

JANUARY 1–JUNE 30, 2014 (compared with same period a year ago)

- Net sales rose 8% (10% excluding exchange rate effects and divestments) to SEK 50,063m (46,451)
- Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 3% (4% including Vinda's organic sales growth)
- Operating profit excluding items affecting comparability rose 21% (21% excluding exchange rate effects and divestments) to SEK 5,564m (4,593)
- The operating margin excluding items affecting comparability was 11.1% (9.9%)
- Profit before tax, excluding items affecting comparability, rose 24% (24% excluding exchange rate effects and divestments) to SEK 5,081m (4,087)
- Items affecting comparability totaled SEK -405m (-791)
- Earnings per share were SEK 4.66 (3.22)
- Cash flow from current operations was SEK 2,078m (2,113)
- Recalculations have been made for previous periods on account of new and amended IFRSs and rules governing consolidated financial statements and joint arrangements (see note 6)

Earnings trend

SEKm	1406	1306	%	2014:2	2013:2	%
Net sales	50,063	46,451	8	25,829	23,119	12
Gross profit	12,727	11,406	12	6,601	5,780	14
Operating profit^{1,2}	5,564	4,593	21	2,934	2,278	29
Financial items	-483	-506		-195	-227	
Profit before tax^{1,2}	5,081	4,087	24	2,739	2,051	34
Tax ¹	-1,336	-1,050		-722	-524	
Net profit for the period¹	3,745	3,037	23	2,017	1,527	32
Earnings per share, SEK	4.66	3.22		2.54	1.63	
	327	121		175	0	

¹ Excluding items affecting comparability; for amounts see page 13.

² Including gains on forest swaps, before tax.

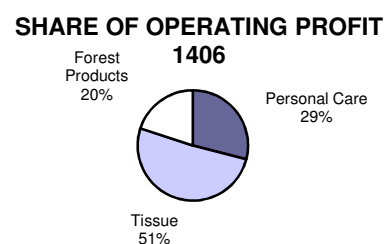
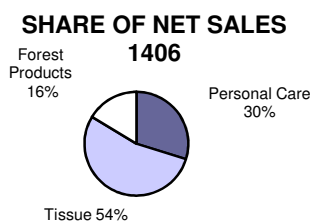
CEO'S COMMENTS

We have presented a report for the second quarter of 2014 with continued sales growth, higher earnings and a higher margin compared with the same period a year ago. During the quarter, several innovations and product launches were carried out under the Libero, Libresse, TENA and Tork brands. The efficiency programs in the hygiene and forest products operations continue to deliver cost savings according to plan. Our Tissue and Forest Products business areas showed significant earnings growth. Personal Care was negatively impacted by higher raw material costs and negative exchange rate effects in emerging markets.

Consolidated net sales for the second quarter of 2014 grew 12% compared with the same period a year ago. Organic sales growth was 3.3% and pertained to all business areas. Growth was mainly in emerging markets and in the Forest Products business area.

Operating profit for the second quarter of 2014, excluding items affecting comparability, rose 29% compared with the same period a year ago. The increase is mainly attributable to a better price/mix, higher volumes, cost savings, the acquisition of the majority shareholding in the Chinese company Vinda, and gains on forest swaps. The operating margin excluding items affecting comparability increased by 1.5 percentage points to 11.4%. Earnings per share grew by 56%. Operating cash flow increased by 28% to SEK 2,060m.

As part of our strategy to grow in emerging markets, SCA and Vinda have concluded an agreement under which Vinda will take over SCA's hygiene operations in China, which will lead to mutual benefits in distribution, sales, innovation, and research and development. SCA's joint venture in Australia, New Zealand and Fiji – Asaleo Care – has been floated on the Australian Securities Exchange (ASX). SCA's holding in Asaleo Care after the IPO is approximately 32.5%.



EARNINGS TREND FOR THE GROUP

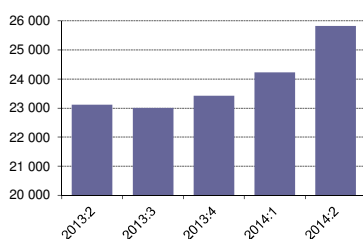
SEKm	1406	1306	%	2014:2	2013:2	%
Net sales	50,063	46,451	8	25,829	23,119	12
Cost of goods sold	-37,336	-35,045		-19,228	-17,339	
Gross profit	12,727	11,406	12	6,601	5,780	14
Sales, general and administration	-7,163	-6,813		-3,667	-3,502	
Operating profit^{1,2}	5,564	4,593	21	2,934	2,278	29
Financial items	-483	-506		-195	-227	
Profit before tax^{1,2}	5,081	4,087	24	2,739	2,051	34
Tax ¹	-1,336	-1,050		-722	-524	
Net profit for the period¹	3,745	3,037	23	2,017	1,527	32
¹ Excluding items affecting comparability; for amounts see page 13.						
² Including gains on forest swaps, before tax.	327	121		175	0	
Earnings per share, SEK owners of the parent company						
- after dilution effects	4.66	3.22		2.54	1.63	
Margins (%)						
Gross margin	25.4	24.6		25.6	25.0	
Operating margin^{1,2}	11.1	9.9		11.4	9.9	
Financial net margin	-1.0	-1.1		-0.8	-1.0	
Profit margin^{1,2}	10.1	8.8		10.6	8.9	
Tax ¹	-2.7	-2.3		-2.8	-2.3	
Net margin¹	7.4	6.5		7.8	6.6	
¹ Excluding items affecting comparability; for amounts see page 13.						
² Including gains on forest swaps, before tax.	327	121		175	0	

OPERATING PROFIT PER BUSINESS AREA

SEKm	1406	1306	%	2014:2	2013:2	%
Personal Care	1,699	1,780	-5	877	902	-3
Tissue	3,045	2,599	17	1,652	1,333	24
Forest Products ²	1,209	507	138	623	250	149
Other	-389	-293		-218	-207	
Total^{1,2}	5,564	4,593	21	2,934	2,278	29
¹ Excluding items affecting comparability; for amounts see page 13.						
² Including gains on forest swaps, before tax.	327	121		175	0	

OPERATING CASH FLOW PER BUSINESS AREA

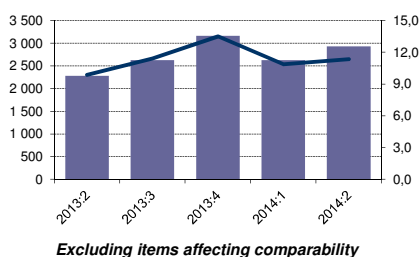
SEKm	1406	1306	%	2014:2	2013:2	%
Personal Care	1,118	1,323	-15	730	522	40
Tissue	2,492	2,119	18	1,415	995	42
Forest Products	295	417	-29	57	121	-53
Other	-413	-295		-142	-32	
Total	3,492	3,564	-2	2,060	1,606	28

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

Demand for tissue in Europe was stable during the first half of 2014 compared with the same period a year ago. In North America, demand for AfH tissue was stable during the first half of 2014 compared with the same period a year ago. The second quarter showed slight growth, while the first quarter was negatively affected by the harsh winter in North America. In emerging markets, demand increased during the first half of 2014.

Demand for personal care products in Europe was stable during the first half of 2014 compared with the same period a year ago. Demand rose in emerging markets.

Demand for publication paper in Europe decreased during the first half of 2014 compared with the same period a year ago. The market for solid-wood products improved in Europe during the first half of 2014 compared with the same period a year ago.

Operating profit and margin**SALES AND EARNINGS****January–June 2014 compared with corresponding period a year ago**

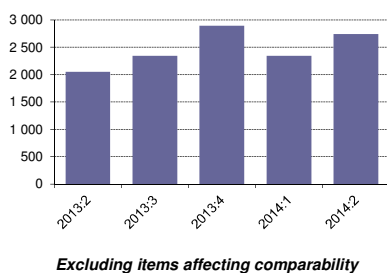
Net sales rose 8% (10% excluding exchange rate effects and divestments) to SEK 50,063m (46,451). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 3%, of which price/mix accounted for 2% and volume for 1%. Organic sales growth in mature markets was 1%, while in emerging markets it was 7%. Emerging markets accounted for 31% of sales. The acquisition of the majority shareholding in the Chinese company Vinda increased sales by 7%. Sales growth including acquisition, but excluding exchange rate effects and divestments, was 10%. Divestments decreased sales by 3%. Exchange rate effects increased sales by 1%.

