Interim Report

Q2 2015
Summary Q2 2015

- Good organic growth in sales and operating profit
- Strong growth in emerging markets
- Strong cash flow
- Continued strong contribution from efficiency gains
- Ten innovations and product launches
  - Edet, Okay, Plenty, TENA, Tork and Zewa
- Price increases achieved for consumer tissue in Europe with gradual impact during H2 2015
- Investment in new production facility in Brazil
- Inclusion in the sustainability index FTSE4Good reconfirmed
### Group

#### Q2 2015 vs. Q2 2014

<table>
<thead>
<tr>
<th>Category</th>
<th>Q2 2015 (SEK)</th>
<th>Change</th>
<th>Q2 2014 (SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>29,219</td>
<td>+13%</td>
<td>26,000</td>
</tr>
<tr>
<td><strong>Organic Sales Growth</strong></td>
<td></td>
<td>+5%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>3,217</td>
<td>+9%</td>
<td>2,930</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>11.0%</td>
<td>+30 bp</td>
<td></td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>2.80</td>
<td>+10%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>2,925</td>
<td>+42%</td>
<td></td>
</tr>
</tbody>
</table>

*Excluding items affecting comparability
**Excluding items affecting comparability, gains on forest swaps of SEK 0m (175) before tax and currency translation effects
***Excluding items affecting comparability and gains on forest swaps of SEK 0m (175) before tax
Strategic Priorities

PROFITABLE GROWTH

INNOVATION

EFFICIENCY

INCREASING EFFICIENCY IN THE ENTIRE VALUE CHAIN
Investment in Brazil

- Investment of approx. SEK 650m in a new production facility for incontinence products
- Production start 2016
- SCA is the second largest company in incontinence products
  - Global leading brand TENA and local brand Biofral
- Brazil is the world’s third largest retail market for incontinence products
Addressing low performing markets

- **Brazil**
  - Exit baby diapers

- **Thailand**
  - Changed business model to export business
Fredrik Rystedt
CFO
Net Sales
Q2 2015 vs. Q2 2014

- Organic sales growth 5%
  - Price/Mix +2%
  - Volume +3%
Organic Sales Growth

Group

Personal Care

Tissue
## Operating Profit* – Group

### Q2 2015 vs. Q2 2014

<table>
<thead>
<tr>
<th></th>
<th>Q2 2015</th>
<th>Q2 2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Profit</td>
<td>SEK 3,217m</td>
<td>SEK 2,934m</td>
<td>SEK +283m</td>
</tr>
<tr>
<td>Price/Mix</td>
<td>SEK +213m</td>
<td>SEK -240m</td>
<td>SEK +453m</td>
</tr>
<tr>
<td>Volume</td>
<td>SEK -435m</td>
<td>SEK +52m</td>
<td>SEK -487m</td>
</tr>
<tr>
<td>Raw Material</td>
<td>SEK +497m</td>
<td>SEK +52m</td>
<td>SEK +445m</td>
</tr>
<tr>
<td>Energy</td>
<td>SEK +36m</td>
<td>SEK -435m</td>
<td>SEK +801m</td>
</tr>
<tr>
<td>Currency</td>
<td>SEK +212m</td>
<td>SEK +497m</td>
<td>SEK +285m</td>
</tr>
<tr>
<td>Other**</td>
<td>SEK -175m</td>
<td>SEK -435m</td>
<td>SEK -260m</td>
</tr>
</tbody>
</table>

* Excluding items affecting comparability and including gains on forest swaps of SEK 0m (175) before tax

** Other includes gains on forest swaps of SEK -175m

### Additional Information
- July 16, 2015
- Interim Report Q2 2015
## Cash Flow
Q2 2015 vs. Q2 2014

<table>
<thead>
<tr>
<th></th>
<th>Q2 2015 SEKm</th>
<th>Q2 2014 SEKm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash surplus</td>
<td>4,626</td>
<td>3,967</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-550</td>
<td>-828</td>
</tr>
<tr>
<td>Restructuring costs, etc</td>
<td>-233</td>
<td>-238</td>
</tr>
<tr>
<td>Capital expenditures (including strategic)</td>
<td>-1,259</td>
<td>-1,232</td>
</tr>
<tr>
<td><strong>Operating cash flow including strategic capital expenditures</strong></td>
<td><strong>2,584</strong></td>
<td><strong>1,669</strong></td>
</tr>
</tbody>
</table>
Magnus Groth
President and CEO
Sales growth 12%

Organic sales growth 6%

Operating profit increased 11%*
- Better price/mix
- Higher volumes
- Cost savings
- Higher raw material costs due to a stronger USD and higher pulp prices
- Increased marketing activities for incontinence products and in India

Operating margin 11.3%*

ROCE** 28.6%

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* Excluding items affecting comparability
** Return on capital employed excluding items affecting comparability
Organic sales growth 6%
- Price/mix +4%
- Volume +2%
- Strong growth in emerging markets
- Strong growth for feminine care

