

## JANUARY 1–SEPTEMBER 30, 2012 (compared with the same period a year ago)

The packaging operations that were divested on June 30, 2012, are reported for the current and preceding year only as a separate line item in the income statement – **Net profit for the period from disposal group**. Comments in this report are thus entirely exclusive of the packaging operations.

The formation of a joint venture in Australia/New Zealand through the sale of 50% of the shares and a deconsolidation of the operations from the start of the year constitutes the divestment that is referred to in this report. Figures for the preceding year have not been recalculated.

- Net sales rose 3% (8% excluding exchange rate effects and divestments) to SEK 61,963m (60,402)
- Operating profit excluding items affecting comparability rose 11% (13% excluding exchange rate effects and divestments) to SEK 6,224m (5,599)
- Items affecting comparability amounted to SEK -1,441m (-152)
- Earnings per share were SEK 4.09 (5.66)
- Cash flow from current operations was SEK 5,607m (3,802)

### Earnings trend

SEK m	1209	1109	%	2012:3	2011:3	%
<b>Net sales</b>	<b>61,963</b>	60,402	3	<b>22,200</b>	20,756	7
<b>Gross profit</b>	<b>15,125</b>	14,427	5	<b>5,162</b>	4,877	6
<b>Operating profit<sup>1</sup></b>	<b>6,224</b>	5,599	11	<b>2,285</b>	2,022	13
Financial items	-971	-958		-324	-361	
<b>Profit before tax<sup>1</sup></b>	<b>5,253</b>	4,641	13	<b>1,961</b>	1,661	18
Tax <sup>1</sup>	-1,481	-1,155		-589	-443	
Net profit for the period from disposal group	<b>503</b>	635		<b>0</b>	178	
<b>Net profit for the period<sup>1</sup></b>	<b>4,275</b>	4,121	4	<b>1,372</b>	1,396	-2
Earnings per share, SEK	<b>4.09</b>	5.66		<b>0.51</b>	1.82	

<sup>1</sup> Excluding items affecting comparability; for amounts see page 13.

### CEO'S COMMENTS

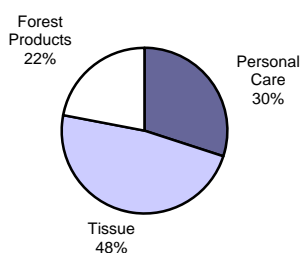
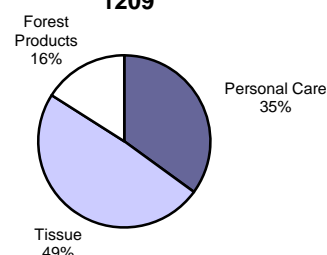
The acquisition of Georgia-Pacific's European tissue business was completed in July. The acquisition strengthens our product offering and geographic presence in Europe and will generate substantial synergies. The business has developed in line with or slightly better than the projections in the acquisition plan.

In accordance with our strategy to focus on more highly refined products in the publication papers business, in October we divested our 50% shareholding in Aylesford Newsprint, and during the same month we completed the upgrade of a newsprint machine in Sweden.

The hygiene operations are showing favorable growth and earnings performance. For Forest Products, weak demand, low prices and a strengthened Swedish krona have had a negative impact on profitability.

Consolidated net sales for the first nine months of 2012, excluding exchange rate effects and the divestment, increased by 8% compared with the same period a year ago. Net sales increased for the Personal Care and Tissue businesses by 11% and 12%, respectively, excluding exchange rate effects and the divestment in Australia/New Zealand. For Forest Products, net sales fell 7%. Operating profit excluding exchange rate effects, the divestment and items affecting comparability rose 13%. The Group's operating cash flow increased to SEK 7,198m (5,326), mainly owing to a lower level of tied up working capital, and a higher operating surplus.

Consolidated net sales for the third quarter of 2012, excluding exchange rate effects and the divestment, increased by 16% compared with the third quarter of 2011. Most of the increase is attributable to the acquisition of the tissue business in Europe and favorable sales performance for both the Personal Care and Tissue operations. Operating profit excluding exchange rate effects, the divestment and items affecting comparability rose 20%. Profit for Personal Care and Tissue rose 23% and 58%, respectively, while profit for Forest Products fell 57%.

**SHARE OF NET SALES  
1209****SHARE OF OPERATING PROFIT  
1209****EARNINGS TREND FOR THE GROUP**

SEK m	1209	1109	%	2012:3	2011:3	%
<b>Net sales</b>	<b>61,963</b>	60,402	3	<b>22,200</b>	20,756	7
Cost of goods sold	-46,838	-45,975		-17,038	-15,879	
<b>Gross profit</b>	<b>15,125</b>	14,427	5	<b>5,162</b>	4,877	6
Sales, general and administration	-8,901	-8,828		-2,877	-2,855	
<b>Operating profit<sup>1</sup></b>	<b>6,224</b>	5,599	11	<b>2,285</b>	2,022	13
Financial items	-971	-958		-324	-361	
<b>Profit before tax<sup>1</sup></b>	<b>5,253</b>	4,641	13	<b>1,961</b>	1,661	18
Tax <sup>1</sup>	-1,481	-1,155		-589	-443	
Net profit for the period from disposal group	503	635		0	178	
<b>Net profit for the period<sup>1</sup></b>	<b>4,275</b>	4,121	4	<b>1,372</b>	1,396	-2

<sup>1</sup> Excluding items affecting comparability; for amounts see page 13.

**Earnings per share, SEK owners of the parent**

- after dilution effects

	4.09	5.66		0.51	1.82
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**Margins (%)**

<b>Gross margin</b>	<b>24.4</b>	23.9		<b>23.3</b>	23.5
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**Operating margin<sup>1</sup>**

	<b>10.0</b>	9.3		<b>10.3</b>	9.7
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Financial net margin	-1.6	-1.6		-1.5	-1.7
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<b>Profit margin<sup>1</sup></b>	<b>8.4</b>	7.7		<b>8.8</b>	8.0
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Tax <sup>1</sup>	-2.4	-1.9		-2.7	-2.1
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<b>Net margin<sup>1</sup></b>	<b>6.0</b>	5.8		<b>6.1</b>	5.9
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<sup>1</sup> Excluding items affecting comparability; for amounts see page 13.

