

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

- Net sales decreased by 2% (increased by 4% excluding exchange rate effects) to SEK 81,578m (83,350)
- Profit before tax, excluding restructuring costs, rose 9% (12% excluding exchange rate effects) to SEK 6,218m (5,724)
- Restructuring costs amounted to SEK 931m (826)
- Profit for the period, excluding restructuring costs, rose 10% to SEK 4,601m (4,179)
- Earnings per share were SEK 5.53 (5.06)
- Cash flow from current operations was SEK 5,010m (8,946)

EARNINGS TREND

SEKm	1009	0909	%	2010:3	2009:3	%
Net sales	81,578	83,350	-2	27,204	27,108	0
Gross profit	18,556	19,572	-5	6,111	6,557	-7
Operating profit¹	7,041	7,080	-1	2,574	2,576	0
Financial items	-823	-1,356		-300	-377	
Profit before tax¹	6,218	5,724	9	2,274	2,199	3
Tax ¹	-1,617	-1,545		-533	-628	
Net profit for the period¹	4,601	4,179	10	1,741	1,571	11
Earnings per share, SEK	5.53	5.06	9	1.95	1.82	7

¹ Excluding restructuring costs; for amounts see page 16.

CEO'S COMMENTS

Strong improvement in profitability for Packaging

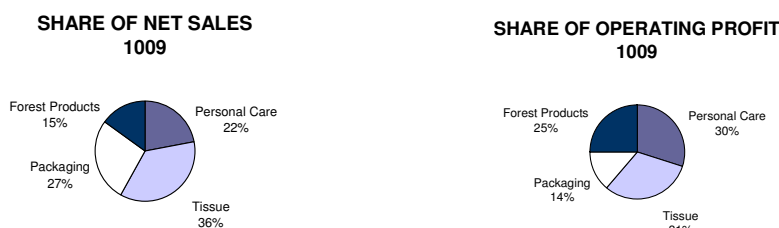
Net sales for the third quarter of 2010, excluding effects of divestments and exchange rate movements, rose 8% compared with the same period a year ago, as a result of higher prices and volumes. Operating profit excluding restructuring costs and currency effects rose 2%. Price increases carried out and cost-cutting measures, combined with higher volumes, have compensated for sharply higher raw material costs.

Cash flow from current operations for the first nine months of 2010 was SEK 5,010m (8,946). The decrease is mainly attributable to higher inventory values resulting from higher raw material prices.

In the third quarter 2010, operating profit for Personal Care and Tissue decreased compared with the same period a year ago, mainly due to higher raw material costs. The increase in operating profit for Packaging is mainly attributable to higher prices and volumes, and savings from the restructuring programme. Operating profit for Forest Products rose as a result of higher prices and volumes for pulp, timber and solid-wood products.

Operating profit for Tissue was down 5% during the third quarter of 2010 from the preceding quarter. Price increases carried out compensated for continued higher raw material costs. Seasonally lower volumes resulted in slightly lower profit.

Continued favourable demand in all of SCA's business areas is expected. However, in line with the normal seasonal pattern, the fourth quarter is weaker for AFH tissue in North America and for Packaging. Higher prices in Packaging along with the full effect of previously carried out price increases for Tissue are expected during the fourth quarter.



EARNINGS TREND FOR THE GROUP

SEKm	1009	0909	%	2010:3	2009:3	%
Net sales	81,578	83,350	-2	27,204	27,108	0
Cost of goods sold	-63,022	-63,778		-21,093	-20,551	
Gross profit	18,556	19,572	-5	6,111	6,557	-7
Sales, general and administration	-11,515	-12,492		-3,537	-3,981	
Operating profit¹	7,041	7,080	-1	2,574	2,576	0
Financial items	-823	-1,356		-300	-377	
Profit before tax¹	6,218	5,724	9	2,274	2,199	3
Tax ¹	-1,617	-1,545		-533	-628	
Net profit for the period¹	4,601	4,179	10	1,741	1,571	11

¹ Excluding restructuring costs; for amounts see page 16.

Earnings per share, SEK - owners of the parent

- after dilution effects	5.53	5.06	9	1.95	1.82	7
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Margins (%)

Gross margin	22.7	23.5		22.5	24.2	
Operating margin¹	8.6	8.5		9.5	9.5	
Financial net margin	-1.0	-1.6		-1.1	-1.4	
Profit margin¹	7.6	6.9		8.4	8.1	
Tax ¹	-2.0	-1.9		-2.0	-2.3	
Net margin¹	5.6	5.0		6.4	5.8	

¹ Excluding restructuring costs.

OPERATING PROFIT PER BUSINESS AREA

SEKm	1009	0909	%	2010:3	2009:3	%
Personal Care	2,187	2,334	-6	697	810	-14
Tissue	2,254	2,981	-24	753	1,102	-32
Packaging	1,010	264	283	512	172	198
Forest Products	1,863	1,842	1	685	617	11
- <i>Publication papers</i>	-77	1,002	n/a	-38	336	n/a
- <i>Pulp, timber and solid-wood products</i>	1,940	840	131	723	281	157
Other	-273	-341		-73	-125	
Total¹	7,041	7,080	-1	2,574	2,576	0

¹ Excluding restructuring costs.