Operating profit, excluding items affecting comparability, rose 21% (21% excluding exchange rate effects and divestments) to SEK 5,564m (4,593). A better price/mix, higher volumes, cost savings, the acquisition in China and gains on forest swaps contributed to the earnings growth. Higher raw material costs and divestments had a negative impact on earnings. The corresponding profit for Personal Care decreased by 5% (7% excluding exchange rate effects). The corresponding profit for Tissue rose 17% (17% excluding exchange rate effects and divestments). For Forest Products, the corresponding profit improved by 138% (144% excluding divestments).

Items affecting comparability amounted to SEK -405m (-791) and consist of restructuring costs for the previously announced efficiency programs, revaluation effects pertaining to Vinda's product inventory attributable to the acquisition balance, transaction costs associated with acquisitions and divestments, and integration costs for the Georgia-Pacific acquisition.

Cost savings related to the cost-cutting and efficiency program covering all of SCA's hygiene operations, i.e., Personal Care and Tissue, amounted to approximately SEK 1,010m during the first half of 2014. During the second quarter of 2014, the cost savings amounted to approximately SEK 520m, corresponding to an annual rate of approximately EUR 230m. Total cost savings are expected to total EUR 300m upon full effect in 2015. The program is progressing according to plan.

Financial items decreased to SEK -483m (-506) as a result of lower interest rates, which compensated for a higher average level of net debt during the period. Profit before tax, excluding items affecting comparability, rose 24% (24% excluding exchange rate effects and divestments) to SEK 5,081m (4,087). The tax expense, excluding items affecting comparability, was SEK 1,336m (1,050).

Profit before tax**Change in net sales (%)**

	1406 vs. 1306	2014:2 vs. 2013:2
Total	8	12
Price/mix	2	2
Volume	1	1
Currency	1	2
Acquisitions	7	7
Divestments	-3	0

Net profit for the period, excluding items affecting comparability, rose 23% (20% excluding exchange rate effects) to SEK 3,745m (3,037). Earnings per share, including items affecting comparability, were SEK 4.66 (3.22).

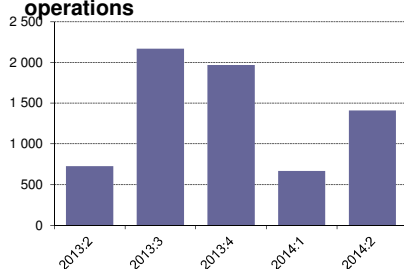
Second quarter 2014 compared with second quarter 2013

Net sales rose 12% (10% excluding exchange rate effects) to SEK 25,829m (23,119). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 3%, of which price/mix accounted for 2% and volume for 1%. Organic sales growth in mature markets was 1%, while in emerging markets it was 9%. Emerging markets accounted for 31% of sales. The acquisition of the majority shareholding in the Chinese company Vinda increased sales by 7%. Sales growth including acquisition, but excluding exchange rate effects, was 10%. Exchange rate effects increased sales by 2%.

Operating profit, excluding items affecting comparability, rose 29% (25% excluding exchange rate effects) to SEK 2,934m (2,278). The increased profit is attributable to better price/mix, higher volumes, cost savings, the acquisition in China and gains on forest swaps. The acquisition in China increased profit by 6%. Higher raw material costs had a negative impact on earnings.

Profit before tax, excluding items affecting comparability, rose 34% (30% excluding exchange rate effects) to SEK 2,739m (2,051).

Cash flow from current operations



CASH FLOW AND FINANCING

The operating cash surplus amounted to SEK 7,536m (6,531). The cash flow effect of changes in working capital was SEK -1,969m (-986), mainly due to an increase in trade receivables and slightly larger inventory. Current capital expenditures amounted to SEK -1,607m (-1,488). Operating cash flow amounted to SEK 3,492m (3,564).

Financial items decreased to SEK -483m (-506) as a result of a lower interest rates, which compensated for a higher average level of net debt during the period. Tax payments totaled SEK 947m (959). Cash flow from current operations amounted to SEK 2,078m (2,113) during the period. A higher operating cash surplus did not fully compensate for a higher level of tied-up working capital and higher capital expenditures.

Strategic investments totaled SEK -900m (-782). The net sum of acquisitions and divestments was SEK -9m (588). Payment of the shareholder dividend affected cash flow by SEK -3,411m (-3,232). Net cash flow totaled SEK -2,242m (-1,313).

Net debt has increased by SEK 3,996m during the year to date, to SEK 37,915m. Excluding pension liabilities, net debt amounted to SEK 34,539m. Net cash flow increased net debt by SEK 2,242m. Fair value measurement of pension assets and pension obligations together with fair valuation of financial instruments increased net debt by SEK 1,180m. Exchange rate movements increased net debt by SEK 574m. The debt/equity ratio was 0.56 (0.50 at the start of the year and 0.54 on June 30, 2013). Excluding pension liabilities, the debt/equity ratio was 0.51 (0.47 at the start of the year and 0.50 on June 30, 2013). The debt payment capacity was 38% (36%).

As per June 30, 2014, SCA had, excluding Vinda, outstanding commercial paper worth SEK 7,852m maturing within 12 months and unutilized credit facilities totaling SEK 18,692m, including SEK 18,369m in long-term facilities. Cash and cash equivalents amounted to SEK 3,388m.

EQUITY

Consolidated equity increased by SEK 383m during the period, to SEK 68,194m. Net profit for the period increased equity by SEK 3,441m. Equity decreased by SEK 3,411m through payment of the shareholder dividend, and by SEK 982m after tax as a result of restatement of the net pension liability to fair value. Fair value measurement of financial instruments increased equity by SEK 55m after tax. Exchange rate movements, including the effects of hedges of net investments in foreign assets after tax, increased equity by SEK 1,498m. Acquisitions of non-controlling interests decreased equity by SEK 169m. Issue costs in associated companies decreased equity by SEK 49m.

TAX

A tax expense of SEK 1,336m is reported for the period, excluding items affecting comparability, corresponding to a tax rate of 26%. The tax expense including items affecting comparability was SEK 1,235m.

EVENTS DURING THE YEAR

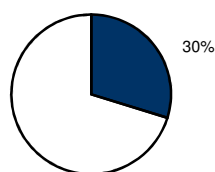
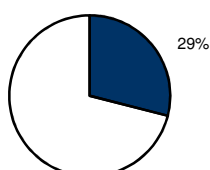
On March 25, 2014, SCA raised – as the first listed Swedish company – SEK 1.5bn through a green bond issue. The proceeds will be used for investments in projects with a positive environmental impact. The bond, which is denominated in Swedish kronor, has a five-year tenor and is issued under the company's EMTN (Euro Medium Term Note) program. The bond has two tranches – a SEK 1bn floating rate note, priced at three-month STIBOR +0.68% annually, and a SEK 500m fixed rate tranche with an annual coupon of 2.50%.

In June 2014 SCA strengthened its presence in the Middle East through the acquisition of the outstanding 50% of the joint venture company Fine Sancella from Nuqul Group. The purchase price for the outstanding shares was approximately USD 25m (approximately SEK 165m) on a debt-free basis. Fine Sancella is a leading player in feminine hygiene products in parts of the Middle East under the Nana and Cinderella brands. The company had sales of approximately SEK 200m in 2013.