**OPERATING PROFIT PER BUSINESS AREA**

SEK m	1209	1109	%	2012:3	2011:3	%
Personal Care	2,296	1,853	24	847	688	23
Tissue	3,221	2,104	53	1,275	809	58
Forest Products	1,045	1,944	-46	281	654	-57
Other	-338	-302		-118	-129	
<b>Total<sup>1</sup></b>	<b>6,224</b>	5,599	11	<b>2,285</b>	2,022	13

<sup>1</sup> Excluding items affecting comparability; for amounts see page 13.

**OPERATING CASH FLOW PER BUSINESS AREA**

SEK m	1209	1109	%	2012:3	2011:3	%
Personal Care	2,824	2,458	15	1,260	998	26
Tissue	4,128	1,889	119	1,579	994	59
Forest Products	1,069	1,429	-25	583	902	-35
Other	-823	-450		-393	-466	
<b>Total</b>	<b>7,198</b>	5,326	35	<b>3,029</b>	2,428	25

**Net sales****GROUP****MARKET/EXTERNAL ENVIRONMENT**

The global economy continued to slow during the third quarter, and growth projections have been adjusted down further, especially for Western Europe.

Demand for tissue in Europe and North America is showing some growth, while emerging markets are showing continued good growth in demand.

In Europe, demand for incontinence care products remains favorable, while demand in Western Europe for baby diapers and feminine care products is stable. For personal care products, emerging markets are showing continued favorable growth in demand.

Demand in Western Europe for publication papers continued to decline during the third quarter compared with the same period a year ago. Demand for solid-wood products remains weak, while kraftliner is showing an improved market balance.

**SALES AND EARNINGS****January–September 2012 compared with corresponding period a year ago**

Net sales increased by 3% (8% excluding exchange rate effects and divestments) to SEK 61,963m (60,402). Higher volumes increased sales by 4%, while lower prices for Forest Products decreased sales by 1%. Acquisitions increased sales by 5%, while divestments lowered sales by 5%.

Operating profit excluding items affecting comparability rose 11% (13% excluding exchange rate effects and divestments) to SEK 6,224m (5,599). Profit for Personal Care and Tissue rose 24% and 53%, respectively. Profit for Forest Products fell by 46%. Earnings improved as an effect of higher volumes and prices along with an improved product mix, lower raw material costs and cost savings in the hygiene operations. Earnings for Forest Products were hurt mainly by lower prices and exchange rate effects.

Items affecting comparability amounted to SEK -1,441m (-152) and consist of restructuring costs for the previously announced efficiency improvement program, transaction costs for the year's acquisitions and divestments, and a book loss of SEK 850m with a negative cash flow effect of SEK 140m pertaining to the divestment of the 50% shareholding in Aylesford Newsprint.

Financial items increased to SEK -971m (-958) as a result of higher interest rates, which were partly compensated by a lower level of net debt. Profit before tax excluding items affecting comparability rose 13% (11% excluding exchange rate effects) to SEK 5,253m (4,641). The tax expense excluding items affecting comparability was SEK 1,481m (1,155).

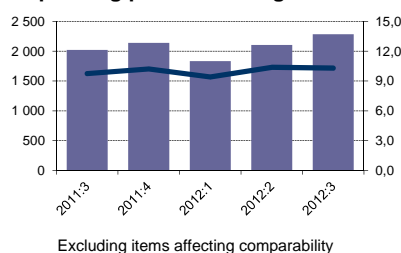
Net profit for the period excluding items affecting comparability rose 4% (2% excluding exchange rate effects) to SEK 4,275m (4,121). Earnings per share including items affecting comparability were SEK 4.09 (5.66).

**Third quarter 2012 compared with third quarter 2011**

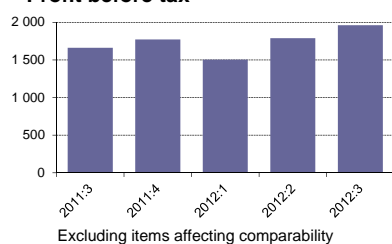
Net sales increased by 7% (16% excluding exchange rate effects and divestments) to SEK 22,200m (20,756). Most of the increase is attributable to acquisitions in Europe and favorable sales performance for both Personal Care and Tissue.

Operating profit excluding items affecting comparability rose 13% (20% excluding exchange rate effects and divestments) to SEK 2,285m (2,022). Profit was favorably affected by lower raw material costs and higher volumes.

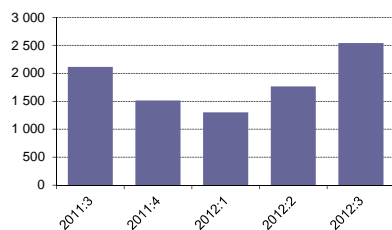
Profit before tax excluding items affecting comparability rose 18% (19% excluding exchange rate effects) to SEK 1,961m (1,661).

**Operating profit and margin**

Excluding items affecting comparability

**Profit before tax**

Excluding items affecting comparability

**Cash flow from current operations****CASH FLOW AND FINANCING**

The operating cash surplus amounted to SEK 9,160m (8,668). The cash flow effect of the change in working capital was SEK 430m (-799). Current capital expenditures amounted to SEK -1,769m (-2,142). Operating cash flow was SEK 7,198m (5,326).

Financial items increased to SEK -971m (-958) as a result of higher interest rates, which were partly compensated by a lower level of net debt. Tax payments increased to SEK 687m (620). Cash flow from current operations increased to SEK 5,607m (3,802). The improvement is mainly attributable to a lower level of tied-up working capital, but also to a higher operating surplus and lower capital expenditures during the period compared with the same period a year ago.

Strategic investments increased to SEK -1,363m (-1,057). The net sum of acquisitions and divestments was SEK 3,054m (-932). Net cash flow from the divested packaging operations was SEK 468m (583). Net cash flow increased to SEK 4,784m (-446).

Net debt has decreased by SEK 2,778m during the year to date, to SEK 33,870m. Excluding pension liabilities, net debt amounted to SEK 28,696m. Net cash flow decreased net debt by SEK 4,784m. Fair value measurement of pension assets and pension obligations together with fair valuation of financial instruments increased net debt by SEK 2,027m. Exchange rate movements decreased net debt by SEK 21m. The debt/equity ratio was 0.59 (0.60 at the start of the year). Excluding pension liabilities, the debt/equity ratio was 0.50 (0.52 at the start of the year). The debt payment capacity was 39% (37%).

