

1 JANUARY – 31 MARCH 2017 (compared with same period a year ago)

- Net sales totaled SEK 29,104m (27,915)
- Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased by 2%
- Operating profit decreased 2% to SEK 2,985m (3,056)
- Adjusted operating profit, excluding items affecting comparability, rose 5% to SEK 3 404m (3 247)
- The adjusted operating profit was 11.7% (11.6)
- Adjusted profit before tax rose 6% to SEK 3,102m (2,922)
- Items affecting comparability totaled SEK -419m (-191), of which SEK -145m (-185) affects cash flow
- Profit for the period was SEK 2,019m (2,035)
- Earnings per share were SEK 2.60 (2.74)
- The adjusted return on capital employed was 11.8% (11.9%)
- Cash flow from current operations was SEK 2,331m (1,821)
- Acquisition of BSN medical has been closed as of April 3, 2017
- SCA's Annual General Meeting approved the distribution and listing of the hygiene business – the future hygiene and health company Essity AB. The preparations for the distribution and the listing of SCA Hygiene AB are under way, with the first day of separate trading in the two companies scheduled for June 2017.

EARNINGS TREND

SEKm	1703	1603	%
Net sales	29,104	27,915	4
Gross profit	7,638	7,327	4
Adjusted gross profit ¹	7,850	7,349	7
Operating profit	2,985	3,056	-2
Adjusted operating profit ¹	3,404	3,247	5
Financial items	-302	-325	
Profit before tax	2,683	2,731	-2
Adjusted Profit before tax ¹	3,102	2,922	6
Tax	-664	-696	
Adjusted tax ¹	-761	-736	
Net profit for the period	2,019	2,035	-1
Adjusted net profit for the period ¹	2,341	2,186	7
Earnings per share, SEK	2.60	2.74	

¹ Excluding items affecting comparability, for amounts see page 2.

STATEMENT OF PROFIT OR LOSS

SEKm	2017:1	2016:1	2016:4	1703	1603
Net sales	29,104	27,915	30,568	29,104	27,915
Cost of goods sold ¹	-21,254	-20,566	-22,196	-21,254	-20,566
Items affecting comparability ^{1,2}	-212	-22	-48	-212	-22
Gross profit	7,638	7,327	8,324	7,638	7,327
Sales, general and administration ¹	-4,475	-4,134	-4,732	-4,475	-4,134
Items affecting comparability including impairments ^{1,2}	-207	-169	-648	-207	-169
Share of profits of associates and joint ventures	29	32	45	29	32
Operating profit	2,985	3,056	2,989	2,985	3,056
Financial items	-302	-325	-289	-302	-325
Profit before tax	2,683	2,731	2,700	2,683	2,731
Tax	-664	-696	-1,117	-664	-696
Net profit for the period	2,019	2,035	1,583	2,019	2,035
Earnings attributable to:					
Owners of the parent	1,823	1,922	1,398	1,823	1,922
Non-controlling interests	196	113	185	196	113
Earnings per share, SEK - owners of the parent total operations					
- before dilution effects	2.60	2.74	1.99	2.60	2.74
- after dilution effects	2.60	2.74	1.99	2.60	2.74
Calculation of earnings per share	2017:1	2016:1	2016:4	1703	1603
Earnings attributable to owners of the parent	1,823	1,922	1,398	1,823	1,922
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	-1,570	-1,504	-1,637	-1,570	-1,504
² Distribution of items affecting comparability by function					
Cost of goods sold	-212	-22	-48	-212	-22
Sales, general and administration	-119	-169	-468	-119	-169
Impairment, etc.	-88	0	-180	-88	0
Total items affecting comparability	-419	-191	-696	-419	-191
Gross margin	26.2	26.2	27.2	26.2	26.2
Operating margin	10.3	10.9	9.8	10.3	10.9
Financial net margin	-1.0	-1.2	-0.9	-1.0	-1.2
Profit margin	9.3	9.7	8.9	9.3	9.7
Tax	-2.3	-2.5	-3.7	-2.3	-2.5
Net margin	7.0	7.2	5.2	7.0	7.2
Excluding items affecting comparability:	2017:1	2016:1	2016:4	1703	1603
Gross margin	27.0	26.3	27.4	27.0	26.3
Operating margin	11.7	11.6	12.1	11.7	11.6
Financial net margin	-1.0	-1.2	-0.9	-1.0	-1.2
Profit margin	10.7	10.4	11.2	10.7	10.4
Tax	-2.6	-2.6	-3.9	-2.6	-2.6
Net margin	8.1	7.8	7.3	8.1	7.8