OPERATING CASH FLOW PER BUSINESS AREA

SEKm	1009	0909	%	2010:3	2009:3	%
Personal Care	2,255	3,352	-33	601	1,465	-59
Tissue	2,825	4,723	-40	1,083	2,321	-53
Packaging	685	413	66	678	313	117
Forest Products	1,513	2,444	-38	678	1,044	-35
Other	-379	-237		-276	-310	
Total	6,899	10,695	-35	2,764	4,833	-43

GROUP

MARKET/EXTERNAL ENVIRONMENT

The recovery of the global economy continues, but with a major imbalance between emerging economies and mature markets. Growth in Asia and Latin America remains strong, while the economic upswing in the USA has lost momentum and the recovery in Western Europe remains weak.

For personal care products, emerging markets are showing continued good sales growth. Demand is stable in Europe, with favourable growth in Eastern Europe.

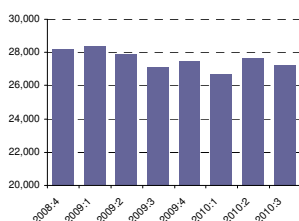
Demand for tissue in the away-from-home (AFH) segment has grown in pace with the economic upswing, while demand for consumer tissue remains stable. Growth markets are showing continued good sales growth, with particularly strong growth in Eastern Europe. During the third quarter of 2010, prices for both consumer tissue and AFH tissue increased.

Demand for corrugated board in Western Europe was up 6% through August 2010 from a low level the same period a year ago. Price increases for liner and corrugated board continued during the third quarter.

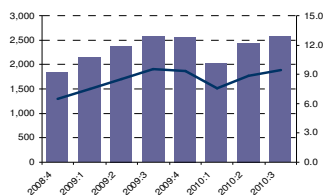
During the first nine months of 2010, demand in Europe for magazine paper rose 5% over the same period a year ago, while demand for newsprint rose 1% during the same period. Prices of magazine paper were raised slightly at mid-year 2010.

Raw material prices for recycled fibre and pulp were considerably higher during the third quarter of 2010 than the same period a year ago.

Net sales

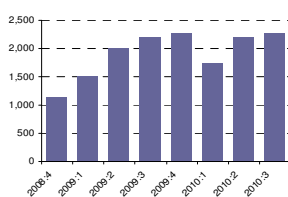


Operating profit and margin



Excluding items affecting comparability

Profit before tax



Excluding items affecting comparability

SALES AND EARNINGS

January–September 2010 compared with corresponding period a year ago

Net sales decreased by 2% (excluding exchange rate effects, increased by 4%) to SEK 81,578m (83,350). Higher volumes and prices increased sales by 3% and 2%, respectively. Sales decreased by 1% as a result of closed and divested operations, of which the divested Asian packaging operation accounted for the largest part.

Operating profit excluding restructuring costs decreased by 1% (excluding exchange rate effects, increased by 2%) to SEK 7,041m (7,080). Higher prices and volumes increased profit. Lower energy costs and other production-related costs also had a favourable earnings impact. Higher raw material costs and an increase in market activities reduced profit.

Restructuring costs amounted to SEK 931m (826). These include SEK 246m (826) attributable to the continuation of the restructuring project from last year in Packaging. Restructuring costs also include SEK 622m for the efficiency-improvement projects begun during the current year in the European baby diaper operations and SEK 63m for a project in Forest Products.

Financial items decreased to SEK -823m (-1,356). Lower interest rates and lower average net debt had a favourable impact. Profit before tax, excluding restructuring costs, increased by 9% (12% excluding exchange rate effects) to SEK 6,218m (5,724). The tax expense excluding the effect of restructuring costs was SEK 1,617m (1,545).

Profit for the period, excluding restructuring costs of SEK 689m after tax, improved by 10% to SEK 4,601m (4,179). Earnings per share were SEK 5.53 (5.06).

Third quarter 2010 compared with third quarter 2009

Net sales were level with the third quarter of 2009 (excluding exchange rate effects, net sales increased by 6%), totalling SEK 27,204m (27,108). Higher prices and volumes increased sales by 4% and 2%, respectively.

Operating profit excluding restructuring costs was level with the third quarter of 2009 (increase of 2% excluding exchange rate effects), totalling SEK 2,574m (2,576). Higher prices and volumes along with savings from the restructuring programme in Packaging had a favourable impact on profit. Higher raw material costs reduced profit.

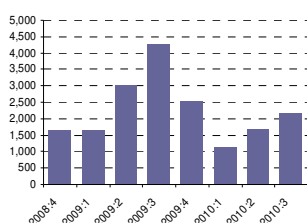
Restructuring costs amounted to SEK 480m (387), of which SEK 417m pertained to projects in the European baby diaper operations and SEK 63m to actions taken in Forest Products.

Profit before tax, excluding restructuring costs, improved by 3% to SEK 2,274m (2,199).

Profit for the period, excluding restructuring costs, was SEK 1,741m (1,571). Earnings per share were SEK 1.95 (1.82).

CASH FLOW AND FINANCING

Cashflow from current operations



Operating cash surplus amounted to SEK 11,178m (11,516). 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 from the change in working capital was SEK -1,763m (2,199). Working capital in relation to net sales was 9% (8%). Current capital expenditures were lower than a year ago and amounted to SEK -1,959m (-2,369). Operating cash flow was lower than a year ago and amounted to SEK 6,899m (10,695).