As per September 30, 2012, SCA had outstanding commercial paper worth SEK 6,066m maturing within 12 months. Unutilized credit facilities amounted to SEK 17,182m, of which long-term facilities amounted to SEK 16,870m. Cash and cash equivalents amounted to SEK 2,323m.

**EQUITY**

Consolidated equity decreased by SEK 3,940m during the period, to SEK 57,351m. Net profit for the period increased equity by SEK 2,919m. Equity decreased by SEK 2,984m through payment of the shareholder dividend. Restatement of the net pension liability to fair value decreased equity by SEK 1,705m after tax. Fair value measurement of financial instruments increased equity by SEK 159m after tax. Exchange rate movements, including the effects of hedges of net foreign assets, decreased equity by SEK 2,329m.

**TAX**

A tax expense corresponding to a tax rate of 28% is reported for the period, excluding items affecting comparability.

The government has proposed a cut in the Swedish company tax rate from 26.3% to 22.0%, effective from 2013. If the reduction is carried out as anticipated, the tax expense for the fourth quarter will be favorably affected by approximately SEK 1,300m, since the amount of deferred tax in Sweden would decrease.

**OTHER EVENTS DURING THE YEAR**

On November 10, 2011, SCA made a binding offer to acquire Georgia-Pacific's European tissue operations. The acquisition was completed on July 19, 2012. The purchase price was SEK 11,544m. On a debt-free basis the investment amounted to SEK 11,352m. Intangible assets worth SEK 2,300m remain to be allocated. Consolidation of the acquired company has affected the Group's net sales from the date of the acquisition by SEK 2,167m and operating profit by SEK 182m. Acquisition-related expenses amounted to SEK 115m for the period and are reported as transaction costs in consolidated profit for the period. The purchase price will be adjusted following customary reconciliation of working capital, etc.

**Preliminary purchase price allocation****Georgia-Pacific****SEK m**

Intangible assets	1,904
Non-current assets	5,982
Current assets	4,969
Cash and cash equivalents	363
Net debt excluding cash and cash equivalents	-171
Provisions and other non-current liabilities	-948
Operating liabilities	-2,854
<b>Net identifiable assets and liabilities</b>	<b>9,244</b>
Intangible assets (trademarks, goodwill)	2,300
<b>Consideration paid</b>	<b>11,544</b>
Consideration paid	-11,544
Cash and cash equivalents in acquired operations	363
<b>Effect on Group's cash and cash equivalents (Consolidated cash flow statement)</b>	<b>-11,181</b>
Acquired net debt excluding cash and cash equivalents	-171
<b>Acquisition of operations including net debt taken over (Consolidated operating cash flow analysis)</b>	<b>-11,352</b>

During the first quarter of 2012 SCA reached an agreement to acquire the Taiwan-based company Everbeauty, an Asian personal care company. The acquisition was completed on June 1. The purchase price was SEK 2,138m. The investment amounted to SEK 1,990m on a debt-free basis. Goodwill is preliminarily calculated to be approximately SEK 700m. The acquired company has affected the Group's net sales from the date of the acquisition by SEK 320m and operating profit by SEK 15m. Acquisition-related expenses were SEK 25m for the period and are reported as other transaction costs in consolidated profit for the period. The purchase price will be adjusted following customary reconciliation of working capital, etc. For a preliminary purchase price allocation, see the 2012 half-year interim report.

On 17 January 2012 an agreement was reached with DS Smith on the divestment of SCA's packaging operations, excluding the two kraftliner mills in Sweden. The purchase price was EUR 1.7bn on a debt-free basis. The deal was approved by the European Commission Competition Authority on May 25 and was completed on June 30. The operations were deconsolidated on June 30, 2012. The purchase price will be adjusted following customary reconciliation of working capital, etc.

On October 2, 2012, SCA divested its 50% shareholding in the UK-based newsprint facility Aylesford Newsprint. Total sales in 2011 were approximately SEK 1.6bn (GBP 150m). The operation has run at loss in recent years. The sale of shares was carried out on a debt-free basis for a symbolic amount. The transaction gave rise to a book loss of SEK 850m with a negative cash flow effect of SEK 140m. The amount of SEK 850m was charged against third quarter earnings.

During the quarter, Mikael Schmidt was appointed as SCA's new General Counsel. Mikael Schmidt assumed his duties on October 1 and is a member of SCA's Corporate Senior Management Team.

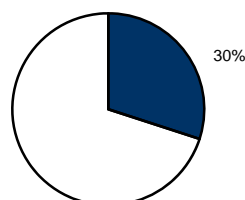
Effective September 1, 2012, SCA is included among Household Products in the MSCI Consumer Staples index.

During the quarter, SCA qualified for inclusion on the Dow Jones Sustainability Europe Index, which is one of the world's most highly respected sustainability indexes.

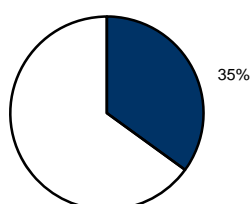
In October a decision was made on an investment in a new lime kiln at the Munksund kraftliner mill, Sweden, for approximately SEK 490m. This entails replacing oil with biofuel, which will lead to annual cost savings of approximately SEK 50m and a substantial reduction of fossil CO<sub>2</sub> emissions. The lime kiln is expected to be put in operation in fall 2014.

## PERSONAL CARE

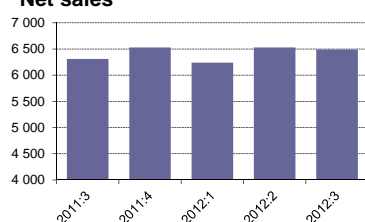
Share of Group, net sales  
1209



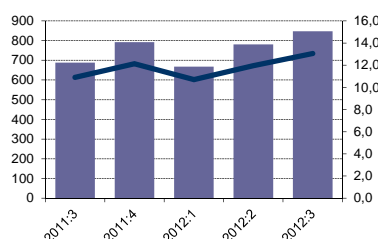
Share of Group, operating profit  
1209



Net sales



Operating profit and margin



Deviations, operating profit (%)  
1209 vs. 1109

Category	Deviation (%)
Price/mix	6
Volume	14
Raw material	5
Energy	0
Currency	2
Other	-3

SEK m	1209	1109	%	2012:3	2011:3	%
Net sales	19,261	18,246	6**	6,490	6,310	3**
Operating surplus	2,975	2,670	11	1,043	958	9
Operating profit*	2,296	1,853	24	847	688	23
Operating margin, %	11.9	10.2		13.1	10.9	
Operating cash flow	2,824	2,458		1,260	998	

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

\*\*\*) Excluding the divestment in Australia/New Zealand, an increase of 11% for the first nine months of the year and 8% for the quarter.