Mature markets
- Western Europe
  - Strong growth for baby diapers and feminine care
  - Higher sales for incontinence products
- North America
  - Lower sales for incontinence products

Emerging markets
- Latin America +15%
  - Strong growth for feminine care and incontinence products
  - Higher sales for baby diapers
- Russia +46%
  - Strong growth for all product segments
Personal Care
Innovations and Product Launches Q2 2015

TENA Lady Range
- New feminine design on the release paper on the back of the product, introducing assortment colors
- New individual wraps – soft and less noisy material with a new, more feminine design
- New top sheet and embossing design for easy finding of the DRYZone
- Providing the same superior protection you know from TENA Lady

TENa Flex Normal
- Extending the TENA Flex range by adding a product with a lower absorption level
- FeelFresh Technology™ locks in moisture and controls odor

Lights by TENA
- Ultra Towels Normal & Ultra Towels Normal with Wings
- Specially designed for unexpected little leaks

TENA Stretch Super and Ultra Briefs, TENA Stretch Plus Brief
- Fully breathable stretch sides: promoting skin health and wearer comfort
- Multifunctional design: for easy toileting and promotion of restorative care
- Printed backsheet: for easier selection of the correct product, while the scannable barcode supports consumption tracking and inventory management

TENA Lady Mini, Mini Wings, Mini Plus, Mini Plus Wings with DRYZone
- Providing the same superior protection you know from TENA Lady
## Tissue
### Q2 2015 vs Q2 2014

### Key Performance Indicators

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>SEK 14,039m</td>
<td>SEK 16,091m</td>
<td>+15%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>SEK 1,652m</td>
<td>SEK 1,826m</td>
<td>+11%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>11.8%</td>
<td>11.3%</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

- **Sales growth 15%**
- **Organic sales growth 4%**
- **Operating profit increased 11%**
  - Better price/mix
  - Higher volumes
  - Cost savings
  - Higher raw material costs mainly due to a stronger USD
- **Operating margin 11.3%**
- **ROCE** 13.2%

* Excluding items affecting comparability
** Return on capital employed excluding items affecting comparability
**Organic sales growth 4%**
- Price/mix +1%
- Volume +3%
- Strong growth in emerging markets

**Mature markets**
- Western Europe
  - Flat sales for consumer tissue
  - Lower sales for AfH tissue
- North America
  - Higher sales for AfH tissue

**Emerging markets**
- Asia +16%
- Latin America +8%
- Russia +20%
### Tissue
#### Innovations and Product Launches Q2 2015

<table>
<thead>
<tr>
<th>New Plenty Easy Clean Wipes</th>
<th>SCA Household Towel Brands: Zewa, Plenty, Okay &amp; Edet</th>
<th>Tork Cleaning Cloths with ExelClean™</th>
<th>Tork® Coreless High Capacity Bath Tissue Dispenser and Coreless High Capacity Bath Tissue Rolls</th>
</tr>
</thead>
<tbody>
<tr>
<td>- A unique refillable dispenser that helps you to clean effectively while keeping your wipes moist for longer</td>
<td>- Relaunch with a new on-pack power claim “Stays strong when wet”</td>
<td>- Helps customers improve efficiency and performance when completing wiping and cleaning tasks versus rags and rental cloths:</td>
<td>- High capacity, 2 coreless tissue rolls = 5 conventional tissue rolls. Refill less often.</td>
</tr>
<tr>
<td>- Available in three different variants: Multi-purpose, Bathroom, Anti-bacterial</td>
<td></td>
<td>- Uses 32% less time*</td>
<td>- Coreless rolls – minimizes waste and saves cleaning time</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Uses 40% less solvent*</td>
<td>- More compact – less storage space needed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Uses 20% less effort *</td>
<td>- Available in black and white</td>
</tr>
<tr>
<td></td>
<td></td>
<td>*) Swerea research institute, Sweden, 2014</td>
<td></td>
</tr>
</tbody>
</table>
Sales growth 9%
- Price/mix +1%
- Volume +6%
- Currency +2%
- Strong growth for kraftliner and pulp

Operating profit increased 39%*
- Higher prices (including exchange rate effects)
- Higher volumes
- Cost savings
- Lower energy costs

Operating margin 13.5%*

ROCE** 6.5%

* Excluding items affecting comparability and gains on forest swaps of SEK 0m (175) before tax
** Return on capital employed excluding items affecting comparability
Innovative Marketing Platform

- Global marketing platform with focus on women
  - Strong sustainability and CSR focus

- Reaching all target audiences including customers and consumers, employees, the media and other external parties
  - 2,400,000 visitors in the race villages
  - 370,000 visitors to the SCA pavilion

- Project targets exceeded
Q2 2015

Summary

- Good organic growth in sales and operating profit
- Strong growth in emerging markets
- Strong cash flow

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