Financial items decreased to SEK -823m (-1,356). Tax payments were higher than a year ago and totalled SEK -1,083m (-412). Cash flow from current operations decreased, mainly as a result of the aforementioned change in working capital, to SEK 5,010m (8,946).

Strategic investments amounted to SEK -1,713m (-2,261). Acquisitions and divestments amounted to SEK 1,189m (11) and pertained mainly to the divestment of the Asian packaging operation. The dividend payout amounted to SEK -2,634m (-2,499). Net cash flow was SEK 1,852m (4,197).

Net debt decreased by SEK 2,416m since the start of the year, to SEK 38,014m. Net cash flow reduced net debt by SEK 1,852m, while fair value measurement of pension assets, pension obligations and financial instruments increased net debt by SEK 1,511m. Exchange rate movements attributable to the strengthening of the Swedish krona decreased net debt by SEK 2,075m. The debt/equity ratio was 0.59 (0.60 at the beginning of the year). The debt payment capacity improved to 33% (30%).

As per 30 September 2010, SCA had outstanding commercial paper worth SEK 6,935m maturing within 12 months. Unutilised credit facilities amounted to SEK 30,732m, of which long-term facilities amounted to SEK 27,766m. Cash and cash equivalents amounted to SEK 3,956m.

EQUITY

Consolidated equity decreased during the period by SEK 3,361m to SEK 64,545m. Net profit for the period increased equity by SEK 3,912m. Equity decreased by SEK 2,634m through the shareholder dividend and by SEK 1,154m after tax through revaluation of the net pension liability to fair value. Fair value measurement of financial instruments increased equity by SEK 340m after tax. Exchange rate movements, including the effect of hedges of net investments in foreign assets, decreased equity by SEK 3,825m.

TAX

A tax expense of 26% is reported for the period, which is also the estimated tax rate for the full year 2010.

OTHER EVENTS

Previous quarters 2010

During the second quarter of 2010 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. The annual savings are estimated at EUR 15m and are expected to be achieved starting with the third quarter of 2011.

The divestment of SCA's Asian packaging operation was completed at the end of the second quarter. The operation was deconsolidated as per the end of April 2010. The selling price was USD 200m and was paid in cash on 30 June. The transaction gave rise to neither a capital gain nor capital loss.

Also at the end of the second quarter, a decision was made to proceed with an efficiency improvement project in Forest Products at the Ortviken paper mill in Sweden. Fully completed, the project is estimated to generate annual savings of SEK 45m.

During the second quarter, Camilla Weiner was named as the new Senior Vice President of Corporate Communications, and Kersti Strandqvist was appointed as Senior Vice President of the newly established corporate staff function for Sustainability. Both positions are included in SCA's Corporate Senior Management Team, and both of these persons assumed their respective positions during the third quarter.

Third quarter 2010

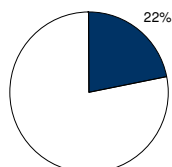
SCA and Persson Invest have formed a co-owned sawmill company in Sweden, Gällö Timber AB. SCA owns 50% of the shares. The company includes three sawmills, of which SCA previously owned Stugun. The company is consolidated as per 1 July 2010. Gällö Timber AB adds net sales of approximately SEK 500m annually to SCA and annual volume of approximately 230,000 m³ of solid-wood products.

In August 2010 SCA acquired Copamex's baby diaper operations in Mexico and Central America. The acquisition amount corresponded to approximately USD 50m on a debt-free basis. Copamex manufactures baby diapers sold under the well known Dry Kids brand in the Mexican market and Tessy Babies brand in Central America. Sales in 2009 totalled approximately USD 60m. The acquired operation is the third largest supplier of baby diapers in the Mexican market. The acquisition was completed following approval by the Mexican competition authorities and is consolidated as from 1 October 2010.

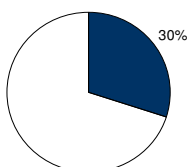
Standard & Poor's changed SCA's outlook from negative to stable. The current credit rating is BBB+.

PERSONAL CARE

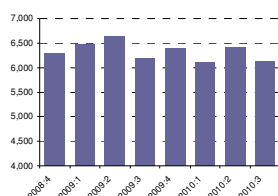
Share of Group, net sales
1009



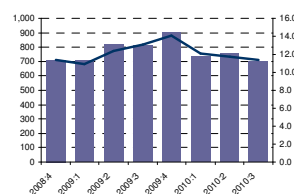
Share of Group, operating profit
1009



Net sales



Operating profit and margin



Deviations, operating profit (%)
1009 vs. 0909

Price/mix	-12
Volume	10
Raw material	-1
Energy	0
Currency	-3
Other	0

SEKm	1009	0909	%	2010:3	2009:3	%
Net sales	18,652	19,323	-3	6,125	6,197	-1
Operating surplus ¹	3,083	3,200	-4	989	1,099	-10
Operating profit ¹	2,187	2,334	-6	697	810	-14
Operating margin, % ¹	11.7	12.1		11.4	13.1	
Operating cash flow	2,255	3,352		601	1,465	

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

To meet the rising demand for hygiene products in Russia, SCA is investing in local production, and during the third quarter of 2010 a new baby diaper production plant was inaugurated. In 2011 production of incontinence care products will start in the same plant.