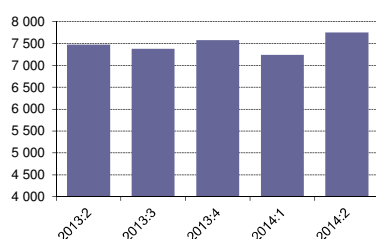
On June 30, 2014, SCA floated its joint venture in Australia, New Zealand and Fiji – Asaleo Care – on the Australian Securities Exchange (ASX). SCA's holding in Asaleo Care after the IPO is approximately 32.5%. Asaleo Care manufactures and markets consumer tissue and AfH tissue, baby diapers, feminine care products and incontinence products. Leading brands include TENA, Tork, Sorbent, Libra and Treasures. In 2013 the company reported net sales of AUD 625m (approximately SEK 3.9bn) and operating profit of AUD 97m (approximately SEK 610m). The company has approximately 1,050 full-time employees. The company's market cap was approximately AUD 995m (approximately SEK 6,300m), of which SCA's ownership share amounted to approximately AUD 323m (approximately SEK 2,040m). SCA will continue reporting the holding in accordance with the equity method. TENA and Tork are SCA's leading global brands for incontinence products and AfH tissue, respectively. These two brands will continue to be owned by SCA but will be licensed to Asaleo Care for sales of products under these brands in the Australasian markets.

EVENTS AFTER THE END OF THE QUARTER

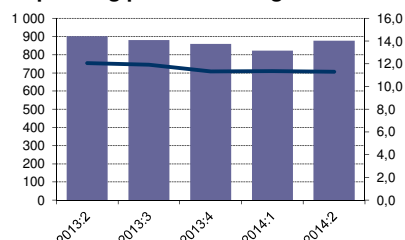
Today, July 18, 2014, SCA announced that the company is strengthening its cooperation with the Chinese company Vinda. SCA to transfer its hygiene business in China, Hong Kong and Macau to Vinda. As part of the transaction, SCA and Vinda have signed an exclusive licensing agreement for Vinda to market and sell SCA's TENA (incontinence products), Tork (AfH tissue), Tempo (consumer tissue), Libero (baby diapers), and Libresse (feminine care products) brands in China, Hong Kong and Macau. Under the agreement, Vinda receives the rights to these product brands in the aforementioned Chinese markets. Vinda will acquire SCA's Dr P and Sealer brands in China. SCA has been a shareholder in Vinda since 2007, became a majority shareholder in late 2013, and has consolidated Vinda since the first quarter of 2014. In 2013 SCA's hygiene business in China, Hong Kong and Macau had net sales of approximately SEK 600m. The purchase consideration amounts to approximately HKD 1,144m (approximately SEK 1,000m) on a debt-free basis, which corresponds to SCA's book value. The agreement is subject to approval of Vinda's shareholders. Vinda is listed on the Hong Kong Stock Exchange.

Share of Group, net sales
1406Share of Group, operating profit
1406

Net sales



Operating profit and margin



Change in net sales (%)

	1406 vs. 1306	2014:2 vs. 2013:2
Total	1	4
Price/mix	1	2
Volume	1	2
Currency	-1	0
Acquisitions	0	0
Divestments	0	0

Change in operating profit (%)

	1406 vs. 1306	2014:2 vs. 2013:2
Total	-5	-3
Price/mix	3	11
Volume	8	7
Raw materials	-15	-22
Energy	0	0
Currency	2	5
Other	-3	-4

PERSONAL CARE

SEKm	1406	1306	%	2014:2	2013:2	%
Net sales	14,992	14,776	1	7,750	7,475	4
Operating surplus	2,190	2,270	-4	1,121	1,144	-2
Operating profit*	1,699	1,780	-5	877	902	-3
Operating margin, %*	11.3	12.0		11.3	12.1	
Operating cash flow	1,118	1,323		730	522	

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

January–June 2014 compared with corresponding period a year ago

Net sales rose 1% to SEK 14,992m (14,776). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 2%, of which price/mix accounted for 1% and volume for 1%. Organic sales growth in mature markets was 0%, while in emerging markets it was 5%. Emerging markets accounted for 42% of sales. Exchange rate effects decreased sales by 1%.

For incontinence products, under the global leading TENA brand, organic sales growth was 2%. Growth is mainly attributable to Latin America and Europe. For baby diapers, organic sales growth was -1%. The decrease is mainly attributable to Asia and Latin America, which was not fully compensated by growth in Europe. For feminine care products, organic sales growth was 11%, mainly attributable to emerging markets.

Operating profit excluding items affecting comparability was 5% lower than the corresponding period a year ago and amounted to SEK 1,699m (1,780). Higher raw material costs, investments in increased marketing activities and negative exchange rate transaction effects as a result of weakened currencies in emerging markets had a negative impact on profit. Profit was favorably affected by a better price/mix, higher volumes and cost savings. Incontinence products and feminine care products showed improved earnings compared with the preceding year, while profit for baby diapers was lower.

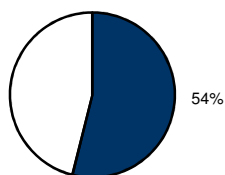
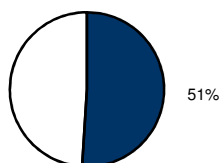
The operating cash surplus amounted to SEK 2,195m (2,278). Operating cash flow decreased to SEK 1,118m (1,323) as a result of the lower operating cash surplus, a higher level of tied-up working capital and increased investments.

Second quarter 2014 compared with second quarter 2013

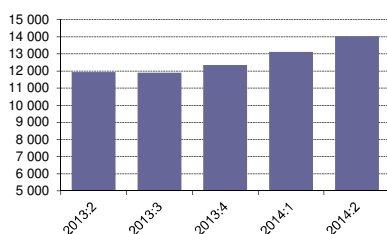
Net sales rose 4% to SEK 7,750m (7,475). Organic sales growth was 4%, of which price/mix accounted for 2% and volume for 2%. Organic sales growth in mature markets was 0%, while in emerging markets it was 9%. Emerging markets accounted for 43% of sales.

For incontinence products, under the global leading TENA brand, organic sales growth was 3%, mainly attributable to Europe and Latin America. For baby diapers, organic sales growth was 2%, mainly attributable to Europe. For feminine care products, organic sales growth was 11%, attributable to emerging markets.

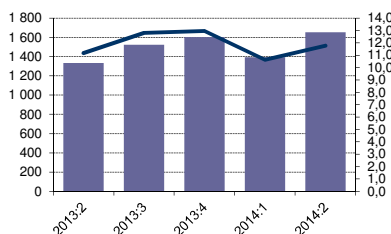
Operating profit excluding items affecting comparability decreased by 3% (8% excluding exchange rate effects) to SEK 877m (902). Profit was negatively affected by higher raw material costs and negative exchange rate transaction effects as a result of weakened currencies in emerging markets. A better price/mix, higher volumes and cost savings had a positive impact on profit.

Share of Group, net sales
1406Share of Group, operating profit
1406

Net sales



Operating profit and margin



Change in net sales (%)

	1406 vs. 1306	2014:2 vs. 2013:2
Total	14	18
Price/mix	1	1
Volume	0	1
Currency	2	3
Acquisitions	13	13
Divestments	-2	0

Change in operating profit (%)

	1406 vs. 1306	2014:2 vs. 2013:2
Total	17	24
Price/mix	4	9
Volume	3	3
Raw materials	1	1
Energy	2	3
Currency	3	4
Other	4	4

TISSUE

SEKm	1406	1306	%	2014:2	2013:2	%
Net sales	27,155	23,829	14	14,039	11,930	18
Operating surplus	4,554	3,855	18	2,411	1,960	23
Operating profit*	3,045	2,599	17	1,652	1,333	24
Operating margin, %*	11.2	10.9		11.8	11.2	
Operating cash flow	2,492	2,119		1,415	995	

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

Cost savings associated with the acquisition of Georgia-Pacific's European tissue operations amounted to approximately SEK 290m during the first half of 2014. During the second quarter of 2014, cost savings totaled approximately SEK 150m, corresponding to an annual rate of approximately EUR 70m. Total cost savings are expected to be EUR 125m upon full effect in 2016. The program is progressing according to plan.

