten 70, 4th floor, section D, Stockholm.

The press conference will be webcast live at www.sca.com. It is also possible to participate in the press conference by phone, by calling +44 20 7162 0077, +1 334 323 6201, or +46-8-5052 0110.

The Board of Directors and President declare that the half-year interim report gives a true and fair view of the Parent Company's and Group's financial position and results of operations, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 21 July 2010
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)



Sverker Martin-Löf
Chairman of the Board



Pär Boman
Director



Rolf Börjesson
Director



Sören Gyll
Director



Leif Johansson
Director



Anders Nyrén
Director



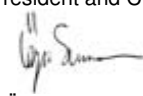
Barbara Milian Thoralfsson
Director



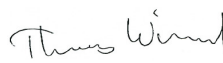
Jan Johansson
Director
President and CEO



Lars Jonsson
Employee representative



Örjan Svensson
Employee representative



Thomas Wiklund
Employee representative

REVIEW REPORT

We have reviewed this report for the period 1 January–30 June 2010 for Svenska Cellulosa Aktiebolaget SCA (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 21 July 2010
PricewaterhouseCoopers AB
Anders Lundin
Authorised Public Accountant

OPERATING CASH FLOW ANALYSIS

SEKm	1006	0906
Operating cash surplus	7,273	7,439
Change in working capital	-1,772	586
Current capital expenditures, net	-952	-1,747
Restructuring costs, etc.	-414	-416
Operating cash flow	4,135	5,862
Financial items	-523	-979
Income taxes paid	-798	-204
Other	2	8
Cash flow from current operations	2,816	4,687
Acquisitions	-47	4
Strategic capital expenditures, fixed assets	-997	-1,640
Divestments	1,270	7
Cash flow before dividend	3,042	3,058
Dividend	-2,599	-2,458
Net cash flow	443	600
Net debt at the start of the period	-40,430	-47,002
Net cash flow	443	600
Remeasurement to equity	-1,380	-900
Currency effects	521	-377
Net debt at the end of the period	-40,846	-47,679
Debt/equity ratio	0.62	0.71
Debt payment capacity, %	33	28

CASH FLOW STATEMENT

SEKm	1006	0906
Operating activities		
Profit before tax	3,493	3,086
Adjustment for non-cash items ¹	2,826	2,737
	6,319	5,823
Paid tax	-798	-204
Cash flow from operating activities before changes in working capital	5,521	5,619
Cash flow from changes in working capital		
Change in inventories	-1,327	1,228
Change in operating receivables	-2,184	1,747
Change in operating liabilities	1,739	-2,389
Cash flow from operating activities	3,749	6,205
Investing activities		
Acquisition of operations	-47	4
Sold operations	190	7
Acquisition tangible and intangible assets	-2,119	-3,459
Sale of tangible assets	178	75
Payment of loans to external parties	-28	0
Repayment of loans from external parties	0	619
Cash flow from investing activities	-1,826	-2,754
Financing activities		
Amortisation of debt	-466	-1,053
Dividends paid	-2,599	-2,458
Cash flow from financing activities	-3,065	-3,511
Cash flow for the period	-1,142	-60
Cash and cash equivalents at the beginning of the year	5,148	5,738
Exchange differences in cash and cash equivalents	-7	12
Cash and cash equivalents at the end of the period	3,999	5,690
Reconciliation with operating cash flow analysis		
Cash flow for the period	-1,142	-60
Deducted items:		
Payment of loans to external parties	28	0
Repayment of loans from external parties	0	-619
Amortisation of debt	466	1,053
Added items:		
Net debt in acquired and divested operations	1,080	0
Accrued interest	19	229
Investments through finance leases	-8	-3
Net cash flow according to operating cash flow analysis	443	600
¹ Depreciation and impairment, fixed assets	3,310	3,531
Fair-value measurement/net growth of forest assets	-326	-474
Unpaid related to efficiency programmes	334	207
Payments related to efficiency programmes	-401	-275
Other	-91	-252
Total	2,826	2,737