The retail market for incontinence care products in Europe, where SCA is the clear market leader with its Tena brand, continues to show strong growth. Products targeted at women dominate in the retail segment, however, the fastest growth is in the men's category.

In baby diapers, SCA has strengthened its leading position in the Nordic countries with its Libero brand. During the third quarter of 2010, SCA acquired Copamex's baby diaper operations in Mexico and Central America. The acquired operation is the third largest supplier of baby diapers in the Mexican market.

Demand for feminine care products is favourable in Mexico, and SCA has increased its market share. This is partly due to the fact that the greatest growth is taking place for scented products.

January–September 2010 compared with corresponding period a year ago

Net sales decreased by 3% (increased by 1% excluding exchange rate effects) to SEK 18,652m (19,323). Sales rose 2% as a result of higher volumes, but decreased by 1% as a result of increased market activities. In emerging markets, sales rose 7% excluding exchange rate effects.

Operating profit was 6% lower than a year ago (3% excluding exchange rate effects) and amounted to SEK 2,187m (2,334). Profit was favourably affected by higher volumes for incontinence and feminine care products. Increased market activities had a negative effect on earnings.

Operating cash surplus decreased to SEK 3,080m (3,249). Operating cash flow decreased to SEK 2,255m (3,352). 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.

Third quarter 2010 compared with third quarter 2009

Net sales decreased by 1% (increased by 2% excluding exchange rate effects) to SEK 6,125m (6,197). Higher volumes increased sales by 3%, while increased market activities lowered sales by 1%.

Sales of Tena-brand incontinence care products increased by 4%, excluding exchange rate effects. Growth in Latin America, Russia and Eastern Europe remained very favourable.

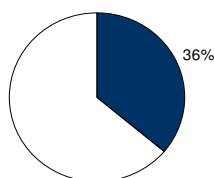
Sales of baby diapers decreased by 4%, excluding exchange rate effects. The decrease is mainly associated with lower volumes in Europe for products sold under retailers' private labels.

Sales of feminine care products rose 5%, excluding exchange rate effects. Good growth in Latin America – partly through the acquisition in Argentina in 2009 – contributed to the increase.

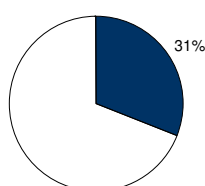
Operating profit decreased by 14% (11% excluding exchange rate effects) to SEK 697 m (810). The earnings decline is mainly attributable to sharply higher raw material costs and increased market activities. Higher volumes of incontinence and feminine care products increased earnings.

TISSUE

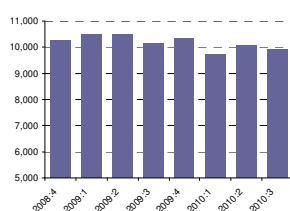
Share of Group, net sales
1009



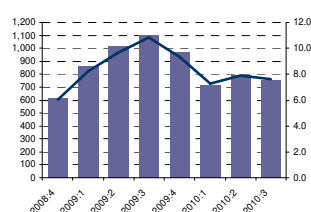
Share of Group, operating profit
1009



Net sales



Operating profit and margin



Deviations, operating profit (%)

1009 vs. 0909	
	-24
Price/mix	-1
Volume	2
Raw material	-68
Energy	8
Currency	-3
Other	38

SEKm	1009	0909	%	2010:3	2009:3	%
Net sales	29,716	31,087	-4	9,924	10,147	-2
Operating surplus	3,874	4,842	-20	1,285	1,689	-24
Operating profit	2,254	2,981	-24	753	1,102	-32
Operating margin, %	7.6	9.6		7.6	10.9	
Operating cash flow	2,825	4,723		1,083	2,321	

Implementation of the new brand platform in Europe continues with the aim of reducing the number of brands and using specific brands for products for personal hygiene and object hygiene, respectively.

Prices of tissue rose during the third quarter of 2010 over the preceding quarter. Price increases carried out will have full effect during the fourth quarter of 2010.

January–September 2010 compared with corresponding period a year ago

Net sales decreased by 4% (increased by 2% excluding exchange rate effects) to SEK 29,716m (31,087). Sales increased by 2% as a result of higher volumes primarily in the AFH segment. Sales in emerging markets increased by 4%, excluding exchange rate movements.

Operating profit decreased by 24% (21% excluding exchange rate effects) to SEK 2,254m (2,981). Significantly higher raw material costs had a negative effect on profit. Lower energy and distribution costs, and higher volumes, had a favourable effect on profit.

Operating cash surplus decreased to SEK 3,920m (4,840), and operating cash flow decreased to SEK 2,825m (4,723). 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.

Third quarter 2010 compared with third quarter 2009

Net sales decreased by 2% (increased by 2% excluding exchange rate effects) to SEK 9,924m (10,147m). Lower volumes decreased sales by 1%, while higher prices and an improved product mix increased sales by 3%.

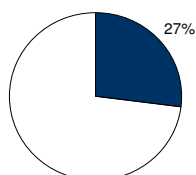
Sales of consumer tissue increased by 1%, excluding exchange rate effects. The increase is mainly related to strong growth in Eastern Europe.