In the area of incontinence care products, with its TENA brand SCA had positive sales performance in Europe, and during the third quarter TENA won a new, major contract in Scotland. An upgraded TENA Men product line has been launched in selected markets in Europe.

In feminine care, SCA has strengthened its market positions in a number of emerging markets, including Mexico, Colombia and Malaysia. In Europe, SCA launched a new sanitary pad with improved fit, absorption and comfort.

### January–September 2012 compared with corresponding period a year ago

Net sales increased by 6% (11% excluding exchange rate effects and divestments) to SEK 19,261m (18,246). Higher volumes and an improved product mix increased sales by 6% and 1%, respectively. Acquisitions increased sales by 4%, while divestments decreased sales by 5%. In emerging markets, sales increased by 23% excluding exchange rate effects.

Sales of TENA incontinence care products increased by 9%, excluding exchange rate effects and divestments, driven by emerging markets. Sales of baby diapers increased by 18%, excluding exchange rate effects and divestments, mainly related to new contracts in Europe and higher sales in Asia and Latin America. Sales of feminine care products increased by 8%, excluding exchange rate effects and divestments, mainly attributable to emerging markets.

Operating profit excluding items affecting comparability was 24% higher than a year ago (32% excluding exchange rate effects and divestments) and amounted to SEK 2,296m (1,853). Profit was favorably affected by higher volumes and prices, an improved product mix, lower raw material costs and cost savings.

The operating cash surplus amounted to SEK 2,989m (2,681). Operating cash flow increased to SEK 2,824m (2,458). The higher operating cash surplus contributed to the increase.

### Third quarter 2012 compared with third quarter 2011

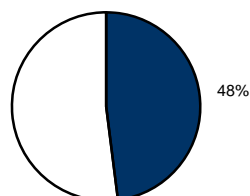
Net sales increased by 3% (13% excluding exchange rate effects and divestments), to SEK 6,490m (6,310). Higher volumes increased sales by 6%. Acquisitions increased sales by 7%, while divestments lowered sales by 5%.

Sales of TENA incontinence care products increased by 9%, excluding exchange rate effects and divestments, driven by emerging markets. Sales of baby diapers increased by 23%, excluding exchange rate effects and divestments. The increase is mainly related to new contracts in Europe and higher sales in Asia and Latin America. Sales of feminine care products increased by 7%, excluding exchange rate effects and divestments, mainly attributable to emerging markets.

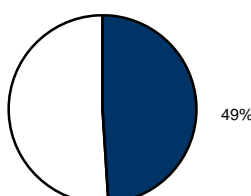
Operating profit excluding items affecting comparability increased by 23% (33% excluding exchange rate effects and divestments) to SEK 847m (688). The increase in profit can be credited to higher volumes, lower raw material costs and cost savings.

## TISSUE

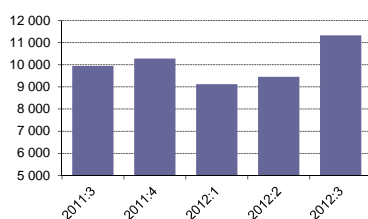
Share of Group, net sales  
1209



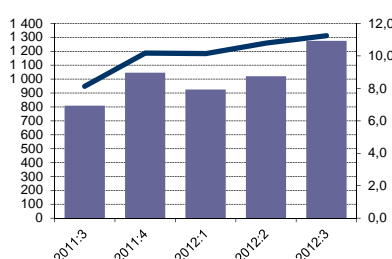
Share of Group, operating profit  
1209



Net sales



Operating profit and margin



Deviations, operating profit (%)  
1209 vs. 1109

	53
Price/mix	15
Volume	6
Raw material	30
Energy	-1
Currency	3
Other	0

SEK m	1209	1109	%	2012:3	2011:3	%
Net sales	29,915	28,838	4**	11,333	9,951	14**
Operating surplus	4,775	3,653	31	1,834	1,338	37
Operating profit*	3,221	2,104	53	1,275	809	58
Operating margin, %*	10.8	7.3		11.3	8.1	
Operating cash flow	4,128	1,889		1,579	994	

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

\*\*\*) Excluding the divestment in Australia/New Zealand, an increase of 12% for the first nine months and 22% for the quarter.

On July 19 SCA completed its acquisition of Georgia-Pacific's European tissue business. The acquisition strengthens SCA's product offering and geographic presence in Europe and will generate substantial synergies.

In the away-from-home (AFH) tissue segment in North America, SCA has performed well with its Tork brand. In August, new products were launched in the premium segment, thereby strengthening the product portfolio.

### January–September 2012 compared with corresponding period a year ago

Net sales increased by 4% (12% excluding exchange rate effects and divestments) to SEK 29,915m (28,838). Higher volumes and prices each increased sales by 2%. Acquisitions increased sales by 8%, while divestments decreased sales by 8%. Sales in emerging markets increased by 18%, excluding exchange rate effects.

Sales of consumer tissue increased by 15%, excluding exchange rate effects and divestments, mainly related to acquisitions in Europe and sales growth in Latin America.

Sales of AFH tissue increased by 9%, excluding exchange rate effects and divestments, mainly related to acquisitions in Europe.

Operating profit excluding items affecting comparability improved by 53% (53% excluding exchange rate effects and divestments) to SEK 3,221m (2,104). Higher prices, an improved product mix, higher volumes, cost savings and lower raw material costs contributed to the earnings improvement.

The operating cash surplus increased to SEK 4,826m (3,700). Operating cash flow increased to SEK 4,128m (1,889). The higher operating cash surplus and lower level of working capital contributed to the increase.

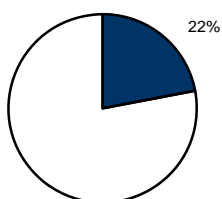
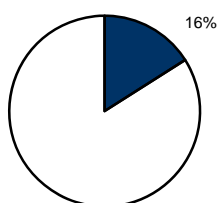
### Third quarter 2012 compared with third quarter 2011

Net sales increased by 14% (26% excluding exchange rate effects and divestments), to SEK 11,333m (9,951). Higher volumes and prices each increased sales by 1%. Acquisitions increased sales by 24%, while divestments decreased sales by 8%. Exchange rate effects decreased sales by 4%.