January–June 2014 compared with corresponding period a year ago

Net sales rose 14% to SEK 27,155m (23,829). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 1%, of which price/mix accounted for 1% and volume for 0%. Organic sales growth in mature markets was -1%, while in emerging markets it was 7%. Emerging markets accounted for 29% of sales. The acquisition of the majority shareholding in the Chinese company Vinda increased sales by 13%. Sales growth including acquisition, but excluding exchange rate effects and divestments, was 14%. Divestments lowered sales by 2%. Exchange rate effects increased sales by 2%.

For consumer tissue, organic sales growth was 0%. Growth in sales under own brands compensated for lower sales under retailers' brands as a result of a decision during the first quarter of 2014 to leave certain contracts in Western Europe with insufficient profitability. Emerging markets showed an increase in sales. For AfH tissue, organic sales growth was 4%. The increase was related to Western Europe and emerging markets.

Operating profit, excluding items affecting comparability, rose 17% (17% excluding exchange rate effects and divestments) to SEK 3,045m (2,599). Higher volumes, a better price/mix, cost savings, the acquisition in China, and lower raw material and energy costs contributed to the earnings growth. The harsh winter in North America had a negative impact on profit. The acquisition in China increased profit by 9%. Divestments in Europe had a negative impact on profit, by 3%.

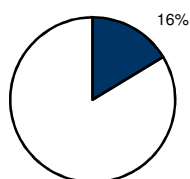
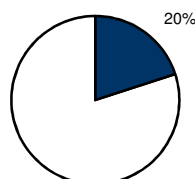
The operating cash surplus increased to SEK 4,554m (3,845). Operating cash flow increased to SEK 2,492m (2,119). The higher operating cash surplus compensated for higher capital expenditures and a higher level of tied-up working capital.

Second quarter 2014 compared with second quarter 2013

Net sales rose 18% to SEK 14,039m (11,930). Organic sales growth was 2%, of which price/mix accounted for 1% and volume for 1%. Organic sales growth in mature markets was 0%, while in emerging markets it was 8%. Emerging markets accounted for 29% of sales. The acquisition of the majority shareholding in the Chinese company Vinda increased sales by 13%. Sales growth including acquisition, but excluding exchange rate effects was 15%. Exchange rate effects increased sales by 3%.

For consumer tissue, organic sales growth was 0%. Emerging markets showed an increase in sales. In Western Europe, sales decreased as a result of a decision during the first quarter of 2014 to leave certain contracts with insufficient profitability. For AfH tissue, organic sales growth was 5% and was mainly related to Europe.

Operating profit, excluding items affecting comparability, rose 24% (20% excluding exchange rate effects) to SEK 1,652m (1,333). A better price/mix, higher volumes, cost savings, the acquisition in China, and lower raw material and energy costs contributed to the earnings growth. The acquisition in China increased profit by 10%.

Share of Group, net sales
1406Share of Group, operating profit
1406

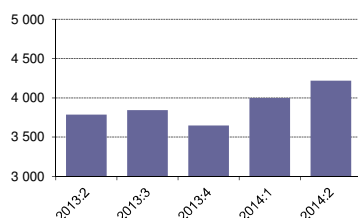
FOREST PRODUCTS

SEKm	1406	1306	%	2014:2	2013:2	%
Deliveries						
- Publication papers, thousand tonnes	430	554	-22*	214	198	8
- Solid-wood products, thousand m ³	1,151	1,140	1	614	619	-1
- Kraftliner products, thousand tonnes	401	373	8	194	185	5
- Pulp products, thousand tonnes	261	246	6	129	117	10
Net sales	8,216	8,036	2	4,217	3,788	11
Operating surplus	1,797	1,168	54	914	556	64
Operating profit**	1,209	507	138	623	250	149
Operating margin, %**	14.7	6.3	14.8	6.6		
Operating cash flow	295	417	57	121		

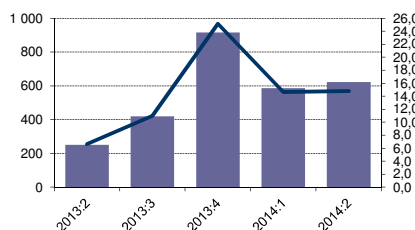
*) Adjusted for the divestment of Laakirchen, deliveries increased by 4%.

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

Net sales



Operating profit and margin



Change in net sales (%)

	1406 vs. 1306	2014:2 vs. 2013:2
Total	2	11
Price/mix	6	6
Volume	4	4
Currency	1	1
Acquisitions	0	0
Divestments	-9	0

Change in operating profit (%)

	1406 vs. 1306	2014:2 vs. 2013:2
Total	138	149
Price/mix*	93	85
Volume	1	-3
Raw materials	-4	-9
Energy	0	-8
Currency	0	0
Other**	48	84

*Price/mix includes exchange rate effects of approximately 48% (SEK 240m) and 41% (SEK 100m), respectively.

**Other includes gains on forest swaps of 41% (SEK 206m) and 70% (SEK 175m), respectively.

The ongoing efficiency program led to an earnings improvement of approximately SEK 500m during the first half of 2014. The earnings improvement during the second quarter amounted to approximately SEK 260m, corresponding to an annual rate of approximately SEK 1,030m. The total earnings improvement is expected to amount to SEK 1.3bn upon full effect in 2015. The program is progressing according to plan.

January–June 2014 compared with corresponding period a year ago

Net sales rose 2% (10% excluding exchange rate effects and the divestment) to SEK 8,216m (8,036). Sales growth excluding exchange rate effects and divestments amounted to 10%, of which price/mix accounted for 6% and volume 4%. The divestment of the publication paper mill in Laakirchen decreased sales by 9%.

Publication papers, kraftliner, solid-wood products and pulp showed higher volumes and higher prices (including exchange rate effects).

Operating profit, excluding items affecting comparability, rose 138% (144% excluding divestment) to SEK 1,209m (507). Higher prices (including exchange rate effects), higher volumes and cost savings contributed to the earnings increase. Earnings were negatively affected by higher logging costs associated with storm felling. The divestment of the publication paper mill in Laakirchen had a negative impact on earnings, by 6%. Profit also includes gains on forest swaps, totaling SEK 327m (121).

The operating cash surplus was SEK 1,136m (715) and operating cash flow totaled SEK 295m (417).

Second quarter 2014 compared with second quarter 2013

Net sales rose 11% to SEK 4,217m (3,788). Sales growth excluding exchange rate effects amounted to 10%, of which price/mix accounted for 6% and volume 4%. Exchange rate effects increased sales by 1%.

Sales of publication papers, kraftliner and pulp rose as a result of higher prices (including exchange rate effects) and higher volumes. Sales of solid-wood products rose as a result of higher prices (including exchange rate effects).

Operating profit excluding items affecting comparability rose 149%. Higher prices (including exchange rate effects) for all product categories and cost savings contributed to the earnings increase. Earnings were negatively affected by higher energy costs and higher logging costs associated with storm felling. Profit also includes gains on forest swaps, totaling SEK 175m (0).

SHARE DISTRIBUTION

June 30, 2014	Class A	Class B	Total
Registered number of shares	87,072,109	618,037,985	705,110,094
- of which treasury shares		2,767,605	2,767,605

At the end of the reporting period the proportion of Class A shares was 12.3%. During the second quarter, at the request of shareholders a total of 345,426 Class A shares were converted to Class B shares. After the end of the second quarter, at the request of shareholders a total of 318,463 Class A shares were converted to Class B shares. The total number of votes in the company is thereafter 1,485,892,908.

FUTURE REPORTS

A quarterly report will be published on October 29, 2014. The year-end report for 2014 will be published on January 30, 2015.

INVITATION TO PRESS CONFERENCE ON Q2 INTERIM REPORT 2014

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: 13:30 CET, Friday, July 18, 2014

Location: SCA's headquarters, Waterfront Building, Klarabergsviadukten 63, Stockholm, Sweden

The presentation will be webcast at www.sca.com. To participate, call: +44 (0)20 7162 0077, +1 (334) 323-6201 or + 46 (0)8 5052 0110.

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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 July 18, 2014, at 12 noon CET.

