Interim Report

Q3 2016
Magnus Groth
President and CEO
Summary Q3 2016

- Organic sales growth 0% impacted by a challenging market situation for hygiene products and capacity reductions
  - Hygiene business +1%, Forest Products -3%, Emerging markets +4%
- Good organic growth in operating profit* and increased operating margin**
- Strong contribution from efficiency gains
- Strong cash flow
- Introduced four innovations - Nosotras, Tempo, TENA and Tork

* Adjusted operating profit which excludes items affecting comparability
** Adjusted operating profit margin which excludes items affecting comparability
Summary Q3 2016

- Initiated work to propose to the Annual General Meeting 2017 to decide on a split of the Group into two listed companies; hygiene and forest products
- Decision to implement restructuring measures at two tissue plants in France
- After end of Q3 2016
  - Decision to close baby diaper business in Mexico
  - Capital structure and dividend policy for the hygiene business communicated
Group
Q3 2016 vs. Q3 2015

Net Sales
SEK 29,154m
0%

Organic Sales Growth
0%

Adjusted Operating Profit*
SEK 3,652m
+7%**

Adjusted Operating Margin*
12.5%
+60bp

EPS
SEK 3.10
+337%***

Operating Cash Flow
SEK 4,729m
+10%

* Excluding items affecting comparability
** Excluding items affecting comparability, currency translation effects, acquisitions and divestments
*** Including items affecting comparability. Excluding items affecting comparability SEK 3.78, +12%
Adjusted ROCE*

Target 13%  
12.8%  
12.8%

Q3 2015  
Q3 2016

*Adjusted return on capital employed excluding items affecting comparability
Innovations
Q3 2016

Tempo® Fresh To Go
Classic and Pure

A range of refreshing hands & face wet wipes for on the go, with a unique non-sticky formula to the extra resistant wipe, for your individual need – Classic and Pure for sensitive skin.

New Napkin Box –
Tork Easy Handling® Features

Shelf-ready packaging for quick product display in cash and carry stores. Simplified and quicker access to products in the end customers’ storage locations. Improved color labeling and packaging design that makes it easy to find the right napkins.
Nosotras Cuidado-V™

A female intimate care range that provides calming and soothing relief for shaved or waxed V-zone skin – creating a lasting effect of softness and care. Dermatologically and gynecological tested.

TENA MEN

Improving the visual attractiveness of male pads with new top-sheet print highlighting absorption zone, new grey colored back-sheet to make it more masculine and discreet, as well as new blue single wrap for increased discretion.
Fredrik Rystedt
Executive Vice President and CFO
Net Sales
Q3 2016 vs. Q3 2015

- Organic sales growth 0%
  - Price/Mix 0%
  - Volume 0%

Net Sales
Q3 2015: SEK 29,099m
Price/Mix: 0%
Volume: 0%
Currency: -3%
Acquisition: +3%
Net Sales Q3 2016: SEK 29,154m

October 27, 2016
Interim Report Q3 2016
Organic Sales Growth
Q3 2016 vs. Q3 2015

Organic Sales Growth Impact on Group:

<table>
<thead>
<tr>
<th>Product Line</th>
<th>Organic Sales Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incontinence Products</td>
<td>+0.3%</td>
</tr>
<tr>
<td>Baby Diapers</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Feminine Care</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Consumer Tissue</td>
<td>+0.3%</td>
</tr>
<tr>
<td>AfH Tissue</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Forest Products</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Other</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Group</td>
<td>+0.1%</td>
</tr>
</tbody>
</table>
Adjusted Operating Profit* – Group
Q3 2016 vs. Q3 2015

* Excluding items affecting comparability
## Cash Flow

### Q3 2016 vs. Q3 2015

<table>
<thead>
<tr>
<th></th>
<th>Q3 2016</th>
<th>Q3 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash surplus</td>
<td>4,967</td>
<td>4,770</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>1,178</td>
<td>714</td>
</tr>
<tr>
<td>Restructuring costs, etc</td>
<td>-137</td>
<td>-220</td>
</tr>
<tr>
<td>Capital expenditures (including strategic)</td>
<td>-2,400</td>
<td>-1,731</td>
</tr>
<tr>
<td><strong>Operating cash flow including strategic capital expenditures</strong></td>
<td><strong>3,608</strong></td>
<td><strong>3,533</strong></td>
</tr>
</tbody>
</table>
## Items Affecting Comparability