Sales of AFH tissue increased by 4% excluding exchange rate effects. The increase is mainly attributable to North America and Latin America.

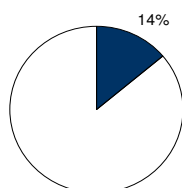
Operating profit fell 32% (31% excluding exchange rate effects) to SEK 753m (1,102). Profit was hurt by significantly higher raw material costs and slightly lower volumes. Higher prices and lower energy costs, and other production costs, had a favourable earnings impact.

PACKAGING

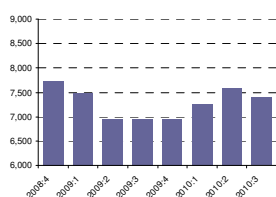
Share of Group, net sales
1009



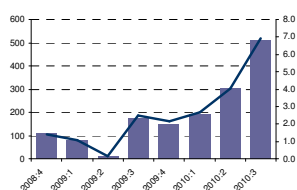
Share of Group, operating profit
1009



Net sales



Operating profit and margin



Deviations, operating profit (%)

1009 vs. 0909	283
Price/mix	571
Volume	149
Raw material	-546
Energy	0
Currency	-27
Other	136

SEKm	1009	0909	%	2010:3	2009:3	%
Deliveries						
- Liner products, thousand tonnes	1,591	1,532	4*	536	509	5
- Corrugated board, million m ²	2,640	2,488	6	868	832	4
Net sales	22,228	21,399	4	7,392	6,946	6
Operating surplus ¹	2,066	1,556	33	838	601	39
Operating profit ¹	1,010	264	283	512	172	198
Operating margin, % ¹	4.5	1.2		6.9	2.5	
Operating cash flow	685	413		678	313	

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

*) Adjusted for the closure of the New Hythe testliner mill, deliveries increased by 9%.

In the ongoing restructuring programme, which was begun in 2009, 15 corrugated board plants in Europe and the testliner plant in the UK have been closed. Personnel reductions corresponding to approximately 1,800 positions have been carried out. At the end of the third quarter of 2010, approximately 85% of the projected annual savings of SEK 1,070m had been achieved.

January–September 2010 compared with corresponding period a year ago

Net sales rose 4% (19% excluding exchange rate effects, divestments and closures) to SEK 22,228m (21,399). Higher prices and volumes increased sales by 10% and 9%, respectively. 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 5%. Corrugated board prices were an average of 7% higher than the same period a year ago.

Operating profit was SEK 1,010m (264). The increase is mainly attributable to higher prices and volumes, and savings from the ongoing restructuring programme. Higher raw material costs and exchange rate effects had a lowering effect on profit.

Operating cash surplus improved to SEK 2,043m (1,505), and operating cash flow was SEK 685m (413). A higher level of tied-up working capital was partly compensated by a lower level of current capital expenditures.

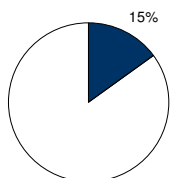
Third quarter 2010 compared with third quarter 2009

Net sales rose 6% (24% excluding exchange rate effects and divestments) to SEK 7,392m (6,946). Net sales increased by 16% as a result of higher prices, and by 8% as a result of higher volumes. The divestment of the Asian packaging operation lowered sales by 7%. Prices for corrugated board were 10% higher than in the corresponding period a year ago.

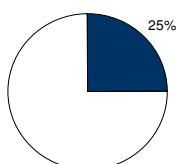
Operating profit increased to SEK 512m (172). Higher prices and volumes, and savings from the restructuring programme, increased profit. Higher raw material costs and negative exchange rate effects reduced profit.

FOREST PRODUCTS

Share of Group, net sales
1009



Share of Group, operating profit
1009



SEKm	1009	0909	%	2010:3	2009:3	%
Deliveries						
- Publication papers, thousand tonnes	1,184	1,159	2	399	399	0
- Solid-wood products, thousand m ³	1,345**	1,254*	7	514**	385*	34
Net sales	12,833	12,782	0	4,415	4,145	7
Operating surplus ¹	2,886	2,871	1	1,028	960	7
Operating profit ¹	1,863	1,842	1	685	617	11
Operating margin, % ¹	14.5	14.4		15.5	14.9	
Operating cash flow	1,513	2,444		678	1,044	

¹) Delivered volumes for previous periods have been adjusted.

²) Includes approximately 75,000 m³ from the Gällö and Tjärnvik sawmills, which are consolidated as from 1 July 2010.

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

An efficiency improvement programme at the Ortviken paper mill was started during the third quarter. The project entails a reduction of 90 employees, accounting for roughly 10% of the workforce. Fully implemented at the end of 2011, the annual savings are estimated at SEK 45m.

January–September 2010 compared with corresponding period a year ago

Net sales were level with the same period a year ago (increase of 2% excluding exchange rate effects) and totalled SEK 12,833m (12,782). Sales decreased by 8% as a result of lower prices for publication papers, while higher prices for pulp and solid-wood products had a favourable effect on sales, by 7%. Higher volumes increased sales by 3%.

Operating profit increased by 1% (2% excluding exchange rate effects) to SEK 1,863m (1,842). Profit for the publication paper operations fell sharply as a result of lower prices and higher raw material prices, to SEK -77m (1,002). Operating profit for the pulp and solid-wood operations increased, mainly a result of higher prices.