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

Stockholm, July 18, 2014
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Sverker Martin-Löf
Chairman of the Board

Pär Boman
Director

Roger Boström
Employee
representative

Rolf Börjesson
Director

Leif Johansson
Director

Bert Nordberg
Director

Anders Nyrén
Director

Louise Julian
Svanberg
Director

Örjan Svensson
Employee
representative

Barbara Milian
Thoralfsson
Director

Thomas Wiklund
Employee
representative

Jan Johansson
Director,
President and CEO

Auditor's review report on interim financial information in summary (interim report), prepared in accordance with IAS 34 and Ch. 9 of the Swedish Annual Accounts Act

Introduction

We have reviewed this report for Svenska Cellulosa Aktiebolaget SCA (publ) for the period January 1, 2014, to June 30, 2014. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

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

Conclusion

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

Stockholm, July 18, 2014

PricewaterhouseCoopers AB

Anna-Clara af Ekenstam

Authorized Public Accountant

OPERATING CASH FLOW ANALYSIS

SEK m	1406	1306
Operating cash surplus	7,536	6,531
Change in working capital	-1,969	-986
Current capital expenditures, net	-1,607	-1,488
Restructuring costs, etc.	-468	-493
Operating cash flow	3,492	3,564
Financial items	-483	-506
Income taxes paid	-947	-959
Other	16	14
Cash flow from current operations	2,078	2,113
Acquisitions	-157	-940
Strategic capital expenditures, fixed assets	-900	-782
Divestments	148	1,528
Cash flow before dividend	1,169	1,919
Dividend	-3,411	-3,232
Net cash flow	-2,242	-1,313
Net debt at the start of the period	-33,919	-33,063
Net cash flow	-2,242	-1,313
Remeasurement to equity	-1,180	1,735
Currency effects	-574	-35
Effect of reclassification of operating liability to net debt	0	-186
Net debt at the end of the period	-37,915	-32,862
Debt/equity ratio	0.56	0.54
Debt payment capacity, %	38	36

CASH FLOW STATEMENT

SEK m	1406	1306
Operating activities		
Profit before tax	4,676	3,296
Adjustment for non-cash items ¹	1,907	2,236
	6,583	5,532
Paid tax	-947	-959
Cash flow from operating activities before changes in working capital	5,636	4,573
Cash flow from changes in working capital		
Change in inventories	-161	148
Change in operating receivables	-1,993	-588
Change in operating liabilities	185	-546
Cash flow from operating activities	3,667	3,587
Investing activities		
Acquisition of operations	-158	88
Sold operations	148	1,311
Acquisition tangible and intangible assets	-2,565	-2,505
Sale of tangible assets	58	235
Payment of loans to external parties	-102	0
Repayment of loans from external parties	0	152
Cash flow from investing activities	-2,619	-719
Financing activities		
Acquisition of non-controlling interests	-169	-1,028
Borrowings	2,069	2,763
Dividends paid	-3,411	-3,232
Cash flow from financing activities	-1,511	-1,497
Cash flow for the period	-463	1,371
Cash and cash equivalents at the beginning of the year	3,785	2,118
Exchange rate differences in cash and cash equivalents	66	-3
Cash and cash equivalents at the end of the period	3,388	3,486
Cash flow from operating activities per share, SEK	5.20	5.09
Reconciliation with operating cash flow analysis		
Cash flow for the period	-463	1,371
Deducted items:		
Payment of loans to external parties	102	0
Repayment of loans from external parties	0	-152
Borrowings	-2,069	-2,763
Added items:		
Net debt in acquired and divested operations	171	217
Accrued interest	17	14
Net cash flow according to operating cash flow analysis	-2,242	-1,313
¹ Depreciation and impairment, fixed assets	2,637	2,641
Fair-value measurement/net growth of forest assets	-332	-316
Gains sale/swap of assets	-329	-173
Unpaid related to efficiency programs	0	283
Profit or Loss from disposals	0	121
Payments related to efficiency programs, already recognized	-226	-308
Other	157	-12
Total	1,907	2,236

STATEMENT OF PROFIT OR LOSS

SEK m	2014:2	2013:2	2014:1	1406	1306
Net sales	25,829	23,119	24,234	50,063	46,451
Cost of goods sold ¹	-19,228	-17,339	-18,108	-37,336	-35,045
Gross profit	6,601	5,780	6,126	12,727	11,406
Sales, general and administration ¹	-3,670	-3,540	-3,487	-7,157	-6,867
Items affecting comparability ²	-158	-373	-247	-405	-791
Share of profits of associates	3	38	-9	-6	54
Operating profit	2,776	1,905	2,383	5,159	3,802
Financial items	-195	-227	-288	-483	-506
Profit before tax	2,581	1,678	2,095	4,676	3,296
Tax	-682	-448	-553	-1,235	-862
Net profit for the period	1,899	1,230	1,542	3,441	2,434
Earnings attributable to:					
Owners of the parent	1,784	1,144	1,492	3,276	2,263
Non-controlling interests	115	86	50	165	171
Earnings per share, SEK - owners of the parent total operations					
- before dilution effects	2.54	1.63	2.12	4.66	3.22
- after dilution effects	2.54	1.63	2.12	4.66	3.22
Calculation of earnings per share	2014:2	2013:2	2014:1	1406	1306
Earnings attributable to owners of the parent	1,784	1,144	1,492	3,276	2,263
Average no. of shares before dilution, millions	702.3	702.3	702.3	702.3	702.3
Average no. of shares after dilution, millions	702.3	702.3	702.3	702.3	702.3
¹ Of which, depreciation	-1,329	-1,227	-1,300	-2,629	-2,487
² Distribution of items affecting comparability					
Distribution of restructuring costs, etc. per function					
Cost of goods sold	-4	-62	-174	-178	-150
Sales, general and administration	-150	-310	-68	-218	-488
Impairment, etc.	-4	-1	-5	-9	-153
Total items affecting comparability	-158	-373	-247	-405	-791
Gross margin	25.6	25.0	25.3	25.4	24.6
Operating margin	10.7	8.2	9.8	10.3	8.2
Financial net margin	-0.8	-1.0	-1.2	-1.0	-1.1
Profit margin	9.9	7.2	8.6	9.3	7.1
Tax	-2.6	-1.9	-2.3	-2.5	-1.9
Net margin	7.3	5.3	6.3	6.8	5.2
Excluding items affecting comparability:	2014:2	2013:2	2014:1	1406	1306
Gross margin	25.6	25.0	25.3	25.4	24.6
Operating margin	11.4	9.9	10.9	11.1	9.9
Financial net margin	-0.8	-1.0	-1.2	-1.0	-1.1
Profit margin	10.6	8.9	9.7	10.1	8.8
Tax	-2.8	-2.3	-2.5	-2.7	-2.3
Net margin	7.8	6.6	7.2	7.4	6.5

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SEK m	2014:2	2013:2	2014:1	1406	1306
Profit for the period	1,899	1,230	1,542	3,441	2,434
Other comprehensive income for the period					
Items never reclassified subsequently to profit or loss					
Actuarial gains/losses on defined benefit pension plans	-537	842	-762	-1,299	1,629
Income tax relating to components of other comprehensive income	137	-226	180	317	-436
	-400	616	-582	-982	1,193
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	69	-42	50	119	106
Cash flow hedges	21	-223	-102	-81	-89
Exchange differences on translating foreign operations	2,079	1,898	-306	1,773	446
Gains/losses from hedges of net investments in foreign operations	-419	-778	62	-357	-187
Income tax relating to components of other comprehensive income	90	226	11	101	-188
	1,840	1,081	-285	1,555	88
Other comprehensive income for the period, net of tax	1,440	1,697	-867	573	1,281
Total comprehensive income for the period	3,339	2,927	675	4,014	3,715
Total comprehensive income attributable to:					
Owners of the parent	3,030	2,841	517	3,547	3,598
Non-controlling interests	309	86	158	467	117