### Q3 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>Q3 2016 SEKm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs for measures at the tissue production plants Hondouville and Saint-Etienne-du-Rouvray, France</td>
<td>-450</td>
</tr>
<tr>
<td>Costs for closure of baby diaper business in Mexico</td>
<td>-170</td>
</tr>
<tr>
<td>Wausau Paper Corp.</td>
<td>-70</td>
</tr>
<tr>
<td>Other</td>
<td>-20</td>
</tr>
<tr>
<td><strong>Total items affecting comparability</strong></td>
<td><strong>-710</strong></td>
</tr>
</tbody>
</table>
Magnus Groth
President and CEO
Personal Care
Q3 2016 vs Q3 2015

- **Net sales** -4%

- **Organic sales growth** 0%

- **Adjusted operating profit*** +1%
  - Higher volumes
  - Better price/mix
  - Cost savings
  - Lower raw material costs
  - Investments in increased marketing activities
  - Higher selling costs

- **Adjusted operating margin*** 12.8%

- **Adjusted ROCE**** 32.5%

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* Excluding items affecting comparability
** Adjusted return on capital employed excluding items affecting comparability
Personal Care
Q3 2016 vs Q3 2015

- Organic sales growth 0%
  - Price/mix 0%
  - Volume 0%
  - Lower sales for baby diapers
  - Strong growth for feminine care

- Mature markets
  - Western Europe
    - Higher sales for incontinence products
    - Good growth for baby diapers
    - Strong growth for feminine care
  - North America
    - Slightly lower sales for incontinence products

- Emerging markets
  - Latin America +4%
    - Good growth for incontinence products
    - Lower sales for baby diapers
    - Strong growth for feminine care
  - Russia -14%
    - Slightly lower sales for incontinence products
    - Lower sales for baby diapers
    - Stable sales for feminine care
  - Middle East and Africa -19%
    - Lower sales for baby diapers
  - Asia +2%
Net sales +4%

Organic sales growth +1%

Adjusted operating profit* +13%
- Better price/mix
- Higher volumes
- Cost savings
- Lower raw material and energy costs
- Acquisition
- Investments in increased marketing activities
- Higher selling costs

Adjusted operating margin* 12.7%

Adjusted ROCE** 13.8%
Tissue
Q3 2016 vs Q3 2015

Organic sales growth +1%
- Price/mix +1%
- Volume 0%
- Strong growth in emerging markets

Mature markets
- Western Europe
  - Lower sales for consumer tissue due to lower sales of mother reels
  - Slightly higher sales for AfH tissue
- North America
  - Slightly lower sales for AfH tissue

Emerging markets
- Asia +6%
- Latin America +4%
- Russia +7%
Net sales -4%

Organic sales growth -3%
- Price/mix -2%
- Volume -1%
- Closure of publication paper machine -3%

Adjusted operating profit* -15%
- Lower prices (including exchange rate effects)
- Higher energy costs
- Lower raw material costs

Adjusted operating margin* 14.6%

Adjusted ROCE** 6.1%

* Excluding items affecting comparability
** Adjusted return on capital employed excluding items affecting comparability
Forest Products
Price Development

**Publication Papers**

- Price index in SEK
- Price index in local currency

**Kraftliner**

- Price index in SEK
- Price index in local currency

**NBSK Pulp**

- Price index in SEK
- Price index in local currency

**Solid-wood Products**

- Price index in SEK
- Price index in local currency
SCA Strategic Framework

VISION
“Dedicated to improving well-being through leading hygiene and health solutions”

MISSION
To sustainably develop, produce, market and sell value-added hygiene and forest products and services

OBJECTIVES
- Generate increased shareholder value through profitable growth
- Enable more people every day to enjoy a fuller life
- Contribute to a sustainable and circular society
- Enable our employees to realize their full potential, as part of one winning team

STRATEGIES
- Win in chosen geographies and categories
- Focus on customers and consumers
- Innovate bigger brands
- Drive efficiency
Strategic Initiatives

- **Hygiene Matters Report** launched in partnership with UN body WSSCC
  - Driving a global dialog around hygiene, health and well-being and breaking taboos around menstruation and incontinence
  - SCA and UN Foundation convened fourth annual dialogue on UN’s Global Agenda

- Joined “Circular Economy 100”, an Ellen MacArthur Foundation program

- SCA recognized as world leader for corporate action on climate change, awarded a position on the Climate A List by CDP*

*CDP is a not-for-profit that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.
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Q&A