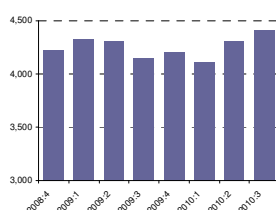
Operating cash surplus increased to SEK 2,408m (2,237), while operating cash flow decreased to SEK 1,513m (2,444). The higher operating cash surplus did not compensate for a higher level of tied-up working capital.

Third quarter 2010 compared with third quarter 2009

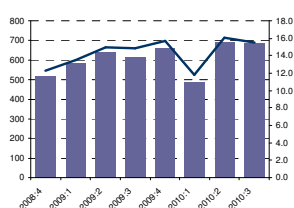
Net sales increased by 7% (8% excluding exchange rate effects) to SEK 4,415m (4,145). Higher volumes and higher prices for the pulp and sawmill operations were offset by lower prices for the publication paper operations.

Operating profit rose 11% (7% excluding exchange rate effects) to SEK 685m (617). Higher prices and volumes in the pulp and sawmill operations were offset by lower prices in the publication paper operations and higher raw material and energy costs.

Net sales



Operating profit and margin



Deviations, operating profit (%)

1009 vs. 0909	1
Price/mix	-10
Volume	2
Raw material	-4
Energy	2
Currency	1
Other	10

SHARE DISTRIBUTION

30 September 2010	Class A	Class B	Total
Registered number of shares	101,492,723	603,617,371	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 14.4%. During the third quarter, at the request of shareholders a total of 459,148 Class A shares were converted to Class B shares. The total number of votes in the company is 1,618,544,601.

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.

It can be noted that imbalances in world trade have led to tensions between countries. This stems in part from individual countries' currency policies, aimed at improving the competitiveness of the respective countries. In times of weak growth, there is a greater risk of this type of action leading to countermeasures, such as protectionism.

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 monitors compliance in the organisation 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 year-end report for 2010 will be published on 27 January 2011.

INVITATION TO PRESS CONFERENCE ON Q3

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: Thursday, 28 October, 10.30 CET.

Location: Klarasalen, Målargatan 1, Stockholm, Sweden.

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 0177, +1 334 323 6203, or +46-8-5052 0114.

OPERATING CASH FLOW ANALYSIS

SEKm	1009	0909
Operating cash surplus	11,178	11,516
Change in working capital	-1,763	2,199
Current capital expenditures, net	-1,959	-2,369
Restructuring costs, etc.	-557	-651
Operating cash flow	6,899	10,695
Financial items	-823	-1,356
Income taxes paid	-1,083	-412
Other	17	19
Cash flow from current operations	5,010	8,946
Acquisitions	-81	4
Strategic capital expenditures, fixed assets	-1,713	-2,261
Divestments	1,270	7
Cash flow before dividend	4,486	6,696
Dividend	-2,634	-2,499
Net cash flow	1,852	4,197
Net debt at the start of the period	-40,430	-47,002
Net cash flow	1,852	4,197
Remeasurement to equity	-1,511	-903
Currency effects	2,075	1,673
Net debt at the end of the period	-38,014	-42,035
Debt/equity ratio	0.59	0.64
Debt payment capacity, %	33	30

CASH FLOW STATEMENT

SEKm	1009	0909
Operating activities		
Profit before tax	5,287	4,898
Adjustment for non-cash items ¹	4,517	4,454
	9,804	9,352
Paid tax	-1,083	-412
Cash flow from operating activities before changes in working capital	8,721	8,940
Cash flow from changes in working capital		
Change in inventories	-1,690	2,041
Change in operating receivables	-2,891	962
Change in operating liabilities	2,817	-804
Cash flow from operating activities	6,957	11,139
Investing activities		
Acquisition of operations	-62	4
Sold operations	190	7
Acquisition tangible and intangible assets	-3,843	-4,777
Sale of tangible assets	178	150
Payment of loans to external parties	-110	0
Repayment of loans from external parties	0	426
Cash flow from investing activities	-3,647	-4,190
Financing activities		
Amortisation of debt	-1,792	-5,012
Dividends paid	-2,634	-2,499
Cash flow from financing activities	-4,426	-7,511
Cash flow for the period	-1,116	-562
Cash and cash equivalents at the beginning of the year	5,148	5,738
Exchange differences in cash and cash equivalents	-76	-80
Cash and cash equivalents at the end of the period	3,956	5,096
Reconciliation with operating cash flow analysis		
Cash flow for the period	-1,116	-562
Deducted items:		
Payment of loans to external parties	110	0
Repayment of loans from external parties	0	-426
Amortisation of debt	1,792	5,012
Added items:		
Net debt in acquired and divested operations	1,061	0
Accrued interest	12	176
Investments through finance leases	-7	-3
Net cash flow according to operating cash flow analysis	1,852	4,197
¹ Depreciation and impairment, fixed assets		
	4,849	5,430
Fair-value measurement/net growth of forest assets		
	-485	-621
Unpaid related to efficiency programmes		
	704	303
Payments related to efficiency programmes		
	-437	-417
Other		
	-114	-241
Total	4,517	4,454