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	1406	1306
Attributable to owners of the parent		
Opening balance, January 1	63,271	59,706
Total comprehensive income for the period	3,547	3,598
Dividend	-3,336	-3,161
Issue costs associated	-49	0
Acquisition of non-controlling interests	-110	-666
Revaluation effect of non-controlling interests	-2	-2
Closing balance	63,321	59,475
Non-controlling interests		
Opening balance, January 1	4,540	1,993
Total comprehensive income for the period	467	117
Dividend	-75	-71
Acquisition of non-controlling interests	-59	-335
Closing balance	4,873	1,704
Total equity, closing balance	68,194	61,179

CONSOLIDATED BALANCE SHEET

SEK m	Note	June 30, 2014	December 31, 2013
Assets			
Goodwill		14,085	13,785
Other intangible assets		8,428	8,136
Tangible assets		83,279	81,544
Shares and participations		1,051	1,072
Non-current financial assets	4	3,403	3,190
Other non-current receivables	4	1,627	1,819
Total non-current assets		111,873	109,546
Operating receivables and inventories	4	34,241	31,077
Current financial assets	4	401	536
Non-current assets held for sale		32	32
Cash and cash equivalents		3,388	3,785
Total current assets		38,062	35,430
Total assets		149,935	144,976
Equity			
Owners of the parent		63,321	63,271
Non-controlling interests		4,873	4,540
Total equity		68,194	67,811
Liabilities			
Provisions for pensions		3,848	2,548
Other provisions		10,405	10,531
Non-current financial liabilities	4	30,264	28,703
Other non-current liabilities	4	594	593
Total non-current liabilities		45,111	42,375
Current financial liabilities ¹	4	10,843	10,009
Other current liabilities	4	25,787	24,781
Total current liabilities		36,630	34,790
Total liabilities		81,741	77,165
Total equity and liabilities		149,935	144,976
¹ Committed credit lines amount to SEK 18 692m of which unutilized SEK 18 692m.			
Debt/equity ratio		0.56	0.50
Visible equity/assets ratio		42%	44%
Return on capital employed		10%	10%
Return on equity		10%	9%
Excluding items affecting comparability:			
Return on capital employed		11%	11%
Return on equity		11%	11%
Equity per share, SEK		97	96
Capital employed		106,109	101,730
- of which working capital		9,409	7,740
Provisions for restructuring costs are included in the balance sheet as follows:			
- Other provisions*		392	416
- Operating liabilities		573	786
*) of which, provision for tax risks		292	292
Net debt		37,915	33,919
Total Equity		68,194	67,811

NET SALES (business area reporting)

SEK m	1406	1306	2014:2	2014:1	2013:4	2013:3	2013:2	2013:1
Personal Care	14,992	14,776	7,750	7,242	7,578	7,382	7,475	7,301
Tissue	27,155	23,829	14,039	13,116	12,357	11,910	11,930	11,899
Forest Products	8,216	8,036	4,217	3,999	3,646	3,843	3,788	4,248
Other	-24	101	-45	21	-4	-2	26	75
Intra-group deliveries	-276	-291	-132	-144	-157	-131	-100	-191
Total net sales	50,063	46,451	25,829	24,234	23,420	23,002	23,119	23,332

OPERATING PROFIT (business area reporting)

SEK m	1406	1306	2014:2	2014:1	2013:4	2013:3	2013:2	2013:1
Personal Care	1,699	1,780	877	822	859	880	902	878
Tissue	3,045	2,599	1,652	1,393	1,601	1,524	1,333	1,266
Forest Products ³	1,209	507	623	586	916	420	250	257
Other	-389	-293	-218	-171	-213	-199	-207	-86
Total operating profit¹	5,564	4,593	2,934	2,630	3,163	2,625	2,278	2,315
Financial items	-483	-506	-195	-288	-272	-283	-227	-279
Profit before tax¹	5,081	4,087	2,739	2,342	2,891	2,342	2,051	2,036
Tax	-1,336	-1,050	-722	-614	-933	-656	-524	-526
Net profit for the period²	3,745	3,037	2,017	1,728	1,958	1,686	1,527	1,510
¹ Excluding items affecting comparability before tax amounting to:	-405	-791	-158	-247	-215	-233	-373	-418
² Excluding items affecting comparability after tax amounting to:	-304	-603	-118	-186	-45	-172	-297	-306
³ Including gains on forest swaps, before tax	327	121	175	152	455	7	0	121

OPERATING MARGIN (business area reporting)

%	1406	1306	2014:2	2014:1	2013:4	2013:3	2013:2	2013:1
Personal Care	11.3	12.0	11.3	11.4	11.3	11.9	12.1	12.0
Tissue	11.2	10.9	11.8	10.6	13.0	12.8	11.2	10.6
Forest Products	14.7	6.3	14.8	14.7	25.1	10.9	6.6	6.0

STATEMENT OF PROFIT OR LOSS

SEK m	2014:2	2014:1	2013:4	2013:3	2013:2
Net sales	25,829	24,234	23,420	23,002	23,119
Cost of goods sold	-19,228	-18,108	-17,512	-17,028	-17,339
Gross profit	6,601	6,126	5,908	5,974	5,780
Sales, general and administration	-3,670	-3,487	-2,831	-3,424	-3,540
Items affecting comparability	-158	-247	-215	-233	-373
Share of profits of associates	3	-9	86	75	38
Operating profit	2,776	2,383	2,948	2,392	1,905
Financial items	-195	-288	-272	-283	-227
Profit before tax	2,581	2,095	2,676	2,109	1,678
Taxes	-682	-553	-763	-595	-448
Net profit for the period	1,899	1,542	1,913	1,514	1,230

INCOME STATEMENT PARENT COMPANY

SEK m	1406	1306
Administrative expenses	-344	-403
Other operating income	218	195
Other operating expenses	-110	-107
Operating profit	-236	-315
Financial items	5,222	884
Profit before tax	4,986	569
Tax	314	286
Net profit for the period	5,300	855

BALANCE SHEET PARENT COMPANY

SEK m	June 30, 2014	December 31, 2013
Intangible fixed assets	1	1
Tangible fixed assets	8,015	7,644
Financial fixed assets	134,103	129,651
Total fixed assets	142,119	137,296
Total current assets	2,771	1,895
Total assets	144,890	139,191
Restricted equity	10,996	10,996
Unrestricted equity	43,969	42,006
Total equity	54,965	53,002
Untaxed reserves	197	197
Provisions	1,235	1,280
Non-current liabilities	22,317	21,367
Current liabilities	66,176	63,345
Total equity, provisions and liabilities	144,890	139,191

NOTES

1 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.

Effective January 1, 2014, SCA applies the following new or amended IFRSs

- IFRS 10 Consolidated Accounting
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- Amendments to IAS 36: Recoverable Amount Disclosure for Non-Financial Assets
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

These standards are applied retrospectively, entailing that income statements and balance sheets for 2013 and 2012 have been recalculated to reflect the changes in the new and amended reporting standards. The effects of these recalculations are outlined in note 6. It is mainly IFRS 10 Consolidated Accounting and IFRS 11 Joint Arrangements that have affected the recalculations. Other standards are not judged to have any material impact on the Group's or Parent Company's result of operations or financial position.

In other respects, the accounting principles applied correspond to those described in the 2013 Annual Report.

Recalculation of joint ventures to subsidiaries

IFRS 10 is based on already existing principles defining control as the decisive factor in determining whether a company is to be included in the consolidated accounts. The definition of control is based on the premise that the owner has the ability to control the company, is entitled to a return and has the power to influence the activities that impact the return. The standard provides further guidance should it not be clear whether there is a controlling influence. In light of the new standard, an analysis of shareholder agreements has been carried out. For some joint ventures, the assessment is that SCA has a controlling influence according to IFRS 10.

Recalculation of joint ventures

IFRS 11 Joint Arrangements is a new standard for classification of joint arrangements as joint ventures or joint operations. Decisive for the classification is how the rights and obligations are shared by the parties in a joint arrangement. In a joint operation, parties to the agreement have rights to the assets and obligations for the liabilities associated with the investment, meaning that the operator must account for its share of the assets, liabilities, revenues and costs according to the proportional method. In a joint venture, the parties that have joint control have rights to the net assets of the arrangement. Joint ventures will be accounted for using the equity method.