CONSOLIDATED OPERATING CASH FLOW ANALYSIS

SEKm	1703	1603
Operating cash surplus	4,719	4,414
Change in working capital	-607	-721
Current capital expenditures, net	-721	-738
Restructuring costs, etc.	-221	-220
Operating cash flow	3,170	2,735
Financial items	-302	-325
Income taxes paid	-628	-665
Other	91	76
Cash flow from current operations	2,331	1,821
Acquisitions	0	-6,492
Strategic capital expenditures in non-current assets	-771	-809
Divestments	22	18
Cash flow before dividend	1,582	-5,462
Private placement to non-controlling interest	18	0
Dividend	-16	-13
Net cash flow	1,584	-5,475
Net debt at the start of the period	-35,361	-29,478
Net cash flow	1,584	-5,475
Remeasurement to equity	1,081	-2,002
Translation differences	10	418
Net debt at the end of the period	-32,686	-36,537
Debt/equity ratio	0.39	0.48
Debt payment capacity, %	46	48

CONSOLIDATED CASH FLOW STATEMENT

SEKm	1703	1603
Operating activities		
Profit before tax	2,683	2,731
Adjustment for non-cash items ¹	1,613	1,204
	4,296	3,935
Paid tax	-628	-665
Cash flow from operating activities before changes in working capital	3,668	3,270
Cash flow from changes in working capital		
Change in inventories	-552	214
Change in operating receivables	-153	13
Change in operating liabilities	98	-948
Cash flow from operating activities	3,061	2,549
Investing activities		
Acquisitions	0	-4,387
Divestments	22	18
Investment in tangible and intangible assets	-1,521	-1,610
Sale of tangible assets	32	63
Loan granted to external parties	-165	-167
Cash flow from investing activities	-1,632	-6,083
Financing activities		
New issue	18	0
New borrowing	29,977	6,552
Amortization of loans	-4,899	-3,394
Dividend	-16	-13
Cash flow from financing activities	25,080	3,145
Cash flow for the period	26,509	-389
Cash and cash equivalents at the beginning of the period	4,482	5,042
Translation differences in cash and cash equivalents	-1	7
Cash and cash equivalents at the end of the period	30,990	4,660
Cash flow from operating activities per share, SEK	4.34	3.62
Reconciliation with consolidated operating cash flow statement		
Cash flow for the period	26,509	-389
Loans granted to external parties	165	167
New borrowings	-29,977	-6,552
Net debt in acquired and divested operations	0	-2,105
Amortization of borrowing	4,899	3,394
Investment through financial lease	-3	0
Accrued interest	-9	10
Net cash flow according to consolidated operating cash flow statement	1,584	-5,475
¹ Depreciation/amortization and impairment of non-current assets	1,756	1,504
Fair-value measurement of forest assets	-231	-272
Gains/loss on assets sales and swaps of assets	8	-26
Unpaid related to efficiency programs	-107	0
Gain/loss on divestments	-1	0
Payments related to efficiency programs recognized	-125	-86
Reversal of provision related to antitrust cases	-266	0
Provision related to one-time foreign tax on non-current assets	450	0
Other	129	84
Total	1,613	1,204