CONSOLIDATED INCOME STATEMENT

SEKm	2010:2	2009:2	2010:1	1006	0906
Net sales	27,652	27,915	26,722	54,374	56,242
Cost of goods sold ¹	-21,242	-21,232	-20,687	-41,929	-43,227
Gross profit	6,410	6,683	6,035	12,445	13,015
Sales, general and administration ¹	-3,995	-4,328	-4,021	-8,016	-8,532
Items affecting comparability ²	-207	-439	-244	-451	-439
Share in profits of associates	25	13	13	38	21
Operating profit	2,233	1,929	1,783	4,016	4,065
Financial items	-244	-354	-279	-523	-979
Profit before tax	1,989	1,575	1,504	3,493	3,086
Tax	-539	-411	-421	-960	-803
Net profit for the period	1,450	1,164	1,083	2,533	2,283
Earnings attributable to:					
Owners of the parent	1,435	1,165	1,074	2,509	2,275
Non-controlling interests	15	-1	9	24	8
Earnings per share, SEK - owners of the parent					
- before dilution effects	2.04	1.66	1.53	3.57	3.24
- after dilution effects	2.04	1.66	1.53	3.57	3.24
Calculation of earnings per share					
Earnings attributable to owners of the parent	1,435	1,165	1,074	2,509	2,275
Average no. of shares before dilution, millions	702.3	702.3	702.3	702.3	702.3
Warrants	0.0	0.0	0.0	0.0	0.0
Average no. of shares after dilution	702.3	702.3	702.3	702.3	702.3
¹ Of which, depreciation	-1,598	-1,724	-1,595	-3,193	-3,446
² Distribution of items affecting comparability, per function					
Cost of goods sold	-197	-379	-150	-347	-379
Sales, general and administration	-10	-60	-94	-104	-60
	2010:2	2009:2	2010:1	1006	0906
Gross margin	23.2	23.9	22.6	22.9	23.1
Operating margin	8.1	6.9	6.7	7.4	7.2
Financial net margin	-0.9	-1.3	-1.0	-1.0	-1.7
Profit margin	7.2	5.6	5.7	6.4	5.5
Tax	-1.9	-1.5	-1.6	-1.8	-1.4
Net margin	5.3	4.1	4.1	4.6	4.1
Excluding restructuring costs:					
	2010:2	2009:2	2010:1	1006	0906
Gross margin	23.2	23.9	22.6	22.9	23.1
Operating margin	8.8	8.5	7.6	8.2	8.0
Financial net margin	-0.9	-1.3	-1.0	-1.0	-1.7
Profit margin	7.9	7.2	6.6	7.2	6.3
Tax	-2.2	-1.9	-1.8	-2.0	-1.6
Net margin	5.7	5.3	4.8	5.2	4.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2010:2	2009:2	2010:1	1006	0906
Profit for the period	1,450	1,164	1,083	2,533	2,283
Other comprehensive income for the period, net of tax:					
Actuarial gains/losses on defined benefit pension plans	-1,591	376	204	-1,387	-985
Available-for-sale financial assets	-94	114	92	-2	129
Cash flow hedges	260	41	96	356	23
Exchange differences on translating foreign operations	-99	50	-3,191	-3,290	1,261
Gains/losses from hedges of net investments in foreign operations	469	-325	1,920	2,389	-437
Income tax relating to components of other comprehensive income	372	-127	-72	300	233
Other comprehensive income for the period, net of tax	-683	129	-951	-1,634	224
Total comprehensive income for the period	767	1,293	132	899	2,507
Total comprehensive income attributable to:					
Owners of the parent	774	1,313	160	934	2,512
Non-controlling interests	-7	-20	-28	-35	-5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	1006	0906
Attributable to owners of the parent		
Opening balance, 1 January	67,156	66,450
Total comprehensive income for the period	934	2,512
Dividend	-2,599	-2,458
Closing balance	65,491	66,504
Non-controlling interests		
Opening balance, 1 January	750	802
Total comprehensive income for the period	-35	-5
Dividend	0	0
Change in Group composition	-53	0
Closing balance	662	797
Total equity, closing balance	66,153	67,301

CONSOLIDATED BALANCE SHEET

SEKm	30 June 2010	31 December 2009
Assets		
Goodwill	18,884	19,147
Other intangible assets	3,203	3,404
Tangible assets	83,942	86,801
Shares and participations	1,053	1,059
Non-current financial assets ¹	1,999	2,062
Other non-current receivables	1,400	1,334
Total non-current assets	110,481	113,807
Operating receivables and inventories	32,650	30,605
Current financial assets	180	194
Non-current assets held for sale	99	105
Cash and cash equivalents	3,999	5,148
Total current assets	36,928	36,052
Total assets	147,409	149,859
Equity		
Owners of the parent	65,491	67,156
Minority interests	662	750
Total equity	66,153	67,906
Liabilities		
Provisions for pensions	4,533	3,567
Other provisions	9,840	9,784
Non-current financial liabilities	23,555	30,343
Other non-current liabilities	739	662
Total non-current liabilities	38,667	44,356
Current financial liabilities ²	18,794	13,761
Operating liabilities	23,795	23,836
Total current liabilities	42,589	37,597
Total liabilities	81,256	81,953
Total equity and liabilities	147,409	149,859
Debt/equity ratio	0.62	0.60
Visible equity/assets ratio	44%	45%
Return on capital employed	8%	7%
Return on equity	8%	7%
Excluding restructuring costs:		
Return on capital employed	9%	8%
Return on equity	9%	9%
¹ Of which pension assets	172	230
² Committed credit lines amount to SEK 31,983m of which unutilised SEK 31,983m.		
Capital employed	106,999	108,336
- of which working capital	9,865	8,126
Net debt	40,846	40,430
Shareholders' equity	66,153	67,906
Provisions for restructuring costs are included in the balance sheet as follows:		
- Other provisions*	660	346
- Operating liabilities	460	777
*) of which, provision for tax risks	246	258