CONSOLIDATED INCOME STATEMENT

SEKm	2010:3	2009:3	2010:2	1009	0909
Net sales	27,204	27,108	27,652	81,578	83,350
Cost of goods sold ¹	-21,093	-20,551	-21,242	-63,022	-63,778
Gross profit	6,111	6,557	6,410	18,556	19,572
Sales, general and administration ¹	-3,578	-3,992	-3,995	-11,594	-12,524
Items affecting comparability ²	-480	-387	-207	-931	-826
Share in profits of associates	41	11	25	79	32
Operating profit	2,094	2,189	2,233	6,110	6,254
Financial items	-300	-377	-244	-823	-1,356
Profit before tax	1,794	1,812	1,989	5,287	4,898
Tax	-415	-519	-539	-1,375	-1,322
Net profit for the period	1,379	1,293	1,450	3,912	3,576
Earnings attributable to:					
Owners of the parent	1,372	1,279	1,435	3,881	3,554
Non-controlling interests	7	14	15	31	22
Earnings per share, SEK - owners of the parent					
- before dilution effects	1.95	1.82	2.04	5.53	5.06
- after dilution effects	1.95	1.82	2.04	5.53	5.06
Calculation of earnings per share					
Earnings attributable to owners of the parent	1,372	1,279	1,435	3,881	3,554
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	-1,554	-1,686	-1,598	-4,747	-5,132
² Distribution of items affecting comparability, per function					
Cost of goods sold	-432	-228	-197	-779	-607
Sales, general and administration	-48	-159	-10	-152	-219
	2010:3	2009:3	2010:2	1009	0909
Gross margin	22.5	24.2	23.2	22.7	23.5
Operating margin	7.7	8.1	8.1	7.5	7.5
Financial net margin	-1.1	-1.4	-0.9	-1.0	-1.6
Profit margin	6.6	6.7	7.2	6.5	5.9
Tax	-1.5	-1.9	-1.9	-1.7	-1.6
Net margin	5.1	4.8	5.3	4.8	4.3
Excluding restructuring costs:					
	2010:3	2009:3	2010:2	1009	0909
Gross margin	22.5	24.2	23.2	22.7	23.5
Operating margin	9.5	9.5	8.8	8.6	8.5
Financial net margin	-1.1	-1.4	-0.9	-1.0	-1.6
Profit margin	8.4	8.1	7.9	7.6	6.9
Tax	-2.0	-2.3	-2.2	-2.0	-1.9
Net margin	6.4	5.8	5.7	5.6	5.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2010:3	2009:3	2010:2	1009	0909
Profit for the period	1,379	1,293	1,450	3,912	3,576
Other comprehensive income for the period, net of tax:					
Actuarial gains/losses on defined benefit pension plans	-235	-86	-1,591	-1,622	-1,071
Available-for-sale financial assets	111	146	-94	109	275
Cash flow hedges	-31	135	260	325	158
Exchange differences on translating foreign operations	-4,488	-5,102	-99	-7,778	-3,841
Gains/losses from hedges of net investments in foreign operations	1,617	2,164	469	4,006	1,727
Income tax relating to components of other comprehensive income	74	-2	372	374	231
Other comprehensive income for the period, net of tax	-2,952	-2,745	-683	-4,586	-2,521
Total comprehensive income for the period	-1,573	-1,452	767	-674	1,055
Total comprehensive income attributable to:					
Owners of the parent	-1,538	-1,414	774	-604	1,098
Non-controlling interests	-35	-38	-7	-70	-43

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	1009	0909
Attributable to owners of the parent		
Opening balance, 1 January	67,156	66,450
Total comprehensive income for the period	-604	1,098
Dividend	-2,599	-2,458
Closing balance	63,953	65,090
Non-controlling interests		
Opening balance, 1 January	750	802
Total comprehensive income for the period	-70	-43
Dividend	-35	-41
Change in Group composition	-53	0
Closing balance	592	718
Total equity, closing balance	64,545	65,808

CONSOLIDATED BALANCE SHEET

SEKm	30 September 2010	31 December 2009
Assets		
Goodwill	17,609	19,147
Other intangible assets	3,068	3,404
Tangible assets	81,494	86,801
Shares and participations	1,073	1,059
Non-current financial assets ¹	2,170	2,062
Other non-current receivables	1,547	1,334
Total non-current assets	106,961	113,807
Operating receivables and inventories	31,837	30,605
Current financial assets	317	194
Non-current assets held for sale	94	105
Cash and cash equivalents	3,956	5,148
Total current assets	36,204	36,052
Total assets	143,165	149,859
Equity		
Owners of the parent	63,953	67,156
Minority interests	592	750
Total equity	64,545	67,906
Liabilities		
Provisions for pensions	4,409	3,567
Other provisions	9,979	9,784
Non-current financial liabilities	21,956	30,343
Other non-current liabilities	876	662
Total non-current liabilities	37,220	44,356
Current financial liabilities ²	17,941	13,761
Operating liabilities	23,459	23,836
Total current liabilities	41,400	37,597
Total liabilities	78,620	81,953
Total equity and liabilities	143,165	149,859
Debt/equity ratio	0.59	0.60
Visible equity/assets ratio	45%	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	229	230
² Committed credit lines amount to SEK 30,732m of which unutilised SEK 30,732m.		
Capital employed	102,559	108,336
- of which working capital	9,442	8,126
Net debt	38,014	40,430
Shareholders' equity	64,545	67,906
Provisions for restructuring costs are included in the balance sheet as follows:		
- Other provisions*	618	346
- Operating liabilities	750	777
*) of which, provision for tax risks	246	258

