

JANUARY 1 – MARCH 31, 2017 (compared with the corresponding period a year ago)

- The 2017 Annual General Meeting (AGM) approved the distribution and listing of the hygiene business. Accordingly, the hygiene business is recognized in this report as “operations held for distribution to owners” in accordance with IFRS 5. The preparations for the distribution and the listing of SCA Hygiene AB are under way, and the intention is that the first day of separate trading in the two companies will be in June 2017.

Continuing operations (Forest products business)

- Net sales increased 5% and amounted to SEK 3,969m (3,793)
- EBITDA decreased 2% to SEK 797m (813)
- Adjusted EBITDA decreased 1% to SEK 807m (813)
- Operating profit decreased 7% to SEK 498m (533)
- Adjusted operating profit decreased 5% to SEK 508m (533)
- The adjusted EBITDA margin was 20.3% (21.4)
- Adjusted profit before tax decreased 8% to SEK 472m (512)
- Net Profit for the period amounted to SEK 363m (410)
- Earnings per share amounted to SEK 0.52 (0.58)
- Cash flow from current operations was SEK 49m (779)

Total operations (Forest products and hygiene business)

- Net sales increased by 4% to SEK 29,104m (27,915)
- Profit for the period totaled SEK 2,019m (2,035)
- Earnings per share amounted to SEK 2.60 (2.74)

EARNINGS TREND (continuing operations unless stated otherwise)

SEKm	2017:1	2016:1	%	2016:4	%
Net sales	3,969	3,793	5	3,939	1
Adjusted EBITDA ^{1,2}	807	813	-1	826	-2
Items affecting comparability	-10	0		-7	
EBITDA ²	797	813	-2	819	-3
Adjusted operating profit ^{1,2}	508	533	-5	539	-6
Operating profit ²	498	533	-7	532	-6
Financial items	-36	-21		-23	
Profit before tax ²	462	512	-10	509	-9
Adjusted Profit before tax ^{1,2}	472	512	-8	516	-8
Tax	-99	-102		-96	
Profit from operations held for distribution to owners	1,656	1,625		1,170	
Profit for the period from continuing operations and operations held for distribution to owners	2,019	2,035	-1	1,583	28
Earnings per share continuing operations, SEK	0.52	0.58		0.59	
Earnings per share total group, SEK	2.60	2.74		1.99	
¹ Excluding items affecting comparability					
² Including revaluation of forest assets	231	272		120	

The hygiene business is recognized in this report as operations held for distribution to owners in accordance with IFRS 5, which entails that the hygiene business net profit after tax is recognized on a separate line in the consolidated income statement. In the balance sheet, assets and liabilities attributable to the hygiene business are recognized on separate lines for operations held for distribution to owners. (For more information, refer to Note 1 Accounting principles on page 22 and Note 3 Operations held for distribution to owners on page 23). For more detailed information about the hygiene business, refer to the interim report for the first quarter of 2017 for SCA Hygiene AB (publ).

CEO'S COMMENTS

At the Annual General Meeting on April 5, 2017, SCA's shareholders decided to split SCA into two listed companies: SCA, an efficient and well-invested forest products company, and Essity, a leading global hygiene and health company. The split aims to increase the value for the shareholders in the long-term through increased focus, customer value and development opportunities and by enabling each company to successfully realize its strategies. We look forward to an exciting future for these two strong listed companies.

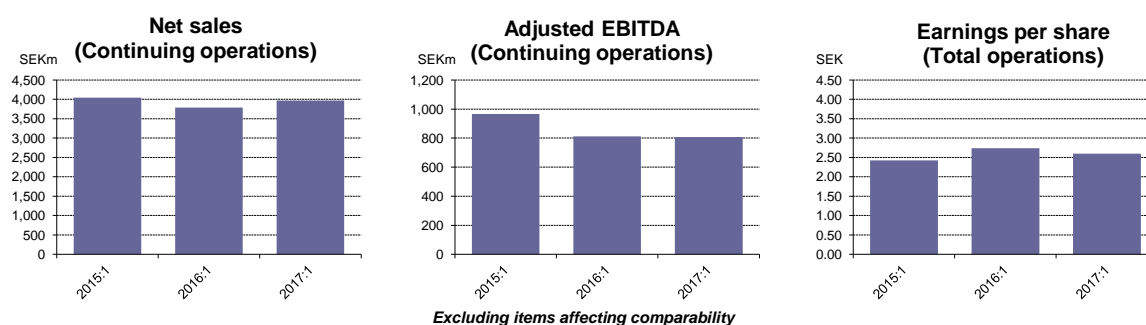
Net sales for the Group's continuing operations (forest products business) for the first quarter of 2017 rose 5% compared with the corresponding period a year ago. This increase was mainly attributable to higher kraftliner volumes and higher prices in Wood.

Adjusted EBITDA for the Group's continuing operations (forest products business) for the first quarter of 2017 decreased 1% compared with the corresponding period a year ago. This decrease was mainly attributable to higher energy and raw material costs and a revaluation of approximately SEK 40m related to a fair value measurement of electricity certificates. Higher volumes and prices combined with exchange rate effects had a positive effect on earnings.

Net sales for the Group's hygiene business for the first quarter of 2017 rose 4.2% compared with the corresponding period a year ago. Organic sales increased 1.0%. Organic sales increased 5.2% in emerging markets, which accounted for 36% of net sales, and decreased 0.9% in mature markets.

Adjusted EBITA for the Group's hygiene business for the first quarter of 2017, excluding currency translation effects, acquisitions and divestments, rose 4% compared with the corresponding period a year ago. This increase was primarily attributable to higher volumes, a better price/mix, cost savings and other measures to improve profitability. Selling costs were higher, and investments were made in increased marketing activities. Higher energy and raw material costs had a negative effect on earnings. The Group's adjusted EBITA margin increased 0.2 percentage points to 11.5%. Operating cash flow rose 60%. The adjusted return on capital employed increased 0.1 percentage points to 15.6%.

On April 3, 2017, the Group completed the acquisition of BSN medical, a leading medical solutions company that will be included in the Group's hygiene business.



ADJUSTED EARNINGS TREND

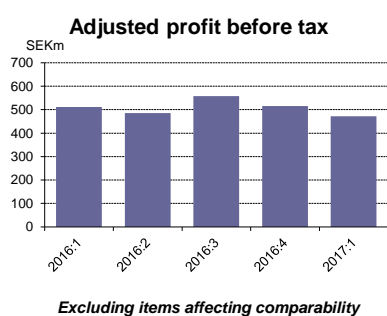
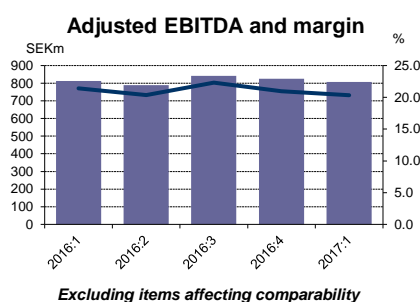
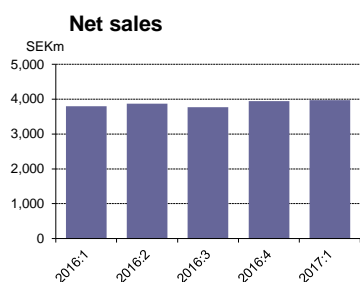
SEKm	2017:1	2016:1	%	2016:4	%
Net sales	3,969	3,793	5	3,939	1
Adjusted operating expenses ¹	-3,162	-2,980	6	-3,108	2
Share of profits of associates and joint ventures	0	0		-5	
Adjusted EBITDA ^{1,2}	807	813	-1	826	-2
Depreciation	-299	-280		-287	
Adjusted operating profit ^{1,2}	508	533	-5	539	-6
Financial items	-36	-21		-23	
Adjusted profit before tax ^{1,2}	472	512	-8	516	-8
Adjusted tax	-101	-102		-98	
Adjusted profit for the period from continuing operations ^{1,2}	371	410	-10	418	-11
Adjusted profit for the period from operations held for distribution to owners	1,971	1,776	11	1,783	11
Adjusted profit for the period from continuing and operations held for distribution to owners ¹	2,342	2,186	7	2,201	6
Adjusted margins (%)					
Adjusted EBITDA-margin ^{1,2}	20.3	21.4		21.0	
Adjusted operating margin ^{1,2}	12.8	14.1		13.7	
Financial net margin	-0.9	-0.6		-0.6	
Adjusted profit margin ^{1,2}	11.9	13.5		13.1	
Adjusted tax ¹	-2.5	-2.7		-2.5	
Adjusted net margin continuing operations ¹	9.4	10.8		10.6	
¹ Excluding items affecting comparability					
² Including revaluation of forest assets	231	272		120	

