SCA Year-end Report 2014

Jan Johansson, President and CEO
Summary 2014

- Highest profit before tax ever
- Good organic sales growth
- Strong growth in emerging markets
- Strong cash flow
- Higher sales and profits in all business areas
- Continued work with efficiency
- Introduced about 30 innovations and product launches
  - Libero, Libresse, Lotus, Saba, Tempo, TENA and Tork
- SCA transferred Chinese hygiene business to Vinda
- Inclusion in key sustainability indexes
- Proposed increase of 10.5% in the dividend to SEK 5.25 per share
Group
2014 vs. 2013

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>% Change</th>
<th>2013</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>SEK 104,054m</td>
<td>+12%</td>
<td>SEK 91,674m</td>
<td>+9%</td>
</tr>
<tr>
<td>Organic Sales Growth</td>
<td>+3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit*</td>
<td>SEK 11,849m</td>
<td>+14%</td>
<td>SEK 10,274m</td>
<td>+11%</td>
</tr>
<tr>
<td>Operating Margin*</td>
<td>11.4%</td>
<td>+20 bp</td>
<td>9.2%</td>
<td></td>
</tr>
<tr>
<td>EPS</td>
<td>SEK 9.40</td>
<td>+19%</td>
<td>SEK 7.80</td>
<td>+14%</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>SEK 11,184m</td>
<td>+26%</td>
<td>SEK 8,890m</td>
<td>+27%</td>
</tr>
</tbody>
</table>

* Excluding items affecting comparability and including gains on forest swaps of SEK 336m (583) before tax
Efficiency Programs

- Hygiene business cost and efficiency program
  - Blueprint implementation in all sites
  - Scale effects for sourcing realized
  - Warehouse efficiency programs

- Forest Products efficiency program
  - Closure of two saw mills
  - Rationalization of maintenance organization
  - Higher productivity in harvesting activities

- Georgia-Pacific synergies
  - Blueprint implementation on-going
  - Footprint optimization on-going and four sites closed
  - Most of scale effects for sourcing of raw materials realized

Cost Efficiency Work Continues
Efficiency Programs
Examples of improvements

- **Personal Care Machine Efficiency Converting**: +10%
- **Tissue Machine Efficiency Converting**: +4%
- **Tissue Machine Efficiency Papermaking**: +3%
- **Personal Care and Tissue Sourcing Costs**: -5%
- **Personal Care and Tissue Logistics Costs**: -5%
- **Tissue Energy Consumption**: -6%
## Innovations and Product Launches

**Q4 2014**

<table>
<thead>
<tr>
<th>TENA Pants Normal</th>
<th>TENA Lady Normal and Extra with Body Shaped Dry Zone</th>
<th>Drypers Drynights</th>
<th>Tempo “Traumreise” (Moments of Calm)</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="TENA Pants Normal" /></td>
<td><img src="image2" alt="TENA Lady Normal and Extra with Body Shaped Dry Zone" /></td>
<td><img src="image3" alt="Drypers Drynights" /></td>
<td><img src="image4" alt="Tempo “Traumreise”" /></td>
</tr>
</tbody>
</table>

- **TENA Pants Normal**
  - More comfortable: 20 percent thinner with body-close fit
  - Skin health: Drier and softer surface
  - High security: double leakage barriers and cup shaped core

- **TENA Lady Normal and Extra with Body Shaped Dry Zone**
  - New body shaped dry zone, specifically shaped to offer superior protection to prevent leaks
  - Coupled with our unique Fresh Odour Control™ technology, it’s the perfect fit offering ultimate protection

- **Drypers Drynights**
  - With “Our Longest Absorption Core”, the night diaper is designed to effectively absorb and distribute urine for up to 12 hours of long-lasting dryness

- **Tempo “Traumreise” (Moments of Calm)**
  - A new scented hanky product and pack, themed around being amid the lavender fields in the Provence
  - Appealing to engaged hanky users that seek a sensorial experience, delivering a calming and soothing moment
Innovations and Product Launches 2014
SCA Group
Mature markets and Emerging markets

**Share of Net Sales**
- **2012**
  - Mature markets: 24%
  - Emerging markets: 76%
- **2014**
  - Mature markets: 31%
  - Emerging markets: 69%

**Share of Operating Profit**
- **2012**
  - Mature markets: 19%
  - Emerging markets: 81%
- **2014**
  - Mature markets: 17%
  - Emerging markets: 83%

<table>
<thead>
<tr>
<th>Operating Margin</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mature markets</td>
<td>10.9%</td>
<td>12.3%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>7.7%</td>
<td>7.7%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Total Group</td>
<td>10.1%</td>
<td>11.2%</td>
<td>11.4%</td>
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</table>
SCA Group ROCE* 2014
Mature markets and Emerging markets