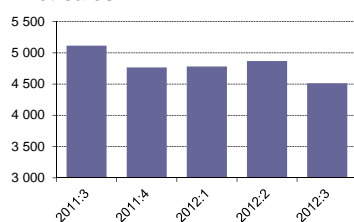
Sales of consumer tissue increased by 31%, excluding exchange rate effects and divestments. The increase is attributable to acquisitions and strong sales growth in emerging markets.

Sales of AFH tissue increased by 22%, excluding exchange rate effects and divestments. The increase is mainly attributable to acquisitions.

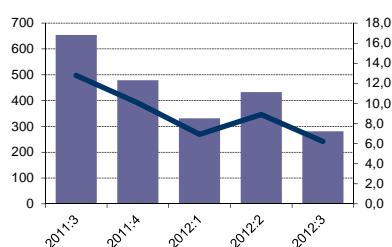
Operating profit excluding items affecting comparability increased by 58% (67% excluding exchange rate effects and divestments), to SEK 1,275m (809). Acquisitions, higher prices, a changed product mix, lower raw material costs and cost savings had a favorable impact on earnings.

Share of Group, net sales  
1209Share of Group, operating profit  
1209

Net sales



Operating profit and margin

Deviations, operating profit (%)  
1209 vs. 1109

Category	Deviation (%)
Price/mix	-45
Volume	2
Raw material	3
Energy	2
Currency	0
Other	-8

In the deviation analysis, the currency deviation was 0% and consisted of a translation effect. Including the exchange rate effects from transaction exposure, the total exchange rate effect was approximately -11% (SEK -210m), and with a corresponding change primarily in the Price/mix, the effect was -34%.

## FOREST PRODUCTS

SEK m	1209	1109	%	2012:3	2011:3	%
Deliveries						
- Publication papers, thousand tonnes	1,164	1,190	-2	398	410	-3
- Solid-wood products, thousand m <sup>3</sup>	1,578	1,443	9	484	478	1
- Kraftliner products, thousand tonnes	592	564	5	181	191	-5
- Pulp products, thousand tonnes	383	372	3	128	119	8
Net sales	14,164	15,236	-7	4,513	5,114	-12
Operating surplus	2,222	3,130	-29	677	1,024	-34
Operating profit*	1,045	1,944	-46	281	654	-57
Operating margin, %*	7.4	12.8		6.2	12.8	
Operating cash flow	1,069	1,429		583	902	

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

After the end of the quarter, SCA divested its 50% shareholding in the UK-based newsprint facility Aylesford Newsprint, an operation that has run at loss in recent years. The divestment was carried out at a symbolic amount and gave rise to a book loss of SEK 850m with a negative cash flow effect of SEK 140m. The amount of SEK 850m was charged against third quarter earnings.

Kraftliner prices were raised at the end of the quarter, and the market balance is favorable.

In October SCA launched two new paper grades for advertising material, catalogs and magazines: GraphoInvent and GraphoSilk.

During the quarter, a new-investment decision was made for two wind farms within the framework of SSVAB, the wind power company that SCA owns jointly with Statkraft. The decision involves an investment of SEK 6bn, which will be financed by Statkraft. This means that decisions have been made on four of a total of seven wind farms, corresponding to slightly more than half of SSVAB's total, planned electricity generation of 3,000 GWh. The wind farms in this part of the project will be commissioned in stages in 2014 and 2015.

### January–September 2012 compared with corresponding period a year ago

Net sales decreased by 7% to SEK 14,164m (15,236). Acquisitions increased sales by 1%. Lower prices and exchange rate effects decreased sales by 8%.

Sales of publication paper decreased as a result of lower volumes and lower prices. Sales of kraftliner decreased as a result of lower prices that were not fully compensated by higher volumes. Sales of solid-wood products and pulp decreased as a result of lower prices.

Operating profit excluding items affecting comparability decreased by 46% to SEK 1,045m (1,944). The lower profit is mainly attributable to lower prices and exchange rate effects in all product categories.

The operating cash surplus was SEK 1,661m (2,602), and operating cash flow totaled SEK 1,069m (1,429).

### Third quarter 2012 compared with third quarter 2011

Net sales decreased by 12% to SEK 4,513m (5,114). Lower prices and exchange rate effects decreased sales by 10%. Lower volumes decreased sales by 3%. Acquisitions had a favorable impact on sales by 1%.

Sales of publication paper and kraftliner decreased as a result of lower prices and volumes. Sales of solid-wood products were level with the same period a year ago. Sales of pulp decreased as a result of lower prices that were not fully compensated by higher volumes.

Operating profit excluding items affecting comparability decreased by 57%, to SEK 281m (654). The decrease in profit is attributable to lower prices and exchange rate effects in all product categories.



## SHARE DISTRIBUTION

September 30, 2012	Class A	Class B	Total
Registered number of shares	95,647,667	609,462,427	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 13.6%. During the third quarter, at the request of shareholders a total of 17,082 Class A shares were converted to Class B shares. The total number of votes in the company thereafter is 1,565,939,097.

## RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 58–63 of the 2011 Annual Report. No significant changes have taken place that have affected the reported risks.

Risks in conjunction with company acquisitions are analyzed 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.

### 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 unit heads. This means that most operational risks are managed by SCA's business units at the local level, but that they are coordinated when considered necessary. The tools used in this coordination consist primarily of the business units' regular reporting and the annual strategy process, where risks and risk management are a part of the process.

SCA's financial risk management is centralized, 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 aggregated and followed up on a regular basis to ensure compliance with these guidelines. SCA has also centralized other risk management.

SCA has a staff function for internal audit, which monitors compliance in the organization 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 of the Swedish Financial Reporting Board (RFR), and with regard to the Parent Company, RFR 2. The accounting principles applied correspond to those described in the 2011 Annual Report, except for with respect to a number of minor amendments to existing standards and new interpretations that took effect on January 1, 2012. These are judged to not have any material effect on the Group's or the Parent Company's result of operations, financial position or disclosures.