ADJUSTED EBITDA

SEKm	2017:1	2016:1	%	2016:4	%
Forest	325	293	11	338	-4
Wood	145	87	67	161	-10
Pulp	104	163	-36	102	2
Paper	268	303	-12	276	-3
Other	-35	-33		-51	
Total adjusted EBITDA^{1,2}	807	813	-1	826	-2

ADJUSTED OPERATING PROFIT

SEKm	2017:1	2016:1	%	2016:4	%
Forest	297	267	11	310	-4
Wood	83	38	118	108	-23
Pulp	31	99	-69	37	-16
Paper	141	164	-14	139	1
Other	-44	-35		-55	
Total adjusted operating profit^{1,2}	508	533	-5	539	-6
¹ Excluding items affecting comparability					
² Including revaluation of forest assets	231	272		120	



Change in net sales (%)

	1703 vs. 1603
Total	5
Price/mix	2
Volume	3
Currency	0
Acquisitions	0
Divestments	0

Change in adjusted EBITDA (%)

	1703 vs. 1603
Total	-1
Price/mix	5
Volume	2
Raw materials	-5
Energy	-1
Currency	3
Other	-5

GROUP

MARKET/EXTERNAL ENVIRONMENT – continuing operations

January–March 2017 compared with the corresponding period a year ago

Demand for kraftliner and bleached softwood kraft pulp (NBSK) in Europe increased and prices increased somewhat. Demand for solid-wood products also increased and prices rose. Demand for publication papers in Europe continued to decrease. Prices for LWC paper decreased slightly and prices for uncoated paper were stable.

SALES AND EARNINGS – continuing operations

January–March 2017 compared with the corresponding period a year ago

Net sales increased 5% to SEK 3,969m (3,793). Excluding exchange rate effects, net sales rose 5%, of which volume accounted for 3% and price/mix for 2%.

Adjusted EBITDA decreased 1% to SEK 807m (813). This decrease was mainly attributable to higher energy and raw material costs and a revaluation of approximately SEK 40m related to a fair value measurement of electricity certificates. Higher planned costs of approximately SEK 15m for wood handling and training in connection with the investment in increased pulp capacity at Östrand had a negative impact on earnings. Higher volumes and prices combined with exchange rate effects had a positive earnings effect.

Items affecting comparability amounted to SEK -10m (0) and comprised costs related to the split of the SCA Group into two listed companies.

Financial items rose to SEK -36m (-21), mainly due to the revaluation of currency derivatives.

Adjusted profit before tax decreased 8% to SEK 472m (512). The adjusted tax expense amounted to SEK 101m (102).

Adjusted profit for the period from continuing operations decreased 10% to SEK 371m (410).

Total operations

Adjusted profit for the period for continuing operations and operations held for distribution to owners increased 7% to SEK 2,342m (2,186).

First quarter of 2017 compared with fourth quarter of 2016

Net sales increased 1% to SEK 3,969m (3,939). Excluding exchange rate effects, net sales rose 2%, of which volume accounted for 1% and price/mix for 1%.

Adjusted EBITDA decreased 2% to SEK 807m (826). The decrease was mainly attributable to increased raw material costs and negative exchange rate effects. Lower energy costs had a positive earnings effect.

Items affecting comparability amounted to SEK -10m (-7) and comprised costs related to the split of the SCA Group into two listed companies.

Financial items rose to SEK -36m (-23), mainly due to the revaluation of currency derivatives.

Adjusted profit before tax decreased 8% to SEK 472m (516). The adjusted tax expense amounted to SEK 101m (98).

Adjusted profit for the period from continuing operations decreased 11% to SEK 371m (418).

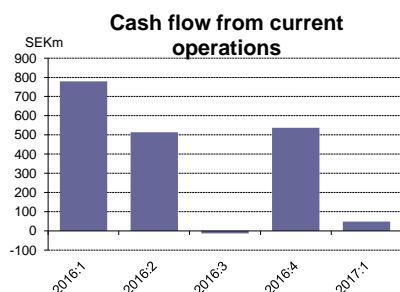
Total operations

Adjusted profit for the period for continuing operations and operations held for distribution to owners increased 6% to SEK 2,342m (2,201).

CASH FLOW AND FINANCING – continuing operations

January–March 2017 compared with the corresponding period a year ago

The operating cash surplus amounted to SEK 574m (514). The cash flow effect of changes in working capital was SEK -354m (349). Working capital as a share of net sales increased. Current capital expenditures amounted to SEK -126m (-73). Operating cash flow was SEK 85m (800).



Strategic capital expenditures amounted to SEK -515m (-388). This increase was mainly attributable to the investment in increased capacity at Östrand pulp mill. During the first quarter approximately SEK 500m was invested in Östrand and since the start of the project approximately SEK 3.1bn has been invested of the total estimated investment of approximately SEK 7.8bn. Net cash flow totaled SEK -678m (-158).

Net debt for continuing operations increased SEK 376m to SEK 564m during the quarter. Net cash flow increased net debt by SEK 678m.

Total operations

The debt/equity ratio for the Group's total operations was 0.39 (0.48). Excluding pension liabilities, the debt/equity ratio was 0.35 (0.42). The debt payment capacity was 46% (48).

EQUITY – total operations

January-March 2017

Consolidated equity increased SEK 3,838m during the period to SEK 83,357m. Net profit for the period increased equity by SEK 2,019m. Equity increased SEK 777m net after tax as a result of the fair value measurement of pension assets and updated assumptions and assessments that affect the valuation of the pension liability. Fair value measurement of financial instruments decreased equity by SEK 178m after tax. Exchange rate movements, including the effects of hedges of net investments in foreign assets, after tax, increased equity by SEK 307m. Equity increased as a result of a new issue of shares of SEK 960m to non-controlling interests in Vinda. Other items reduced equity by SEK 47m.

TAX – continuing operations

January-March 2017

A tax expense of SEK 101m, excluding items affecting comparability, was reported for the period. The reported tax expense corresponds to an effective tax rate of 21.4%.

The tax expense including items affecting comparability was SEK 99m, corresponding to an effective tax rate of 21.4%.