SCA previously applied the proportional method for most of its joint ventures. For companies that will continue to be classified as joint ventures, the proportional method will be replaced by the equity method, which entails that assets and liabilities will no longer be recognized on the balance sheet, but rather will be replaced by a net item including the goodwill for each joint venture. The same applies for the income statement, where income and expenses will be replaced by the recognition of the share in profits in the income statement as "Profits from joint ventures and associates". However, joint arrangements classified as joint operations will still be recognized in accordance with the proportional method.

For SCA, an analysis of the new standard has shown that most of the joint arrangements not reclassified as subsidiaries (refer to IFRS 10) will be classified as joint ventures and will be restated in accordance with the equity method. A small number of individual arrangements will be classified as joint operations and will continue to be recognized in accordance with the proportional method.

2 RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 60–65 of the 2013 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 presidents.

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.

3 RELATED PARTY TRANSACTIONS

No transactions have been carried out between SCA and related parties that have had a material impact on the company's financial position and results of operations.

4 FINANCIAL INSTRUMENTS

Distribution by level for measurement at fair value

SEK m	Carrying amount in the balance sheet	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Of which fair value by level ¹	
June 30, 2014						1	2
Derivatives	1,071	217	854	-	-	-	1,071
Non-current financial assets	1,789	-	-	1,789	-	1,781	8
Total assets	2,860	217	854	1,789	-	1,781	1,079
Derivatives	778	306	472	-	-	-	778
Financial liabilities							
Current financial liabilities	10,653	-	-	-	10,653	-	-
Non-current financial liabilities	30,097	16,221	-	-	13,876	-	16,221
Total liabilities	41,528	16,527	472	-	24,529	-	16,999
December 31, 2013							
Derivatives	1,082	273	809	-	-	-	1,082
Non-current financial assets	1,657	-	-	1,657	-	1,649	8
Total assets	2,739	273	809	1,657	-	1,649	1,090
Derivatives	647	186	461	-	-	-	647
Financial liabilities							
Current financial liabilities	9,934	521	-	-	9,413	-	521
Non-current financial liabilities	28,406	15,796	-	-	12,610	-	15,796
Total liabilities	38,987	16,503	461	-	22,023	-	16,964

¹ No financial instruments have been classified to level 3

The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, trade payables and other current and non-current liabilities is estimated to be equal to their book value. The total fair value of financial liabilities amounts to SEK 41,717m (39,010).

No transfers between level 1 and 2 were made during the period.

The fair value of financial instruments is calculated based on current market quotations on the balance sheet date. The value of derivatives is based on published prices in an active market. The fair value of debt

instruments is set using valuation models, such as discounting of future cash flows to quoted market interest rates for the respective durations.

5 ACQUISITIONS AND DIVESTMENTS

During the fourth quarter of 2013 SCA acquired additional shares in Vinda. SCA became the majority shareholder with a 51.4% ownership. Vinda is a Chinese tissue company listed on the Hong Kong Stock Exchange. The preliminary purchase price allocation is presented in the 2013 year-end report. Vinda's net sales for the first half of 2014 amounted to SEK 3,087m and operating profit amounted to SEK 286m. Net sales during the second quarter amounted to SEK 1,614m, and operating profit totaled SEK 168m.

In June SCA acquired the outstanding 50% in Fine Sancella from Nuqul Group. The consideration paid amounted to approximately USD 25m (approximately SEK 165m). Fine Sancella has previously been consolidated as a subsidiary, since SCA is considered to have a controlling influence. It is thus treated as an equity transaction and entails that no new purchase price allocation has been prepared.

6 EFFECTS OF RECALCULATIONS OF PREVIOUS PERIODS

This note outlines the effects of recalculations of previous periods' cash flow statements, income statements, balance sheets and the quarterly overview of the segments and the note on financial instruments.

Effects of recalculations, operating cash flow analysis, first half of 2013

SEK m	Previously reported	Recalculation IFRS10 & IFRS11	After recalculation
Operating cash surplus	6,264	267	6,531
Change in working capital	-939	-47	-986
Current capital expenditures, net	-1,471	-17	-1,488
Restructuring costs, etc.	-493	0	-493
Operating cash flow	3,361	203	3,564
Financial items	-477	-29	-506
Income taxes paid	-891	-68	-959
Other	4	10	14
Cash flow from current operations	1,997	116	2,113
Acquisitions	-941	1	-940
Strategic capital expenditures, fixed assets	-775	-7	-782
Divestments	1,528	0	1,528
Cash flow before dividend	1,809	110	1,919
Dividend	-3,193	-39	-3,232
Cash flow after dividend	-1,384	71	-1,313
Net cash flow from disposal group	0	0	0
Net cash flow	-1,384	71	-1,313
Net debt at the start of the period	-32,927	-136	-33,063
Net cash flow	-1,384	71	-1,313
Remeasurement to equity	1,735	0	1,735
Currency effects	-59	24	-35
Effect of reclassification of operating liability*	-186	0	-186
Net debt at the end of the period	-32,821	-41	-32,862
Debt/equity ratio	0.55		0.54
Debt payment capacity, %	35		36

* Provision for payroll tax has been reclassified to net debt under IAS 19.

Effects of recalculations, cash flow statement, first half of 2013

SEK m	Previously reported	Recalculation IFRS10 & IFRS11	After recalculation
Operating activities			
Profit before tax	3,093	203	3,296
Adjustment for non-cash items ¹	2,192	44	2,236
	5,285	247	5,532
Paid tax	-891	-68	-959
Cash flow from operating activities before changes in working capital	4,394	179	4,573
Cash flow from changes in working capital			
Change in inventories	174	-26	148
Change in operating receivables	-543	-45	-588
Change in operating liabilities	-570	24	-546
Cash flow from operating activities	3,455	132	3,587
Investing activities			
Acquisition of operations	87	1	88
Sold operations	1,311	0	1,311
Acquisition tangible and intangible assets	-2,481	-24	-2,505
Sale of tangible assets	235	0	235
Repayment of loans from external parties	167	-15	152
Cash flow from investing activities	-681	-38	-719
Financing activities			
Acquisition of non-controlling interests	-1,028	0	-1,028
Borrowings	2,774	-11	2,763
Dividends paid	-3,193	-39	-3,232
Cash flow from financing activities	-1,447	-50	-1,497
Cash flow for the period	1,327	44	1,371
Cash and cash equivalents at the beginning of the year	2,017	101	2,118
Exchange rate differences in cash and cash equivalents	0	-3	-3
Cash and cash equivalents at the end of the period	3,344	142	3,486
Cash flow from operating activities per share, SEK	4.90	0.19	5.09
Reconciliation with operating cash flow analysis			
Cash flow for the period	1,327	44	1,371
Deducted items:			
Repayment of loans from external parties	-167	15	-152
Borrowings	-2,774	11	-2,763
Added items:			
Net debt in acquired and divested operations	217	0	217
Accrued interest	13	1	14
Net cash flow according to operating cash flow analysis	-1,384	71	-1,313
¹ Depreciation and impairment, fixed assets	2,603	38	2,641
Fair-value measurement/net growth of forest assets	-316	0	-316
Gains sale/swap of assets	0	-173	-173
Unpaid related to efficiency programs	283	0	283
Profit or Loss from disposals	121	0	121
Payments related to efficiency programs, already recognized	-308	0	-308
Other	-191	179	-12
Total	2,192	44	2,236