On June 30 SCA's packaging operations were divested, excluding the kraftliner operations in Sweden, to the packaging company DS Smith. Based on this, the operations that were divested have been classified and reported as a disposal group held for sale, in accordance with IFRS 5. In calculations of the disposal group's profit for the period as well as assets, liabilities and cash flow, SCA has used the same accounting principles as for the rest of the Group, with certain, special additions, which are reported on in this section. The reported tax expense and deferred tax are based on what has been calculated for the respective units, with applicable adjustments for the disposal group and the rest of the Group as a whole. This approach has also been applied for items in net financial income and expense. Other items have been calculated and classified on the same basis as for the rest of the SCA Group.

## **FUTURE REPORTS**

The year-end report for 2012 will be published on January 24.

## **INVITATION TO Q3 PRESS CONFERENCE**

Media and analysts are invited to a press conference, where this interim report will be presented by Jan Johansson, President and CEO of SCA.

Time: Thursday, October 18, 2012, at 10.00 CET

Location: New York conference room, World Trade Center, Stockholm, Sweden

The presentation will be webcast at [www.sca.com](http://www.sca.com). To participate, call: +44-(0)207 1620 177, +1 (334) 323-6203, or +46-(0)8-505 201 14.

**OPERATING CASH FLOW ANALYSIS**

SEK m	1209	1109
Operating cash surplus	9,160	8,668
Change in working capital	430	-799
Current capital expenditures, net	-1,769	-2,142
Restructuring costs, etc.	-623	-401
<b>Operating cash flow</b>	<b>7,198</b>	<b>5,326</b>
Financial items	-971	-958
Income taxes paid	-687	-620
Other	67	54
<b>Cash flow from current operations</b>	<b>5,607</b>	<b>3,802</b>
Acquisitions	-14,709	-932
Strategic capital expenditures, fixed assets	-1,363	-1,057
Divestments	17,763	0
<b>Cash flow before dividend</b>	<b>7,298</b>	<b>1,813</b>
Dividend	-2,982	-2,842
<b>Cash flow after dividend</b>	<b>4,316</b>	<b>-1,029</b>
Net cash flow from disposal group	468	583
<b>Net cash flow</b>	<b>4,784</b>	<b>-446</b>
<b>Net debt at the start of the period*</b>	<b>-36,648</b>	<b>-34,406</b>
Net cashflow	4,784	-446
Remeasurement to equity	-2,027	-3,677
Currency effects	21	69
<b>Net debt at the end of the period</b>	<b>-33,870</b>	<b>-38,460</b>
<b>Debt/equity ratio</b>	<b>0.59</b>	<b>0.58</b>
<b>Debt payment capacity, %</b>	<b>39</b>	<b>37</b>

\* Including disposal group

**CASH FLOW STATEMENT**

SEK m	1209	1109	1209*	1109*
<b>Operating activities</b>				
Profit before tax	4,491	5,417		
Adjustment for non-cash items <sup>1</sup>	4,229	3,655		
	8,720	9,072		
Paid tax	-797	-720		
<b>Cash flow from operating activities before changes in working capital</b>	<b>7,923</b>	8,352		
<b>Cash flow from changes in working capital</b>				
Change in inventories	220	-412		
Change in operating receivables	-1,182	-1,040		
Change in operating liabilities	1,180	-92		
<b>Cash flow from operating activities</b>	<b>8,141</b>	6,808	<b>764</b>	805
<b>Investing activities</b>				
Acquisition of operations	-14,307	-933		
Sold operations	17,033	34		
Acquisition tangible and intangible assets	-3,629	-3,839		
Sale of tangible assets	207	161		
Payment of loans to external parties	-101	-171		
<b>Cash flow from investing activities</b>	<b>-797</b>	<b>-4,748</b>	<b>-321</b>	<b>-445</b>
<b>Financing activities</b>				
Borrowings	0	1,838		
Amortization of debt	-4,728	0		
Dividends paid	-2,984	-2,844		
<b>Cash flow from financing activities</b>	<b>-7,712</b>	-1,006	<b>-41</b>	-343
<b>Cash flow for the period</b>	<b>-368</b>	1,054	<b>402</b>	17
Cash and cash equivalents at the beginning of the year	2,752	1,866		
Exchange differences in cash and cash equivalents	-61	-3		
<b>Cash and cash equivalents at the end of the period</b>	<b>2,323</b>	2,917		

\*Of which, the packaging operations divested June 2012.

**Reconciliation with operating cash flow analysis**

<b>Cash flow for the period</b>	<b>-368</b>	1,054
<b>Deducted items:</b>		
Payment of loans to external parties	101	171
Borrowings	0	-1,838
Amortization of debt	4,728	0
<b>Added items:</b>		
Net debt in acquired and divested operations	323	187
Accrued interest	0	-18
Investments through finance leases	0	-2
<b>Net cash flow according to operating cash flow analysis</b>	<b>4,784</b>	-446

<sup>1</sup> <i>Depreciation and impairment, fixed assets</i>	4,131	4,584
<i>Fair-value measurement/net growth of forest assets</i>	-564	-527
<i>Unpaid related to efficiency programs</i>	1,337	98
<i>Payments related to efficiency programs already recognized</i>	-249	-380
<i>Other</i>	-426	-120
<i>Total</i>	4,229	3,655

**CONSOLIDATED INCOME STATEMENT, according to IAS 34 and IFRS 5**

All lines except for the net profit line are excluding the packaging operations sold