EVENTS DURING THE QUARTER – total operations

SCA strengthens tissue business in the UK

On January 26, 2017, SCA announced that, to meet the growing demand for high-quality tissue and strengthen the product offering in the UK, SCA is investing in a through-air drying (TAD) machine at its tissue plant in Skelmersdale. SCA has also decided to close an older tissue machine in Stubbins and signed an agreement to divest its tissue plant in Chesterfield to Sidcot Group Limited. These measures are part of SCA's Tissue Roadmap and are aligned with the company's strategy to streamline production and secure capacity for future growth to increase value creation in the Consumer Tissue and Professional Hygiene business areas.

Following the investment at the Skelmersdale tissue plant of approximately SEK 160m, the production capacity of high-quality TAD products will be 28,000 tons.

The cost for closing the older tissue machine in Stubbins, with an annual production capacity of 20,000 tons, is expected to amount to approximately SEK 120m and will be recognized as an item affecting comparability, of which SEK 80m was recognized in the first quarter of 2017. Approximately SEK 70m of these costs are expected to impact cash flow.

Sidcot Group Limited paid a consideration of approximately GBP 3m (approximately SEK 35m) for the production facility in Chesterfield. The facility produces mother reels but has no

converting capacity. SCA will have no internal need for the type of mother reels produced at the plant. The annual production capacity is 31,000 tons. An impairment loss of SEK 10m was recognized as an item affecting comparability in the fourth quarter of 2016. The transaction was completed in the first quarter of 2017.

SCA invests to further strengthen tissue operations in Mexico and baby diaper operations in Europe

On February 23, 2017, SCA announced that, to further strengthen competitiveness and enable future growth in the tissue operations in Mexico, the company has decided to invest about USD 105m (approximately SEK 950m) in one of the company's facilities in the country. To strengthen its baby diaper product offering in Europe, SCA has also decided to invest about EUR 40m (approximately SEK 380m) in facilities in Europe. The investment in Mexico will support SCA's high-quality tissue offering under the Regio brand.

SCA Hygiene AB raises EUR 2 billion in the bond market

On March 15, 2017, SCA announced that SCA Hygiene AB, under its Euro Medium Term Note (EMTN) program, had raised EUR 2bn at an average interest rate of 0.98% and an average tenor of 6.35 years. The purpose of the transaction was to finance the acquisition of BSN medical.

EVENTS AFTER THE QUARTER – total operations

SCA's acquisition of BSN medical now closed

On April 3, 2017, SCA announced that the company's acquisition of BSN medical, a leading medical solutions company, had been closed. BSN medical develops, manufactures and sells products within wound care, compression therapy and orthopedics. The purchase price for the shares amounted to EUR 1,400m and takeover of net debt to approximately EUR 1,340m¹⁾. SCA consolidates BSN medical as of April 3, 2017.

BSN medical's sales for 2016 amounted to EUR 850m (SEK 8,038m) and adjusted EBITDA²⁾ for 2016 was EUR 210m (SEK 1,986m). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 5.3%.

BSN medical will be included in SCA's Personal Care business area. Together with SCA's business unit Incontinence Care, BSN medical will form the new business unit Health and Medical Solutions. This business unit is led by Margareta Lehmann, previously President of SCA Incontinence Care.

The BSN medical acquisition is an excellent strategic fit for SCA, supporting our vision to improve well-being through leading hygiene and health solutions, two closely interlinked areas. SCA's Incontinence Products business, with the global leading TENA brand, shares similar positive market characteristics, customer base and sales channels with BSN medical, which provide opportunities for accelerated growth through cross-selling.

BSN medical, with well-known brands such as Leukoplast, Cutimed, JOBST, Delta and Actimove, has leading market positions in several attractive medical product categories and provides a new growth platform with future industry consolidation opportunities.

The acquisition is expected to realize annual synergies of at least EUR 30m with full effect three years after closing. Restructuring costs are expected to amount to a total of approximately EUR 10m to be incurred in the first three years following completion. The BSN medical acquisition is expected to be accretive to SCA's earnings per share from the first year. The company has high cash conversion and an asset-light business model. The acquisition is fully debt-funded. SCA remains fully committed to retaining a solid investment grade rating.

¹⁾ Based on net debt as per December 31, 2016. Final takeover of net debt will be based on March 31, 2017.

²⁾ Excluding items affecting comparability.

SCA to become two listed companies: the forest products company SCA and the hygiene and health company Essity

On April 5, 2017, the 2017 AGM of SCA decided that all shares in the wholly owned subsidiary SCA Hygiene AB (currently undergoing a change of name to Essity Aktiebolag), comprising the SCA Group's hygiene business, will be distributed to the shareholders of SCA. The preparations for the distribution and the listing of SCA Hygiene AB are under way, and the intention is that the first day of separate trading in the two companies will be in June 2017.

SCA's 2017 AGM also decided to relocate the company's registered office to Sundsvall.

SCA has also convened an extraordinary general meeting at 12:00 CET on May 17, 2017 in Sundsvall to elect new members to the Board of SCA, who are expected to take up their new positions in conjunction with the first day of separate trading in the two companies.

Changed financial targets for the hygiene business

On April 27, 2017, SCA announced that the financial targets for the hygiene business have been updated in conjunction with the split of the Group. The current targets for Personal Care and Tissue have been replaced with targets for the Group. The company will continue to apply targets for organic growth and adjusted return on capital employed (defined as adjusted operating profit before amortization of acquisition-related intangible assets (adjusted EBITA)/capital employed). The target levels have been determined on the basis of the weighted average of the previous targets, taking into account the assessed impact of the BSN medical acquisition. The new targets for the Group are now annual organic growth of above 3% and adjusted return on capital employed of above 15%.

Credit facilities received – continuing operations

In April 2017, SCA received credit facilities confirmed in writing from a group of four Swedish banks for a revolving credit facility comprising a total of SEK 8,000m. The credit facilities have a maturity of three years (SEK 4,500m) and five years (SEK 3,500m) respectively and will be utilised in connection with the distribution of the hygiene business.

SCA has also received credit facilities confirmed in writing from a Swedish credit market company totaling SEK 1,500m, divided into three parts each amounting to SEK 500m with a maturity of five, six and seven years respectively. These loans will also be utilised in conjunction with the distribution of the hygiene business.

The above credit facilities totaling SEK 9,500m are sufficient to cover SCA's financing needs after the distribution of the hygiene business, including the need to maintain a credit reserve corresponding to 10% of the company's annual sales.

PLANNED MAINTENANCE STOPS – continuing operations

During the second quarter of 2017, maintenance stops will be carried out at the production facilities in Östrand for Pulp and Munksund and Ortviken for Paper. The total negative effect on earnings is expected to amount to approximately SEK 140m, of which SEK 60m in Pulp and SEK 80m in Paper.

The earnings effect of the maintenance stops is calculated as the total of the direct cost for the maintenance work and the loss of income from production losses during the stop.

EXPECTED COSTS RELATED TO THE INVESTMENT IN INCREASED CAPACITY AT ÖSTRAND – continuing operations

For full-year 2017, costs related to the investment in increased pulp capacity at Östrand are expected to amount to approximately SEK 150m, of which depreciation account for about SEK 50m. For full-year 2016, costs related to the investment amounted to approximately SEK 75m, of which depreciation accounted for about SEK 45m.

NET SALES PER GEOGRAPHIC REGION – continuing operations

SCA's continuing operations are export-oriented. Approximately 86% of sales are delivered to customers outside Sweden. SCA's largest markets based on net sales in 2016 are presented in the table below. Approximately 3% of net sales in 2016 were related to SCA's hygiene business. These sales were conducted at market prices and are included in the figures below.