*Return on capital employed excluding items affecting comparability
Net Sales
Q4 2014 vs. Q4 2013

- **Organic sales growth 4%**
  - Price/Mix +1%
  - Volume +3%

<table>
<thead>
<tr>
<th></th>
<th>SEK 23,420m</th>
<th>+1%</th>
<th>+3%</th>
<th>+8%</th>
<th>+5%</th>
<th>SEK 27,397m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales Q4 2013</td>
<td>SEK 23,420m</td>
<td>+1%</td>
<td>+3%</td>
<td>+8%</td>
<td>+5%</td>
<td>SEK 27,397m</td>
</tr>
<tr>
<td>Price/Mix</td>
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<tr>
<td>Volume</td>
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<td>Acquisition</td>
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<td>Currency</td>
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<tr>
<td>Net sales Q4 2014</td>
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January 30, 2015
Year-end Report 2014
Group
Organic Sales Growth Q4 2014 vs. Q4 2013

By region

**Mature markets**
- Strong growth for baby diapers and feminine care in Western Europe
- Higher sales for incontinence products in Western Europe
- Higher sales for AfH tissue in Western Europe
- Slightly lower sales for AfH tissue in North America
- Lower sales for incontinence products in North America

**Emerging markets**
- Strong growth in emerging markets
  - Incontinence products in Russia +23%
  - Tissue in Russia +16%
  - Incontinence products in Latin America +19%
  - Feminine care in Latin America +20%
Group
Q4 2014 vs. Q4 2013

- Operating profit increased 3%* (+20%**)  
  ◆ Organic operating profit growth 11%***  
  ◆ Better price/mix  
  ◆ Higher volumes  
  ◆ Cost savings  
  ◆ Consolidation of Vinda  
  ◆ Higher raw material costs  
  ◆ Lower gains on forest swaps

- Operating margin at 11.9%*

- Earnings per share of SEK 2.05

- Operating cash flow increased 31%

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* Excluding items affecting comparability and including gains on forest swaps of SEK 3m (455) before tax  
** Excluding items affecting comparability and excluding gains on forest swaps of SEK 3m (455) before tax  
*** Excluding items affecting comparability and gains on forest swaps of SEK 3m (455) before tax, excluding effects from exchange rates and consolidation of Vinda
Sales growth 7%

Organic sales growth 3%
- Price/mix +1%
- Volume +2%
- Strong growth in emerging markets
- Strong growth for baby diapers and feminine care

Operating profit increased 8%*
- Higher volumes
- Cost savings
- Higher raw material costs due to stronger USD and higher prices

Operating margin 11.5%*

* Excluding items affecting comparability
**Sales growth 24%**

- Organic sales growth 3%
  - Price/mix 0%
  - Volume +3%
  - Good growth in emerging markets

**Operating profit increased 17%**
- Higher volumes
- Cost savings
- Consolidation of Vinda
- Lower energy costs
- Negative price/mix
- Higher costs for raw material and distribution
- Lower profit in AfH tissue North America due to increased competition

**Operating margin 12.2%**
- Margin at same level as last year excluding Vinda

* Excluding items affecting comparability
Forest Products
Q4 2014 vs Q4 2013

- **Sales growth 11%**
  - Price/mix +4%
  - Volume +6%
  - Currency +1%
  - Growth in kraftliner and pulp

- **Operating profit decreased 25%**
  - (increased 48%**)
  - Lower gains on forest swaps
  - Higher prices (including exchange rate effects)
  - Cost savings
  - Lower energy costs
  - Higher harvesting costs

- **Operating margin 16.9%**

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<thead>
<tr>
<th></th>
<th>Q4 2014</th>
<th>Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>SEK 3,646m</td>
<td>SEK 4,037m</td>
</tr>
<tr>
<td>Operating Profit*</td>
<td>SEK 916m</td>
<td>SEK 683m</td>
</tr>
<tr>
<td>Operating Margin*</td>
<td>25.1%</td>
<td>16.9%</td>
</tr>
</tbody>
</table>

* Excluding items affecting comparability and including gains on forest swaps of SEK 3m (455) before tax
** Excluding items affecting comparability and excluding forest swaps of SEK 3m (455) before tax
The Board of Directors proposes an increase in the dividend by 10.5% to SEK 5.25 per share (4.75)
Full year 2014
Summary

- Highest profit before tax ever
- Good organic sales growth
- Strong growth in emerging markets
- Strong cash flow
- Higher sales and profits in all business areas

Global Environment

- Low growth in mature markets and good growth in emerging markets for hygiene products
- FX headwinds due to stronger USD
- Competitive market environment
Q&A