SEK m	2012:3	2011:3	2012:2	1209	1109
<b>Net sales</b>	<b>22,200</b>	20,756	20,273	<b>61,963</b>	60,402
Cost of goods sold <sup>1</sup>	-17,038	-15,879	-15,131	-46,838	-45,975
<b>Gross profit</b>	<b>5,162</b>	4,877	5,142	<b>15,125</b>	14,427
Sales, general and administration <sup>1</sup>	-2,955	-2,877	-3,019	-8,966	-8,894
Items affecting comparability <sup>2</sup>	-1,031	-152	-260	-1,441	-152
Share in profits of associates	78	22	-18	65	66
<b>Operating profit</b>	<b>1,254</b>	1,870	1,845	<b>4,783</b>	5,447
Financial items	-324	-361	-316	-971	-958
<b>Profit before tax</b>	<b>930</b>	1,509	1,529	<b>3,812</b>	4,489
Tax	-560	-403	-445	-1,396	-1,115
<b>Net profit for the period continued operations</b>	<b>370</b>	1,106	1,084	<b>2,416</b>	3,374
Net profit for the period from disposal group	0	178	234	503	635
<b>Net profit for the period</b>	<b>370</b>	1,284	1,318	<b>2,919</b>	4,009
<b>Earnings attributable to:</b>					
Owners of the parent	356	1,276	1,298	2,870	3,980
Non-controlling interests	14	8	20	49	29
<b>Earnings per share, SEK - owners of the parent total operations</b>					
- before dilution effects	0.51	1.82	1.85	4.09	5.66
- after dilution effects	0.51	1.82	1.85	4.09	5.66
<b>Earnings per share, SEK - owners of the parent continued operations</b>					
- before dilution effects	0.51	1.56	1.51	3.37	4.76
- after dilution effects	0.51	1.56	1.51	3.37	4.76
<b>Calculation of earnings per share</b>	<b>2012:3</b>	2011:3	2012:2	<b>1209</b>	1109
Earnings attributable to owners of the parent	356	1,276	1,298	2,870	3,980
Average no. of shares before dilution, millions	702.3	702.3	702.3	702.3	702.3
Average no. of shares after dilution	702.3	702.3	702.3	702.3	702.3
<sup>1</sup> Of which, depreciation	-1,270	-1,213	-1,201	-3,624	-3,684
<sup>2</sup> Distribution of items affecting comparability					
Distribution of restructuring costs, etc.					
Cost of goods sold	-35	-107	-10	-47	-107
Sales, general and administration	-159	-45	-250	-557	-45
Impairment, etc.	-837	0	0	-837	0
Total items affecting comparability	-1,031	-152	-260	-1,441	-152
<b>Gross margin</b>	<b>23.3</b>	23.5	25.4	<b>24.4</b>	23.9
Operating margin	5.6	9.0	9.1	7.7	9.0
Financial net margin	-1.5	-1.7	-1.6	-1.6	-1.6
Profit margin	<b>4.2</b>	7.3	7.5	<b>6.1</b>	7.4
Tax	-2.5	-1.9	-2.2	-2.3	-1.8
Net margin <sup>1</sup>	<b>1.7</b>	5.3	5.3	<b>3.8</b>	5.6
<sup>1</sup> Excluding Net profit for the period from disposal group					
<b>Excluding items affecting comparability:</b>	<b>2012:3</b>	2011:3	2012:2	<b>1209</b>	1109
Gross margin	<b>23.3</b>	23.5	25.4	<b>24.4</b>	23.9
Operating margin	10.3	9.7	10.4	10.0	9.3
Financial net margin	-1.5	-1.7	-1.6	-1.6	-1.6
Profit margin	<b>8.8</b>	<b>8.0</b>	<b>8.8</b>	<b>8.4</b>	7.7
Tax	-2.7	-2.1	-2.4	-2.4	-1.9
Net margin <sup>1</sup>	<b>6.1</b>	<b>5.9</b>	<b>6.4</b>	<b>6.0</b>	<b>5.8</b>
<sup>1</sup> Excluding Net profit for the period from disposal group					

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

SEK m	2012:3	2011:3	2012:2	1209	1109
<b>Profit for the period</b>	<b>370</b>	1,284	1,318	<b>2,919</b>	4,009
<b>Other comprehensive income for the period</b>					
Actuarial gains/losses on defined benefit pension plans	-508	-3,122	-1,257	-2,173	-3,580
Available-for-sale financial assets	58	-366	-116	132	-464
Cash flow hedges	38	-134	-109	46	-270
Exchange differences on translating foreign operations	-2,895	1,299	-586	-4,346	1,424
Gains/losses from hedges of net investments in foreign operations	1,397	-689	107	2,027	-1,097
Income tax relating to components of other comprehensive income	-31	791	442	449	1,012
<b>Other comprehensive income for the period, net of tax</b>	<b>-1,941</b>	-2,221	-1,519	<b>-3,865</b>	-2,975
<b>Total comprehensive income for the period</b>	<b>-1,571</b>	-937	-201	<b>-946</b>	1,034
<b>Total comprehensive income attributable to:</b>					
Owners of the parent	-1,562	-957	819	-963	984
Non-controlling interests	-9	20	-1,020	17	50

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

SEK m	1209	1109
<b>Attributable to owners of the parent</b>		
Opening balance, January 1	60,752	67,255
Total comprehensive income for the period	-963	984
Dividend	-2,950	-2,809
Revaluation of non-controlling interests	-3	-3
<b>Closing balance</b>	<b>56,836</b>	65,427
<b>Non-controlling interests</b>		
Opening balance, January 1	539	566
Total comprehensive income for the period	17	50
Dividend	-34	-35
Change in Group composition	-7	0
<b>Closing balance</b>	<b>515</b>	581
<b>Total equity, closing balance</b>	<b>57,351</b>	66,008

**CONSOLIDATED BALANCE SHEET**

SEK m	September 30, 2012	December 31, 2011
<b>Assets</b>		
Goodwill	11,109	9,433
Other intangible assets	6,020	2,629
Tangible assets	74,429	69,328
Shares and participations	2,514	1,136
Non-current financial assets	2,347	2,083
Other non-current receivables	1,021	902
<b>Total non-current assets</b>	<b>97,440</b>	<b>85,511</b>
Operating receivables and inventories	28,614	25,577
Current financial assets	208	292
Non-current assets held for sale	802	3,379*
Cash and cash equivalents	2,323	2,644
<b>Total current assets</b>	<b>31,947</b>	<b>31,892</b>
Assets in disposal group held for sale	0	21,601**
<b>Total assets</b>	<b>129,387</b>	<b>139,004</b>
<b>Equity</b>		
Owners of the parent	56,836	60,752
Non-controlling interests	515	539
<b>Total equity</b>	<b>57,351</b>	<b>61,291</b>
<b>Liabilities</b>		
Provisions for pensions	5,174	3,301
Other provisions	10,492	9,350
Non-current financial liabilities	25,351	27,711
Other non-current liabilities	984	857
<b>Total non-current liabilities</b>	<b>42,001</b>	<b>41,219</b>
Current financial liabilities <sup>1</sup>	8,076	9,266
Other current liabilities	21,959	19,627
<b>Total current liabilities</b>	<b>30,035</b>	<b>28,893</b>
Liabilities in disposal group held for sale	0	7,601**
<b>Total liabilities</b>	<b>72,036</b>	<b>77,713</b>
<b>Total equity and liabilities</b>	<b>129,387</b>	<b>139,004</b>
<sup>1</sup> Committed credit lines amount to SEK 17,182m of which unutilized SEK 17,182m.		
* Mainly assets in Australia/New Zealand		
** Disposal of packaging operations		
Debt/equity ratio	0.59	0.60
Visible equity/assets ratio	44%	44%
Return on capital employed	8%	4%
Return on equity	7%	1%
<b>Excluding items affecting comparability:</b>		
Return on capital employed	10%	9%
Return on equity	10%	9%
Capital employed	91,221	82,745
- of which working capital	7,493	6,816
Provisions for restructuring costs are included in the balance sheet as follows:		
- Other provisions*	369	329
- Operating liabilities	324	396
*) of which, provision for tax risks	247	247
Net debt	33,870	36,648***
Total Equity	57,351	61,291
***) including disposal group		