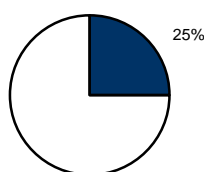
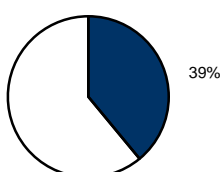
	%		%
UK	17	Japan	5
Germany	16	Rest of Asia	6
Sweden	14	Total Asia	11
France	7	Africa	3
Norway	4	Americas	2
Netherlands	4	Total	100
Denmark	4		
Rest of Europe	18		
Total Europe	84		

CURRENCY EXPOSURE AND CURRENCY HEDGING – continuing operations

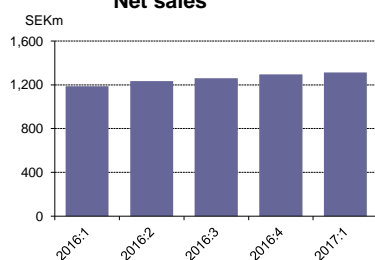
Due to the focus on exports, SCA's continuing operations are relatively dependent on various currencies. The table below presents the net currency exposure for the four largest currencies in 2016, measured as invoicing in each respective foreign currency less costs in the same currency.

EUR 1,022m
 USD 253m
 GBP 175m
 JPY 7,619m

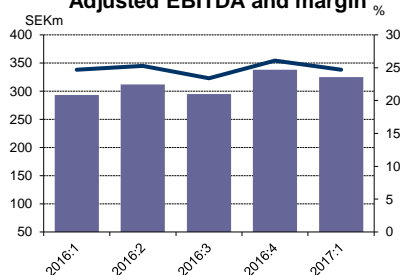
In accordance with SCA's finance policy, this exposure is hedged to a certain extent. All balance sheet items in foreign currency are hedged, as is the currency portion of decided and contracted investments in fixed assets. According to the policy, future transaction exposure can also be hedged. At the end of the first quarter of 2017, approximately 40 percent of the forecast EUR inflows for the remaining nine months of the year have been secured at a EUR:SEK rate of 9.53.

Share of continuing operations, net sales
1703Share of continuing operations, adjusted EBITDA
1703

Net sales



Adjusted EBITDA and margin



Change in net sales (%)

	1703 vs. 1603
Total	11
Price/mix	0
Volume	11
Currency	0
Acquisitions	0
Divestments	0

FOREST

SEKm	2017:1	2016:1	%	2016:4	%
Net sales	1,312	1,187	11	1,296	1
Adjusted EBITDA ¹	325	293	11	338	-4
Depreciation	-28	-26		-28	
Adjusted Operating profit ¹	297	267	11	310	-4
Adjusted EBITDA margin, % ¹	24.7	24.7		26.1	
Adjusted operating margin, % ¹	22.6	22.5		23.9	
Adjusted return on capital employed, % ¹	4.5	4.0		4.7	
Harvesting of own forest, thousand m ³ sub	664	511	30	1,368	-51
Revaluation of forest	231	272	-15	120	93

¹ Excluding items affecting comparability

Management of own forest

Forest includes net sales from the management of the Group's own forest land, as well as the timber purchased from other forest owners, which is sold internally to SCA's forest industry operations. The forest industry operations also pay Forest's external purchase price for the timber purchased from forests owned by SCA. The business area's net sales comprise these sales of internally and externally purchased timber volumes to SCA's forest industry operations as well as internal flows of by-products.

In seasonal terms, the first quarter involves significantly less harvesting on the Group's own land and more from external suppliers. The anticipated remeasurement of the forest holding in accordance with IAS 41 will be distributed between the various quarters of the year based on the volume of timber harvested from the Group's own forest.

During the first quarter, harvesting of own forest amounted to 664,000 m³ sub. The current planned rate of harvesting of own forest is approximately 4.3 million m³ sub per year.

January-March 2017 compared with the corresponding period last year

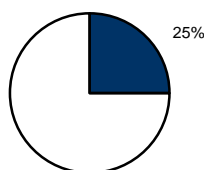
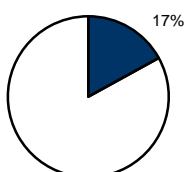
Net sales increased 11% to SEK 1,312m (1,187). This increase was related to higher delivery volumes. Prices were in line with the same period last year.

Adjusted EBITDA rose 11% to SEK 325m (293). This increase was mainly attributable to increased harvesting of own forest and lower felling costs.

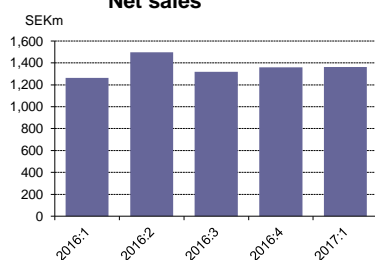
First quarter of 2017 compared with fourth quarter of 2016

Net sales rose 1% to SEK 1,312m (1,296). This increase was primarily attributable to higher delivery volumes.

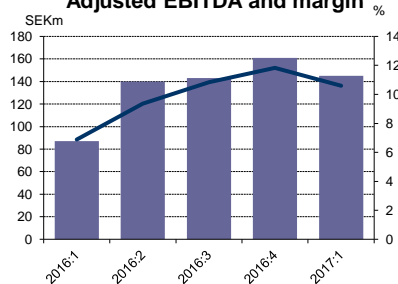
Adjusted EBITDA decreased 4% to SEK 325m (338). This decrease was due to a significant decrease in harvesting of own forest, which was partly offset by a higher remeasurement of the forest holding in accordance with IAS 41.

Share of continuing operations, net sales
1703Share of continuing operations, adjusted EBITDA
1703

Net sales



Adjusted EBITDA and margin



Change in net sales (%)

	1703 vs. 1603
Total	8
Price/mix	9
Volume	0
Currency	-1
Acquisitions	0
Divestments	0

WOOD

SEKm	2017:1	2016:1	%	2016:4	%
Net sales	1,364	1,264	8	1,361	0
Adjusted EBITDA ¹	145	87	67	161	-10
Depreciation	-62	-49		-53	
Adjusted Operating profit ¹	83	38	118	108	-23
Adjusted EBITDA margin, % ¹	10,6	6,9		11,8	
Adjusted operating margin, % ¹	6,1	3,0		7,9	
Adjusted return on capital employed, % ¹	10,9	5,7		14,6	
Deliveries, wood products, thousand m ³	601	599	0	617	-3

¹ Excluding items affecting comparability

January-March 2017 compared with the corresponding period a year ago

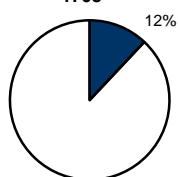
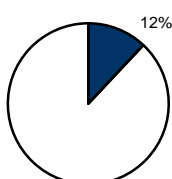
Net sales increased 8% to SEK 1,364m (1,264). Excluding exchange rate effects, net sales rose 9%, of which volume accounted for 0% and price/mix for 9%. Exchange rate effects decreased net sales by 1%.

Adjusted EBITDA rose 67% to SEK 145m (87). This increase was mainly attributable to higher prices. Higher raw material and distribution costs had a negative impact on earnings.

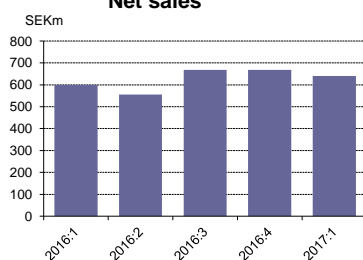
First quarter of 2017 compared with fourth quarter of 2016

Net sales was in level with the same period a year ago and amounted to SEK 1,364m (1,361). Excluding exchange rate effects, net sales rose 1%, of which volume accounted for -3% and price/mix for 4%. Exchange rate effects decreased net sales by 1%.