NET SALES

SEKm	1006	0906	2010:2	2010:1	2009:4	2009:3	2009:2	2009:1
Personal Care	12,527	13,126	6,418	6,109	6,393	6,197	6,650	6,476
Tissue	19,792	20,940	10,064	9,728	10,338	10,147	10,474	10,466
Packaging	14,836	14,453	7,583	7,253	6,960	6,946	6,958	7,495
Forest Products	8,418	8,637	4,308	4,110	4,201	4,145	4,304	4,333
- Publication papers	4,250	5,010	2,086	2,164	2,292	2,457	2,475	2,535
- Pulp, timber and solid-wood products	4,168	3,627	2,222	1,946	1,909	1,688	1,829	1,798
Other	886	632	512	374	418	420	261	371
Intra-group deliveries	-2,085	-1,546	-1,233	-852	-803	-747	-732	-814
Total net sales	54,374	56,242	27,652	26,722	27,507	27,108	27,915	28,327

OPERATING PROFIT

SEKm	1006	0906	2010:2	2010:1	2009:4	2009:3	2009:2	2009:1
Personal Care	1,490	1,524	753	737	901	810	820	704
Tissue	1,501	1,879	791	710	965	1,102	1,015	864
Packaging	498	92	306	192	149	172	11	81
Forest Products	1,178	1,225	691	487	661	617	642	583
- Publication papers	-39	666	-24	-15	251	336	378	288
- Pulp, timber and solid-wood products	1,217	559	715	502	410	281	264	295
Other	-200	-216	-101	-99	-108	-125	-120	-96
Total operating profit¹	4,467	4,504	2,440	2,027	2,568	2,576	2,368	2,136
Financial items	-523	-979	-244	-279	-288	-377	-354	-625
Profit before tax¹	3,944	3,525	2,196	1,748	2,280	2,199	2,014	1,511
Tax ¹	-1,084	-917	-595	-489	-553	-628	-525	-392
Net profit for the period¹	2,860	2,608	1,601	1,259	1,727	1,571	1,489	1,119
¹ Excl. restructuring costs before tax amounting to:	-451	-439	-207	-244	-632	-387	-439	0
After tax amounting to:	-327	-325	-151	-176	-473	-278	-325	0

OPERATING MARGIN

%	1006	0906	2010:2	2010:1	2009:4	2009:3	2009:2	2009:1
Personal Care	11.9	11.6	11.7	12.1	14.1	13.1	12.3	10.9
Tissue	7.6	9.0	7.9	7.3	9.3	10.9	9.7	8.3
Packaging	3.4	0.6	4.0	2.6	2.1	2.5	0.2	1.1
Forest Products	14.0	14.2	16.0	11.8	15.7	14.9	14.9	13.5
- Publication papers	-0.9	13.3	-1.2	-0.7	11.0	13.7	15.3	11.4
- Pulp, timber and solid-wood products	29.2	15.4	32.2	25.8	21.5	16.6	14.4	16.4

CONSOLIDATED INCOME STATEMENT

SEKm	2010:2	2010:1	2009:4	2009:3	2009:2
Net sales	27,652	26,722	27,507	27,108	27,915
Cost of goods sold	-21,242	-20,687	-20,966	-20,551	-21,232
Gross profit	6,410	6,035	6,541	6,557	6,683
Sales, general and administration	-3,995	-4,021	-3,976	-3,992	-4,328
Items affecting comparability	-207	-244	-632	-387	-439
Share in profits of associates	25	13	3	11	13
Operating profit	2,233	1,783	1,936	2,189	1,929
Financial items	-244	-279	-288	-377	-354
Profit before tax	1,989	1,504	1,648	1,812	1,575
Taxes	-539	-421	-394	-519	-411
Net profit for the period	1,450	1,083	1,254	1,293	1,164

INCOME STATEMENT PARENT COMPANY

SEKm	1006	0906
Administrative expenses	-240	-236
Other operating income	99	109
Other operating expenses	-99	-109
Operating profit	-240	-236
Financial items ¹	1,280	33,084
Profit before appropriations and tax	1,040	32,848
Appropriations and tax	243	235
Net profit for the period	1,283	33,083

BALANCE SHEET PARENT COMPANY

SEKm	30 June 2010	31 December 2009
Intangible fixed assets	1	1
Tangible fixed assets	6,385	6,360
Financial fixed assets	124,529	124,404
Total fixed assets	130,915	130,765
Total current assets	810	2,422
Total assets	131,725	133,187
Restricted equity	10,996	10,996
Unrestricted equity	37,544	38,859
Total equity	48,540	49,855
Untaxed reserves	143	147
Provisions	628	628
Non-current liabilities	9,502	7,566
Current liabilities	72,912	74,991
Total equity, provisions and liabilities	131,725	133,187

1) Financial items for 2009 include SEK 33,722m in dividends from subsidiaries, of which SEK 30,001m pertains to the value of shares received in a subsidiary. The value of these shares is based on net asset value and is reported on the balance sheet among financial fixed assets.

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Note

SCA discloses the information provided herein pursuant to the Securities Markets Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall take precedence.