**NET SALES**

SEK m	1209	1109	2012:3	2012:2	2012:1	2011:4	2011:3	2011:2
Personal Care	19,261	18,246	6,490	6,530	6,241	6,529	6,310	6,116
Tissue	29,915	28,838	11,333	9,461	9,121	10,280	9,951	9,609
Forest Products	14,164	15,236	4,513	4,868	4,783	4,767	5,114	5,322
Other	1,046	1,488	248	418	380	393	510	510
Intra-group deliveries	-2,423	-3,406	-384	-1,004	-1,035	-1,034	-1,129	-1,142
<b>Total net sales</b>	<b>61,963</b>	<b>60,402</b>	<b>22,200</b>	<b>20,273</b>	<b>19,490</b>	<b>20,935</b>	<b>20,756</b>	<b>20,415</b>

**OPERATING PROFIT**

SEK m	1209	1109	2012:3	2012:2	2012:1	2011:4	2011:3	2011:2
Personal Care	2,296	1,853	847	781	668	792	688	582
Tissue	3,221	2,104	1,275	1,021	925	1,046	809	668
Forest Products	1,045	1,944	281	433	331	479	654	659
Other	-338	-302	-118	-130	-90	-178	-129	-99
<b>Total operating profit<sup>1</sup></b>	<b>6,224</b>	<b>5,599</b>	<b>2,285</b>	<b>2,105</b>	<b>1,834</b>	<b>2,139</b>	<b>2,022</b>	<b>1,810</b>
Financial items	-971	-958	-324	-316	-331	-367	-361	-283
<b>Profit before tax<sup>1</sup></b>	<b>5,253</b>	<b>4,641</b>	<b>1,961</b>	<b>1,789</b>	<b>1,503</b>	<b>1,772</b>	<b>1,661</b>	<b>1,527</b>
Tax	-1,481	-1,155	-589	-479	-413	-480	-443	-366
Net profit for the period from disposal group	503	635	0	234	269	265	178	225
<b>Net profit for the period<sup>2</sup></b>	<b>4,275</b>	<b>4,121</b>	<b>1,372</b>	<b>1,544</b>	<b>1,359</b>	<b>1,557</b>	<b>1,396</b>	<b>1,386</b>
<sup>1</sup> Excluding items affecting comparability before tax amounting to:	-1,441	-152	-1,031	-260	-150	-5,287	-152	0
<sup>2</sup> Excluding items affecting comparability after tax amounting to:	-1,356	-112	-1,002	-226	-128	-4,959	-112	0

**OPERATING MARGIN**

%	1209	1109	2012:3	2012:2	2012:1	2011:4	2011:3	2011:2
Personal Care	11.9	10.2	13.1	12.0	10.7	12.1	10.9	9.5
Tissue	10.8	7.3	11.3	10.8	10.1	10.2	8.1	7.0
Forest Products	7.4	12.8	6.2	8.9	6.9	10.0	12.8	12.4

**CONSOLIDATED INCOME STATEMENT**

SEK m	2012:3	2012:2	2012:1	2011:4	2011:3
<b>Net sales</b>	<b>22,200</b>	<b>20,273</b>	<b>19,490</b>	<b>20,935</b>	<b>20,756</b>
Cost of goods sold	-17,038	-15,131	-14,669	-15,726	-15,879
<b>Gross profit</b>	<b>5,162</b>	<b>5,142</b>	<b>4,821</b>	<b>5,209</b>	<b>4,877</b>
Sales, general and administration	-2,955	-3,019	-2,992	-3,087	-2,877
Items affecting comparability	-1,031	-260	-150	-5,287	-152
Share in profits of associates	78	-18	5	17	22
<b>Operating profit</b>	<b>1,254</b>	<b>1,845</b>	<b>1,684</b>	<b>-3,148</b>	<b>1,870</b>
Financial items	-324	-316	-331	-367	-361
<b>Profit before tax</b>	<b>930</b>	<b>1,529</b>	<b>1,353</b>	<b>-3,515</b>	<b>1,509</b>
Taxes	-560	-445	-391	-152	-403
Net profit for the period from disposal group	0	234	269	265	178
<b>Net profit for the period</b>	<b>370</b>	<b>1,318</b>	<b>1,231</b>	<b>-3,402</b>	<b>1,284</b>



**INCOME STATEMENT PARENT COMPANY**

SEK m	1209	1109
Administrative expenses	-422	-381
Other operating income	126	131
Other operating expenses	-126	-131
<b>Operating profit</b>	<b>-422</b>	<b>-381</b>
Financial items	989	1,877
<b>Profit before tax</b>	<b>567</b>	<b>1,496</b>
Tax	664	614
<b>Net profit for the period</b>	<b>1,231</b>	<b>2,110</b>

**BALANCE SHEET PARENT COMPANY**

SEK m	30 september 2012	31 december 2011
Intangible fixed assets	1	1
Tangible fixed assets	6,566	6,504
Financial fixed assets	127,752	127,503
Total fixed assets	134,319	134,008
Total current assets	1,010	1,512
<b>Total assets</b>	<b>135,329</b>	<b>135,520</b>
Restricted equity	10,996	10,996
Unrestricted equity	36,520	38,238
Total equity	47,516	49,234
Untaxed reserves	169	169
Provisions	958	915
Non-current liabilities	15,362	15,811
Current liabilities	71,324	69,391
<b>Total equity, provisions and liabilities</b>	<b>135,329</b>	<b>135,520</b>

**For further information, please contact:**

Johan Karlsson, Vice President Investor Relations, +46 8 788 51 30

Petter Tiger, Acting Communications Manager Media Relations, +46 8 788 53 62

**NB**

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. Submitted for publication on October 18, 2012, at 08.00 CET. This report has not been reviewed by the company's auditors.