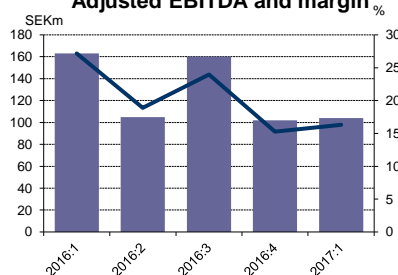
Adjusted EBITDA decreased 10% to SEK 145m (161). The decreased was mainly attributable to increased raw material costs. Higher prices had a positive earnings effect.

Share of continuing operations, net sales
1703Share of continuing operations, adjusted EBITDA
1703

Net sales



Adjusted EBITDA and margin %



Change in net sales (%)

	1703 vs. 1603
Total	7
Price/mix	0
Volume	4
Currency	3
Acquisitions	0
Divestments	0

PULP

SEKm	2017:1	2016:1	%	2016:4	%
Net sales	641	600	7	668	-4
Adjusted EBITDA ¹	104	163	-36	102	2
Depreciation	-73	-64		-65	
Adjusted Operating profit ¹	31	99	-69	37	-16
Adjusted EBITDA margin, % ¹	16.3	27.2		15.3	
Adjusted operating margin, % ¹	4.9	16.5		5.5	
Adjusted return on capital employed, % ¹	2.5	12.6		3.3	
Deliveries, pulp, thousand tonnes	128	123	4	131	-2

¹ Excluding items affecting comparability

January-March 2017 compared with the corresponding period a year ago

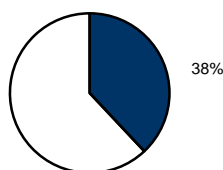
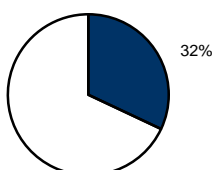
Net sales increased 7% to SEK 641m (600). Excluding exchange rate effects, net sales rose 4%, of which volume accounted for 4% and price/mix for 0%. Exchange rate effects increased net sales by 3%.

Adjusted EBITDA decreased 36% to SEK 104m (163). A revaluation of approximately SEK 25m related to a fair value measurement of electricity certificates had a negative earnings effect. Higher planned costs of approximately SEK 15m for wood handling and training in connection with the investment in increased pulp capacity at Östrand had a negative impact on earnings.

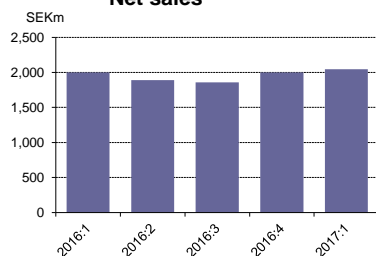
First quarter of 2017 compared with fourth quarter of 2016

Net sales decreased by 4% to SEK 641m (668). Excluding exchange rate effects, net sales decreased 3%, of which volume accounted for -2% and price/mix for -1%. Exchange rate effects decreased net sales by 1%.

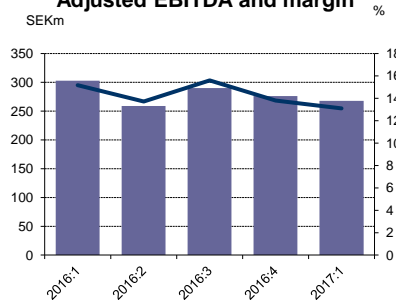
Adjusted EBITDA rose 2% to SEK 104m (102). This increase was mainly attributable to lower raw material costs.

Share of continuing operations, net sales
1703Share of continuing operations, adjusted EBITDA
1703

Net sales



Adjusted EBITDA and margin



Change in net sales (%)

	1703 vs. 1603
Total	2
Price/mix	-3
Volume	4
Currency	1
Acquisitions	0
Divestments	0

PAPER

SEKm	2017:1	2016:1	%	2016:4	%
Net sales	2,046	1,998	2	1,998	2
Adjusted EBITDA ¹	268	303	-12	276	-3
Depreciation	-127	-139		-137	
Adjusted Operating profit ¹	141	164	-14	139	1
Adjusted EBITDA margin, % ¹	13.1	15.2		13.8	
Adjusted operating margin, % ¹	6.9	8.2		7.0	
Adjusted return on capital employed, % ¹	7.7	10.1		7.7	
Deliveries, publication papers, thousand tonnes	175	197	-11	194	-10
Deliveries, kraftliner, thousand tonnes	226	198	14	195	16

¹ Excluding items affecting comparability

January-March 2017 compared with the corresponding period a year ago

Net sales increased 2% to SEK 2,046m (1,998). Excluding exchange rate effects, net sales rose 1%, of which volume accounted for 4% and price/mix for -3%. Exchange rate effects increased net sales by 1%.

Adjusted EBITDA decreased 12% to SEK 268m (303). Earnings were negatively affected by lower prices and higher energy and raw material costs. A revaluation of approximately SEK 15m related to a fair value measurement of electricity certificates had a negative earnings effect. Higher volumes and exchange rate effects had a positive earnings effect.

First quarter of 2017 compared with fourth quarter of 2016

Net sales increased 2% to SEK 2,046m (1,998). Excluding exchange rate effects, net sales rose 4%, of which volume accounted for 5% and price/mix for -1%. Exchange rate effects decreased net sales by 2%.

Adjusted EBITDA decreased 3% to SEK 268m (276). The decrease was mainly attributable to exchange rate effects. Higher volumes and lower energy and raw material costs had a positive earnings effect.

DISTRIBUTION OF SHARES

March 31, 2017	Class A	Class B	Total
Registered number of shares	64,594,523	640,515,571	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 9.2%. During the first quarter, a total of 49 Class A shares were converted to Class B shares at the request of shareholders. The total number of votes in the company thereafter amounts to 1,286,460,801.

FUTURE REPORTS

During 2017, quarterly reports will be published on July 18 and October 26. The year-end report for 2017 will be published on January 26, 2018.

INVITATION TO PRESS CONFERENCE ON INTERIM REPORT FOR THE FIRST QUARTER OF 2017

Media and analysts are invited to a press conference, where this interim report will be presented by Magnus Groth, President and CEO.

Time: 10:00 CET, Thursday, April 27, 2017

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, +1 646 851 2407 or +46 (0)8 505 201 10. Specify "SCA" or conference ID no. 961663.

Stockholm, April 27, 2017
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Magnus Groth
President and CEO

For further information, please contact:

Fredrik Rystedt, CFO and Executive Vice President, +46 8 788 51 31

Johan Karlsson, Vice President Investor Relations, Group Function Communications, +46 8 788 51 30

Linda Nyberg, Vice President Media and Online, Group Function Communications, +46 8 788 51 58

Joséphine Edwall-Björklund, Senior Vice President, Group Function Communications, +46 8 788 52 34

NB:

This information is such that SCA is obligated to make public pursuant to the EU Market Abuse Regulation. 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. The information was submitted for publication, through the agency of the contact person set out below, at 8:00 CET on April 27, 2017. This interim report has not been reviewed by the company's auditors.