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SEKm	2017:1	2016:1	2016:4	1703	1603
Profit for the period	2,019	2,035	1,583	2,019	2,035
Other comprehensive income for the period					
Items that may not be reclassified to the income statement					
Actuarial gains/losses on defined benefit pension plans	1,080	-2,000	3,755	1,080	-2,000
Income tax attributable to components of other comprehensive income	-303	491	-851	-303	491
	777	-1,509	2,904	777	-1,509
Items that have been or may be reclassified subsequently to the income statement					
Available-for-sale financial assets	1	-2	-3	1	-2
Cash flow hedges	-242	82	292	-242	82
Translation differences in foreign operations	444	175	125	444	175
Gains/losses from hedges of net investments in foreign operations	-178	-464	648	-178	-464
Other comprehensive income from associated companies	-29	-24	18	-29	-24
Income tax attributable to components of other comprehensive income	103	93	-220	103	93
	99	-140	860	99	-140
Other comprehensive income for the period, net of tax	876	-1,649	3,764	876	-1,649
Total comprehensive income for the period	2,895	386	5,347	2,895	386
Total comprehensive income attributable to:					
Owners of the parent	2,721	336	5,096	2,721	336
Non-controlling interests	174	50	251	174	50

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	1703	1603
Attributable to owners of the parent		
Opening balance, January 1	73,142	70,401
Total comprehensive income for the period	2,721	336
Private placement to non-controlling interest	499	0
Private placement to non-controlling interest, dilution	-287	0
Remeasurement effect upon acquisition of non-controlling interests	-1	-1
Closing balance	76,074	70,736
Non-controlling interests		
Opening balance, January 1	6,377	5,290
Total comprehensive income for the period	174	50
Dividend	-16	-13
Private placement to non-controlling interest	461	0
Private placement to non-controlling interest, dilution	287	0
Closing balance	7,283	5,327
Total equity, closing balance	83,357	76,063

CONSOLIDATED BALANCE SHEET

SEKm	March 31, 2017	December 31, 2016
Assets		
Goodwill	19,104	19,257
Other intangible assets	7,933	7,750
Buildings, land, machinery and equipment	63,354	62,184
Biological assets	31,001	30,770
Participation in joint ventures and associates	1,072	1,123
Shares and participation	46	46
Surplus in funded pension plans	1,658	1,186
Non-current financial assets	628	722
Deferred tax assets	1,577	1,465
Other non-current assets	218	242
Total non-current assets	126,591	124,745
Inventories	14,832	14,347
Trade receivables	17,960	17,811
Current tax assets	867	741
Other current receivables	3,109	2,898
Current financial assets	697	568
Non-current assets held for sale	130	156
Cash and cash equivalents	30,990	4,482
Total current assets	68,585	41,003
Total assets	195,176	165,748
Equity		
Share capital	2,350	2,350
Other capital provided	6,830	6,830
Reserves	551	400
Retained earnings	66,343	63,562
Attributable to owner of the Parent	76,074	73,142
Non-controlling interests	7,283	6,377
Total equity	83,357	79,519
Liabilities		
Non-current financial liabilities	51,661	31,360
Provisions for pensions	4,919	5,602
Deferred tax liabilities	11,933	11,718
Other non-current provisions	1,189	1,413
Other non-current liabilities	184	181
Total non-current liabilities	69,886	50,274
Current financial liabilities ¹	10,079	5,357
Trade payables	15,942	15,750
Current tax liabilities	1,068	935
Current provisions	1,680	1,447
Other current liabilities	13,164	12,466
Total current liabilities	41,933	35,955
Total liabilities	111,819	86,229
Total equity and liabilities	195,176	165,748

¹ Committed credit lines amount to SEK19,132m of which unutilized SEK 19,132m.

CONSOLIDATED BALANCE SHEET cont.

SEKm	March 31, 2017	December 31, 2016
Debt/equity ratio	0.39	0.44
Equity/assets ratio	39%	44%
Return on capital employed*	9.8%	10.1%
Return on equity	7.8%	7.9%
Excluding items affecting comparability:		
Return on capital employed*	12.4%	12.5%
Return on equity	10.9%	11.0%
*) Rolling twelve months		
Equity per share, SEK	118	113
Capital employed	116,043	114,880
- of which working capital	6,861	6,883
Provisions for restructuring costs are included in the balance sheet as follows:		
- Other provisions**	1,189	1,413
- Operating liabilities	666	898
***) of which, provision for tax risks	558	516
Net debt	32,686	35,361
Total Equity	83,357	79,519