Effects of recalculations, statement of profit or loss

SEK m	2013:2			1306		
	Pre- viously reported	Recalculation IFRS10 & IFRS11	After re- calculation	Pre- viously reported	Recalculation IFRS10 & IFRS11	After re- calculation
Net sales	22,145	974	23,119	44,531	1,920	46,451
Cost of goods sold ¹	-16,700	-639	-17,339	-33,773	-1,272	-35,045
Gross profit	5,445	335	5,780	10,758	648	11,406
Sales, general and administration ¹	-3,324	-216	-3,540	-6,448	-419	-6,867
Items affecting comparability ²	-373	0	-373	-791	0	-791
Share of profits of associates	35	3	38	51	3	54
Operating profit	1,783	122	1,905	3,570	232	3,802
Financial items	-213	-14	-227	-477	-29	-506
Profit before tax	1,570	108	1,678	3,093	203	3,296
Tax	-416	-32	-448	-804	-58	-862
Net profit for the period	1,154	76	1,230	2,289	145	2,434
Earnings attributable to:						
Owners of the parent	1,143	1	1,144	2,262	1	2,263
Non-controlling interests	11	75	86	27	144	171
Earnings per share, SEK - owners of the parent total operations						
- before dilution effects	1.63		1.63	3.22		3.22
- after dilution effects	1.63		1.63	3.22		3.22
Calculation of earnings per share						
Earnings attributable to owners of the parent	1,143	1	1,144	2,262	1	2,263
Average no. of shares before dilution, millions	702.3		702.3	702.3		702.3
Average no. of shares after dilution, millions	702.3		702.3	702.3		702.3
¹ Of which, depreciation	-1,208	-19	-1,227	-2,450	-37	-2,487
² Distribution of items affecting comparability						
Distribution of restructuring costs, etc. per function						
Cost of goods sold	-62	0	-62	-150	0	-150
Sales, general and administration	-310	0	-310	-488	0	-488
Impairment, etc.	-1	0	-1	-153	0	-153
Total items affecting comparability	-373	0	-373	-791	0	-791
Gross margin	24.6	0.4	25.0	24.2	0.4	24.6
Operating margin	8.1	0.1	8.2	8.0	0.2	8.2
Financial net margin	-1.0	0.0	-1.0	-1.1	0.0	-1.1
Profit margin	7.1	0.1	7.2	6.9	0.2	7.1
Tax	-1.9	0.0	-1.9	-1.8	-0.1	-1.9
Net margin	5.2	0.1	5.3	5.1	0.1	5.2
Excluding items affecting comparability:						
Gross margin	24.6	0.4	25.0	24.2	0.4	24.6
Operating margin	9.7	0.2	9.9	9.8	0.1	9.9
Financial net margin	-1.0	0.0	-1.0	-1.1	0.0	-1.1
Profit margin	8.7	0.2	8.9	8.7	0.1	8.8
Tax	-2.2	-0.1	-2.3	-2.2	-0.1	-2.3
Net margin	6.5	0.1	6.6	6.5	0.0	6.5

Recalculation of consolidated balance sheet, December 31, 2013

SEK m	Previously reported	Recalculation IFRS10 & IFRS11	After recalculation
Assets			
Goodwill	13,630	155	13,785
Other intangible assets	8,031	105	8,136
Tangible assets	80,570	974	81,544
Shares and participations	1,310	-238	1,072
Non-current financial assets	3,221	-31	3,190
Other non-current receivables	1,720	99	1,819
Total non-current assets	108,482	1,064	109,546
Operating receivables and inventories	29,882	1,195	31,077
Current financial assets	227	309	536
Non-current assets held for sale	32	0	32
Cash and cash equivalents	3,649	136	3,785
Total current assets	33,790	1,640	35,430
Total assets	142,272	2,704	144,976
Equity			
Owners of the parent	63,271	0	63,271
Non-controlling interests	3,033	1,507	4,540
Total equity	66,304	1,507	67,811
Liabilities			
Provisions for pensions	2,546	2	2,548
Other provisions	10,432	99	10,531
Non-current financial liabilities	28,444	259	28,703
Other non-current liabilities	586	7	593
Total non-current liabilities	42,008	367	42,375
Current financial liabilities	9,828	181	10,009
Other current liabilities	24,132	649	24,781
Total current liabilities	33,960	830	34,790
Total liabilities	75,968	1,197	77,165
Total equity and liabilities	142,272	2,704	144,976
Debt/equity ratio	0.51		0.50
Visible equity/assets ratio	44%		44%
Return on capital employed	9%		10%
Return on equity	9%		9%
Excluding items affecting comparability:			
Return on capital employed	11%		11%
Return on equity	10%		11%
Equity per share, SEK	94	2	96
Capital employed	100,190	1,540	101,730
- of which working capital	7,224	516	7,740
Provisions for restructuring costs are included in the balance sheet as follows:			
- Other provisions*	786	-370	416
- Operating liabilities	414	372	786
*) of which, provision for tax risks	293	-1	292
Net debt	33,886	33	33,919
Total Equity	66,304	1,507	67,811

Recalculation of consolidated statement of profit or loss and other comprehensive income, second quarter 2013

SEK m	Previously reported	Recalculation IFRS10 & IFRS11	After recalculation
Profit for the period	1,154	76	1,230
Other comprehensive income for the period			
Items never reclassified subsequently to profit or loss			
Actuarial gains/losses on defined benefit pension plans	842	0	842
Income tax relating to components of other comprehensive income	-226	0	-226
	616	0	616
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets	-42	0	-42
Cash flow hedges	-223	0	-223
Exchange differences on translating foreign operations	1,940	-42	1,898
Gains/losses from hedges of net investments in foreign operations	-778	0	-778
Income tax relating to components of other comprehensive income	226	0	226
	1,123	-42	1,081
Other comprehensive income for the period, net of tax	1,739	-42	1,697
Total comprehensive income for the period	2,893	34	2,927
Total comprehensive income attributable to:			
Owners of the parent	2,841	0	2,841
Non-controlling interests	52	34	86

Recalculation of consolidated statement of changes in equity, first half of 2013

SEK m	Previously reported	Recalculation IFRS10 & IFRS11	After recalculation
Attributable to owners of the parent			
Opening balance, January 1	59,706	0	59,706
Total comprehensive income for the period	3,598	0	3,598
Dividend	-3,161	0	-3,161
Acquisition of non-controlling interests	-666	0	-666
Revaluation effect of non-controlling interests	-2	0	-2
Closing balance	59,475	0	59,475
Non-controlling interests			
Opening balance, January 1	458	1,535	1,993
Total comprehensive income for the period	52	65	117
Dividend	-32	-39	-71
Acquisition of non-controlling interests	-335	0	-335
Closing balance	143	1,561	1,704
Total equity, closing balance	59,618	1,561	61,179

Recalculation of note 4, Financial instruments, December 2013
Distribution by level when measured at fair value

SEK m	Carrying amount in the balance sheet	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Of which fair value by level ¹	
						1	2
Previously reported							
Derivatives	1,077	268	809	-	-	-	1,077
Non-current financial assets	1,657	-	-	1,657	-	1,649	8
Total assets	2,734	268	809	1,657	-	1,649	1,085
Derivatives	647	186	461	-	-	-	647
Financial liabilities							
Current financial liabilities	8,874	521	-	-	8,353	-	521
Non-current financial liabilities	26,516	15,796	-	-	10,720	-	15,796
Total liabilities	36,037	16,503	461	-	19,073	-	16,964

Recalculation IFRS10 & IFRS11							
Derivatives	5	5	-	-	-	-	5
Non-current financial assets	-	-	-	-	-	-	-
Total assets	5	5	-	-	-	-	5
Derivatives	-	-	-	-	-	-	-
Financial liabilities							
Current financial liabilities	1,060	-	-	-	1,060	-	-
Non-current financial liabilities	1,890	-	-	-	1,890	-	-
Total liabilities	2,950	-	-	-	2,950	-	-

After recalculation							
Derivatives	1,082	273	809	-	-	-	1,082
Non-current financial assets	1,657	-	-	1,657	-	1,649	8
Total assets	2,739	273	809	1,657	-	1,649	1,090
Derivatives	647	186	461	-	-	-	647
Financial liabilities							
Current financial liabilities	9,934	521	-	-	9,413	-	521
Non-current financial liabilities	28,406	15,796	-	-	12,610	-	15,796
Total liabilities	38,987	16,503	461	-	22,023	-	16,964

¹ No financial instruments have been classified to level 3