Karl Stoltz, Media Relations Manager, +46 8 788 51 55

CONDENSED STATEMENT OF PROFIT OR LOSS

SEKm	2017:1	2016:1	2016:4
Net sales	3,969	3,793	3,939
Other income	465	498	450
Change in inventories	-27	-152	79
Change in value in biological assets	231	272	120
Raw materials and consumables	-1,503	-1,395	-1,236
Personnel costs	-659	-648	-621
Other external costs	-1,669	-1,555	-1,900
Share of profits of associates and joint ventures	0	0	-5
Items affecting comparability	-10	0	-7
EBITDA	797	813	819
Depreciation	-299	-280	-287
Operating profit	498	533	532
Financial items	-36	-21	-23
Profit before tax	462	512	509
Tax	-99	-102	-96
Profit for the period from continuing operations	363	410	413
Operations held for distribution to owners			
Net profit after tax for the period, operations held for distribution to owners	1,656	1,625	1,170
Profit for the period from continuing operations and operations held for distribution to owners	2,019	2,035	1,583
Earnings attributable to:			
Owners of the parent			
Profit for the period from continuing operations	363	410	413
Profit for the period from operations held for distribution to owners	1,460	1,512	985
Profit for the period from continuing operations and operations held for distribution to owners	1,823	1,922	1,398
Non-controlling interests			
Profit for the period from continuing operations	0	0	0
Profit for the period from operations held for distribution to owners	196	113	185
Profit for the period from continuing operations and operations held for distribution to owners	196	113	185
Average no. of shares before dilution, millions	702.3	702.3	702.3
Average no. of shares after dilution, millions	702.3	702.3	702.3
Earnings per share, SEK - owners of the parent continuing operations			
- before dilution effects	0.52	0.58	0.59
- after dilution effects	0.52	0.58	0.59
Earnings per share, SEK - owners of the parent total group			
- before dilution effects	2.60	2.74	1.99
- after dilution effects	2.60	2.74	1.99

%	2017:1	2016:1	2016:4
EBITDA margin	20.1	21.4	20.8
Operating margin	12.5	14.1	13.5
Financial net margin	-0.9	-0.6	-0.6
Profit margin	11.6	13.5	12.9
Tax	-2.5	-2.7	-2.4
Net margin	9.1	10.8	10.5
Adjusted, excluding items affecting comparability:			
Adjusted EBITDA margin	20.3	21.4	21.0
Adjusted operating margin	12.8	14.1	13.7
Financial net margin	-0.9	-0.6	-0.6
Adjusted profit margin	11.9	13.5	13.1
Adjusted tax	-2.5	-2.7	-2.5
Adjusted net margin	9.4	10.8	10.6

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SEKm	2017:1	2016:1	2016:4
Profit for the period, continuing operations	363	410	413
Profit for the period, operations held for distribution to owners	1,656	1,625	1,170
Profit for the period	2,019	2,035	1,583
Other comprehensive income for the period			
Items that may not be reclassified to the income statement			
Actuarial gains/losses on defined benefit pension plans	301	-167	254
Income tax attributable to components of other comprehensive income	-67	36	-56
Total continuing operations	234	-131	198
Total operations held for distribution to owners	543	-1,378	2,706
Total	777	-1,509	2,904
Items that have been or may be reclassified subsequently to the income statement			
Cash flow hedges	-55	107	60
Translation differences in foreign operations	1	15	-113
Gains/losses from hedges of net investments in foreign operations	-1	0	0
Income tax attributable to components of other comprehensive income	12	-24	-12
Total continuing operations	-43	98	-65
Total operations held for distribution to owners	142	-238	925
Total	99	-140	860
Other comprehensive income for the period, net after tax			
Total continuing operations	191	-33	133
Total operations held for distribution to owners	685	-1,616	3,631
Total	876	-1,649	3,764
Total comprehensive income for the period			
Total continuing operations	554	377	546
Total operations held for distribution to owners	2,341	9	4,801
Total	2,895	386	5,347
Total comprehensive income attributable to:			
Owners of the parent	2,721	336	5,096
Non-controlling interests	174	50	251

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	1703	1612
Attributable to owners of the parent		
Opening balance, January 1	73,142	70,401
Total comprehensive income for the period	2,721	7,108
Dividend	0	-4,038
Private placement to non-controlling interests	499	240
Private placement to non-controlling interests, dilution	-287	-110
Issue costs private placement	0	-4
Acquisition of non-controlling interest	0	-799
Acquisition of non-controlling interest, dilution	0	348
Remeasurement effect upon acquisition of non-controlling interests	-1	-4
Closing balance	76,074	73,142
Non-controlling interests		
Opening balance, January 1	6,377	5,290
Total comprehensive income for the period	174	677
Dividend	-16	-190
Private placement to non-controlling interest	461	199
Private placement to non-controlling interest, dilution	287	110
Issue costs private placement	0	-4
Acquisition of non-controlling interests	0	643
Acquisition of non-controlling interests, dilution	0	-348
Closing balance	7,283	6,377
Total equity, closing balance	83,357	79,519
Where of reserves in equity related to operations held for distribution to owners	4,254	4,061

CONSOLIDATED CASH FLOW STATEMENT

SEKm	1703	1603
Operating activities		
Profit before tax, continuing operations	462	512
Adjustment for non-cash items ¹	68	-6
	530	506
Cash flow from operating activities from operations held for distribution to owners	3,766	3,429
	4,296	3,935
Paid tax	-1	-2
Paid tax from operating activities from operations held for distribution to owners	-627	-663
Cash flow from operating activities before changes in working capital	3,668	3,270
Cash flow from changes in working capital		
Change in inventories	55	257
Change in operating receivables	-394	51
Change in operating liabilities	-15	40
Cash flow from operating activities, continuing operations	175	852
Cash flow from operating activities, operations held for distribution to owners	2,887	1,697
Cash flow from operating activities	3,062	2,549
Investing activities		
Divestments	-1	0
Investment in tangible and intangible assets	-642	-519
Sale of tangible assets	1	58
Loan granted to external parties	0	-29
Repayment of loans from external parties	131	0
Cash flow from investing activities, continuing operations	-511	-490
Cash flow from investing activities, operations held for distribution to owners	-1,123	-5,593
Cash flow from investing activities	-1,634	-6,083
Financing activities		
Loans raised	0	17
Change, receivable from operations held for distribution to owners	928	181
Amortization of loans	-245	0
Transactions with owners	-211	-549
Cash flow from financing activities, continuing operations	472	-351
Cash flow from financing activities, operations held for distribution to owners	24,609	3,496
Cash flow from financing activities	25,081	3,145
Net cash flow for the period, continuing operations	136	11
Net cash flow, operations held for distribution to owners	26,373	-400
Translation differences in cash and cash equivalents	-2	7
Cash and cash equivalents at the beginning of the period, continuing operations	238	214
Cash and cash equivalents at the beginning of the period, operations held for distribution to owners	4,244	4,828
Cash and cash equivalents at the end of the period	30,989	4,660
Whereof continuing operations	373	
Whereof operations held for distribution to owners	30,616	
¹ Depreciation/amortization and impairment of non-current assets	299	280
Fair-value measurement of forest assets	-231	-272
Gains/loss on assets sales and swaps of assets	0	-26
Payments related to efficiency programs already recognized	-4	-10
Other	4	22
Total	68	-6

CONFIRMATION AGAINST THE OPERATING CASH FLOW

SEKm	1703	1603
Net cash flow for the period, continuing operations and operations held for distribution to owners	26,509	-389
Loans granted to external parties	165	167
Loans raised	-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