NET SALES

SEKm	1009	0909	2010:3	2010:2	2010:1	2009:4	2009:3	2009:2
Personal Care	18,652	19,323	6,125	6,418	6,109	6,393	6,197	6,650
Tissue	29,716	31,087	9,924	10,064	9,728	10,338	10,147	10,474
Packaging	22,228	21,399	7,392	7,583	7,253	6,960	6,946	6,958
Forest Products	12,833	12,782	4,415	4,308	4,110	4,201	4,145	4,304
- Publication papers	6,381	7,467	2,131	2,086	2,164	2,292	2,457	2,475
- Pulp, timber and solid-wood products	6,452	5,315	2,284	2,222	1,946	1,909	1,688	1,829
Other	1,377	1,052	491	512	374	418	420	261
Intra-group deliveries	-3,228	-2,293	-1,143	-1,233	-852	-803	-747	-732
Total net sales	81,578	83,350	27,204	27,652	26,722	27,507	27,108	27,915

OPERATING PROFIT

SEKm	1009	0909	2010:3	2010:2	2010:1	2009:4	2009:3	2009:2
Personal Care	2,187	2,334	697	753	737	901	810	820
Tissue	2,254	2,981	753	791	710	965	1,102	1,015
Packaging	1,010	264	512	306	192	149	172	11
Forest Products	1,863	1,842	685	691	487	661	617	642
- Publication papers	-77	1,002	-38	-24	-15	251	336	378
- Pulp, timber and solid-wood products	1,940	840	723	715	502	410	281	264
Other	-273	-341	-73	-101	-99	-108	-125	-120
Total operating profit¹	7,041	7,080	2,574	2,440	2,027	2,568	2,576	2,368
Financial items	-823	-1,356	-300	-244	-279	-288	-377	-354
Profit before tax¹	6,218	5,724	2,274	2,196	1,748	2,280	2,199	2,014
Tax ¹	-1,617	-1,545	-533	-595	-489	-553	-628	-525
Net profit for the period¹	4,601	4,179	1,741	1,601	1,259	1,727	1,571	1,489
¹ Excl. restructuring costs before tax amounting to:	-931	-826	-480	-207	-244	-632	-387	-439
After tax amounting to:	-689	-603	-362	-151	-176	-473	-278	-325

OPERATING MARGIN

%	1009	0909	2010:3	2010:2	2010:1	2009:4	2009:3	2009:2
Personal Care	11.7	12.1	11.4	11.7	12.1	14.1	13.1	12.3
Tissue	7.6	9.6	7.6	7.9	7.3	9.3	10.9	9.7
Packaging	4.5	1.2	6.9	4.0	2.6	2.1	2.5	0.2
Forest Products	14.5	14.4	15.5	16.0	11.8	15.7	14.9	14.9
- Publication papers	-1.2	13.4	-1.8	-1.2	-0.7	11.0	13.7	15.3
- Pulp, timber and solid-wood products	30.1	15.8	31.7	32.2	25.8	21.5	16.6	14.4

CONSOLIDATED INCOME STATEMENT

SEKm	2010:3	2010:2	2010:1	2009:4	2009:3
Net sales	27,204	27,652	26,722	27,507	27,108
Cost of goods sold	-21,093	-21,242	-20,687	-20,966	-20,551
Gross profit	6,111	6,410	6,035	6,541	6,557
Sales, general and administration	-3,578	-3,995	-4,021	-3,976	-3,992
Items affecting comparability	-480	-207	-244	-632	-387
Share in profits of associates	41	25	13	3	11
Operating profit	2,094	2,233	1,783	1,936	2,189
Financial items	-300	-244	-279	-288	-377
Profit before tax	1,794	1,989	1,504	1,648	1,812
Taxes	-415	-539	-421	-394	-519
Net profit for the period	1,379	1,450	1,083	1,254	1,293

INCOME STATEMENT PARENT COMPANY

SEKm	1009	0909
Administrative expenses	-339	-353
Other operating income	151	163
Other operating expenses	-150	-163
Operating profit	-338	-353
Financial items ¹	2,078	34,024
Profit before appropriations and tax	1,740	33,671
Appropriations and tax	361	347
Net profit for the period	2,101	34,018

BALANCE SHEET PARENT COMPANY

SEKm	30 September 2010	31 December 2009
Intangible fixed assets	1	1
Tangible fixed assets	6,399	6,360
Financial fixed assets	124,551	124,404
Total fixed assets	130,951	130,765
Total current assets	511	2,422
Total assets	131,462	133,187
Restricted equity	10,996	10,996
Unrestricted equity	38,362	38,859
Total equity	49,358	49,855
Untaxed reserves	143	147
Provisions	631	628
Non-current liabilities	7,338	7,566
Current liabilities	73,992	74,991
Total equity, provisions and liabilities	131,462	133,187

1) Financial items for 2009 include SEK 34,977m 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 govern. This report has not been reviewed by the company's auditors.