CONSOLIDATED OPERATING CASH FLOW STATEMENT

SEKm	1703	1603
Operating cash surplus	574	514
Change in working capital	-354	349
Current capital expenditures, net	-126	-73
Restructuring costs, etc.	-9	10
Operating cash flow - continuing operations	85	800
Financial items	-36	-21
Income taxes paid	-1	-2
Other	1	2
Cash flow from current operations - continuing operations	49	779
Strategic capital expenditures	-515	-388
Divestments	-1	0
Cash flow before dividend - continuing operations	-467	391
Dividend	0	0
Cash flow after dividend- continuing operations	-467	391
Transactions with owners	-211	-549
Net cash flow from operations held for distribution to owners	2,262	-5,317
Net cash flow - continuing operations and operations held for distribution to owners	1,584	-5,475
Net debt at the beginning of the period - total operations	-35,361	-29,478
Net cash flow	1,584	-5,475
Remeasurement to equity	1,080	-2,002
Translation differences	11	418
Net debt at the end of the period - total operations	-32,686	-36,537
<i>whereof attributable to operations held for distribution to owners</i>	<i>-32,122</i>	<i>-25,795</i>
Debt/equity ratio - total operations	0.39	0.48
Debt payment capacity, % - total operations	46	48

CONSOLIDATED BALANCE SHEET

SEKm	March 31, 2017	December 31, 2016
Assets		
Goodwill	5	19,257
Other intangible assets	99	7,750
Buildings, land, machinery and equipment	15,472	62,184
Biological assets	31,001	30,770
Participation in joint ventures and associates	27	1,123
Shares and participation	13	46
Surplus in funded pension plans	1,129	1,186
Non-current financial assets	8	722
Deferred tax assets	12	1,465
Other non-current assets	1	242
Total non-current assets	47,767	124,745
Inventories	3,348	14,347
Trade receivables	2,333	17,811
Current tax assets	0	741
Other current receivables	762	2,898
Current financial assets	179	568
Non-current assets held for sale	0	156
Cash and cash equivalents	373	4,482
Total current assets	6,995	41,003
Total assets continuing operations	54,762	165,748
Assets from operations held for distribution to owners	140,414	0
Total assets from continuing operations and operations held for distribution to owners	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	68	31,360
Provisions for pensions	297	5,602
Deferred tax liabilities	7,995	11,718
Other non-current provisions	7	1,413
Other non-current liabilities	99	181
Total non-current liabilities	8,466	50,274
Current financial liabilities	10	5,357
Trade payables	3,131	15,750
Current tax liabilities	27	935
Current provisions	36	1,447
Other current liabilities	1,136	12,466
Total current liabilities	4,340	35,955
Total liabilities	12,806	86,229
Total equity and liabilities continuing operations	96,163	165,748
Liabilities from operations held for distribution to owners	99,013	0
Total equity and liabilities for continuing operations and operations held for distribution to owners	195,176	165,748

SELECTED KEY FIGURES

SEKm	March 31, 2017	December 31, 2016
Debt/equity ratio	0.39	0.44
Equity/assets ratio	39%	44%
Equity	83,357	79,519
Equity per share, SEK	118	113
Return on equity	7.8%	7.9%
Return on equity, excluding items affecting comparability	10.9%	11.0%
Capital employed		
- Total group	116,043	114,880
- Continuing operations	40,813	40,127
Of which working capital		
- Total group	6,861	6,883
- Continuing operations	3,031	2,740
Return on capital employed ¹		
- Total group	9.8%	10.1%
- Continuing operations	5.7%	5.8%
Return on capital employed ¹ , excluding items affecting comparability		
- Total group	12.4%	12.5%
- Continuing operations	5.4%	5.5%
Net debt		
- Total group	32,686	35,361
- Continuing operations	564	188
Provisions for restructuring costs are included in the balance sheet as follows:		
- Total group		
- Other provisions ²	1,189	1,413
- Operating liabilities	666	898
¹ Rolling twelve months		
² of which, provision for tax risks	558	516

INCOME STATEMENT PARENT COMPANY

SEKm	1703	1603
Other operating income	55	59
Other operating expenses	-41	-113
Personnel costs	-9	-80
EBITDA	5	-134
Depreciations	-18	-17
Operating profit	-13	-151
Financial items	-14	3,237
Profit before tax	-27	3,086
Untaxed reserve and taxes	-27	73
Net profit for the period	-54	3,159

BALANCE SHEET PARENT COMPANY

SEKm	March 31, 2017	December 31, 2016
Intangible assets	0	0
Tangible assets	8,259	8,271
Financial assets	79,879 ,	79,880
Total non-current assets	88,138	88,151
Total current assets	12,015 ,	61,147
Total assets	100,153	149,298
Restricted equity	10,996	10,996
Unrestricted equity	87,336 ,	87,390
Total equity	98,332	98,386
Untaxed reserves	242	242
Provisions	1,351	1,330
Non-current liabilities	0	2,271
Current liabilities	228 ,	47,069
Total equity, provisions and liabilities	100,153	149,298

Other operating income pertains to provisions for the granting of felling rights for the Parent Company's forest land.

At year-end 2016, the Parent Company's Group-wide operations which in the future will be included in the hygiene business, were transferred from SCA AB to SCA Hygiene AB. As a result, personnel costs and operating expenses in the Parent Company decreased during the period. Related assets and liabilities were transferred after year-end, resulting in lower total assets.

Financial items were lower than in the preceding period due to lower dividends from subsidiaries.

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 regards to the Parent Company, RFR 2. Effective January 1, 2017, SCA applies the following new or amended International Financial Reporting Standards (IFRS):

- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses
- Amendments to IAS 7: Disclosure Initiative

These amendments are not judged to have any material impact on the Group's or Parent Company's results or financial position.

Sales to the hygiene business have been regarded as sales to external parties in this report and have not been eliminated. The external swap transactions of wood raw materials within the Forest segment, are not reported in net sales. In other respects, the accounting principles applied correspond to those described in the 2016 Annual Report.

The hygiene business is presented in SCA's interim report in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, meaning that the business net profit after tax is recognized on a separate line in the income statement. In the balance sheet, assets and liabilities attributable to the hygiene business are recognized on separate lines for operations held for distribution to owners. Since the hygiene business represents such a large part of the SCA Group, SCA has decided to present the earnings and financial position of the hygiene business in a separate report. In this report, the hygiene business will continue to present a function-based income statement.

The consolidated income statement and the Parent Company income statement for the continuing forest products company have been changed from a function-based income statement to a cost-based income statement, which better reflects the continuing operations. The forest products company's internal sales to the hygiene business have not been eliminated in the income statement. Profit for the period for the hygiene business is recognized on a separate line in the consolidated income statement. In the balance sheet, assets and liabilities attributable to the hygiene business are recognized on two separate lines for assets and liabilities for operations held for distribution to owners. In the cash flow statement, the hygiene business is recognized separately under each main group. The operating cash flow statement for the hygiene business is presented in the note 3 operations held for distributions to owners.

2 RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 76-81 of the 2016 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 the interim reports.

Processes for risk management

SCA's Board determines the Group's strategic direction based on recommendations from the Executive Management Team. 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 approved by SCA's Board and which – together with SCA's energy risk policy – makes up a framework for risk management. Risks are aggregated and monitored 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 OPERATIONS HELD FOR DISTRIBUTION TO OWNERS

To create further value for the shareholders, SCA's Annual General Meeting on April 5, 2017 voted in favor of the proposal to split the SCA Group into two listed companies: a forest products company and a hygiene and health company. This decision also means that the company's hygiene business will be distributed to SCA's shareholders through a non-cash dividend. The distribution is expected to be completed in June 2017.

This means that the conditions for recognizing the hygiene business as operations held for distribution have been met. No impairment was carried out in conjunction with the operations being held for distribution. In this interim report, the hygiene business is recognized in the SCA Group's financial statements as operations held for distribution to owners.

The income statement and balance sheet of the hygiene business are presented below, along with the operating cash flow statement relating to operations held for distribution to owners.

JANUARY 1 - MARCH 31, 2017 (compared with the corresponding period a year ago)

EARNINGS TREND

SEKm	2017:1	2016:1	%
Net sales	25,268	24,248	4
Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) ¹	2,917	2,744	6
Operating profit before amortization of acquisition-related intangible assets (EBITA)	2,596	2,559	2
Amortization of acquisition-related intangible assets	-21	-31	
Adjusted operating profit ¹	2,896	2,713	7
Items affecting comparability	-409	-191	
Operating profit	2,487	2,522	-1
Financial items	-266	-303	
Profit before tax	2,221	2,219	0
Adjusted profit before tax ¹	2,630	2,410	9
Tax	-565	-594	
Profit for the period	1 656	1 625	2
Earnings per share, SEK	2.08	2.15	

¹Excluding items affecting comparability

CASH FLOW STATEMENT for operations held for distribution to owners

SEKm	1703	1603
Operating activities		
Profit before tax	2,221	2,219
Adjustment for non-cash items ¹	1,545	1,211
	3,766	3,430
Paid tax	-627	-662
Cash flow from operating activities before changes in working capital	3,139	2,768
Cash flow from changes in working capital		
Change in inventories	-606	-43
Change in operating receivables	342	158
Change in operating liabilities	12	-1,186
Cash flow from operating activities	2,887	1,697
Investing activities		
Company acquisitions	0	-4,387
Divestments	23	18
Investments in intangible assets and property, plant and equipment	-880	-1,091
Sale of property, plant and equipment	31	5
Loans granted to external parties	-297	-138
Cash flow from investing activities	-1,123	-5,593
Financing activities		
Private placement to non-controlling interests	18	0
Change, receivable from Group companies	-927	-181
Loans raised	29,977	6,535
Amortization of debt	-4,654	-3,394
Dividend to non-controlling interests	-16	-13
Transactions with shareholders	211	549
Cash flow from financing activities	24,609	3,496
Cash flow for the period	26,373	-400
Cash and cash equivalents at the beginning of the period	4,244	4,828
Exchange differences in cash and cash equivalents	-1	9
Cash and cash equivalents at the end of the period	30,616	4,437
Cash flow from operating activities per share, SEK	4.11	2.42
Reconciliation with consolidated operating cash flow statement		
Cash flow for the period	26,373	-400
Amortization of debt	4,654	3,394
Loans raised	-29,977	-6,535
Loans granted to external parties	297	138
Investment through financial lease	-3	0
Change, receivable from Group companies	927	181
Net debt in acquired and divested operations	0	-2,105
Accrued interest	-9	10
Net cash flow according to consolidated operating cash flow statement	2,262	-5,317
¹ Depreciation/amortization and impairment of non-current assets	1,457	1,224
Gains/loss on assets sales and swaps	8	-1
Reversal of provision related to antitrust cases	-266	0
Gain/loss on divestments	-1	0
Unpaid relating to efficiency program	-107	0
Payments related to efficiency program already recognized	-121	-77
Provision related to one-time foreign tax on non-current assets	450	0
Other	125	65
Total	1,545	1,211

OPERATING CASH FLOW STATEMENT for operations held for distribution to owners

SEKm	1703	1603
Operating cash surplus	4,146	3,900
Change in working capital	-253	-1,071
Current capital expenditures, net	-596	-664
Restructuring costs, etc.	-211	-231
Operating cash flow	3,086	1,934
Financial items	-266	-303
Income taxes paid	-627	-662
Other	89	74
Cash flow from current operations	2,282	1,043
Acquisitions	0	-6,492
Strategic capital expenditures in non-current assets	-256	-422
Divestments	23	18
Cash flow before dividend	2,049	-5,853
Private placement to non-controlling interest	18	0
Dividend to non-controlling interests	-16	-13
Transactions with shareholders	211	549
Net cash flow	2,262	-5,317
Net debt at the start of the period	-35,173	-19,058
Net cash flow	2,262	-5,317
Remeasurement to equity	779	-1,834
Translation differences	10	414
Net debt at the end of the period	-32,122	-25,795
Debt/equity ratio	0.75	0.53
Debt payment capacity, %	37	56

BALANCE SHEET for operations held for distribution to owners

SEKm	March 31, 2017	December 31, 2016
Assets		
Goodwill	19,099	19,253
Other intangible assets	7,833	7,665
Buildings, land, machinery and equipment	47,882	47,494
Participation in joint ventures and associates	1,045	1,096
Shares and participation	33	32
Surplus in funded pension plans	530	335
Non-current receivables, Group companies	1	0
Non-current financial receivables, Group companies	0	3
Non-current financial assets	620	714
Deferred tax assets	1,565	1,457
Other non-current assets	218	241
Total non-current assets	78,826	78,290
Inventories	11,484	10,944
Trade receivables	15,628	15,843
Current tax assets	867	740
Current receivables, Group companies	36	57
Current financial receivables, Group companies	2,362	1,433
Other current receivables	2,346	2,333
Current financial assets	518	244
Non-current assets held for sale	130	156
Cash and cash equivalents ¹	30,616	4,244
Total current assets	63,987	35,994
Total assets	142,813	114,284
Equity		
Share capital	0	0
Other capital provided	0	0
Reserves	4,254	4,061
Retained earnings	31,572	29,143
Attributable to owner of the Parent	35,826	33,204
Non-controlling interests	7,282	6,376
Total equity	43,108	39,580
Liabilities		
Non-current financial liabilities ¹	51,593	31,299
Non-current liabilities, Group companies	29	48
Non-current financial liabilities, Group companies	0	0
Provisions for pensions	4,622	5,273
Deferred tax liabilities	3,938	3,872
Other non-current provisions	1,182	1,407
Other non-current liabilities	85	72
Total non-current liabilities	61,449	41,971
Current financial liabilities	10,069	5,089
Current liabilities, Group companies	178	259
Current financial liabilities, Group companies	484	485
Trade payables	12,812	12,972
Current tax liabilities	1,041	915
Current provisions	1,645	1,409
Other current liabilities	12,027	11,604
Total current liabilities	38,256	32,733
Total liabilities	99,705	74,704
Total equity and liabilities	142,813	114,284

¹The increase in cash and cash equivalents and non-current financial liabilities was mainly attributable to newly raised loans in connection with the financing of the acquisition of BSN medical. The acquisition was closed on April 3, 2017.

SELECTED KEY FIGURES for operations held for distribution to owners

SEKm	March 31, 2017	December 31, 2016
Debt/equity ratio	0.75	0.89
Equity/assets ratio	25%	29%
Equity	43,108	39,580
Equity per share, SEK	61	56
Return on equity	9,5%	9,3%
Return on equity excluding items affecting comparability	15,3%	14,5%
Capital employed	75,230	74,753
- of which working capital	3,831	4,143
Return on capital employed*	11,8%	12,1%
Return on capital employed*, excluding items affecting comparability	16,3%	16,4%
Net debt	32,122	35,173
Provisions for restructuring costs are included in the balance sheet as follows		
-Other provisions**	1,182	1,407
-Operating liabilities	638	866
**) of which provision for tax risks	558	516

*) rolling 12 months

THE FOREST PRODUCTS OPERATIONS TRANSACTIONS WITH THE HYGIENE OPERATIONS

MSEK	1703	1612	1603
Net sales	132	511	126
Purchases	-	-	-
Other costs	-	-56	-14
Financial income	7	2	-
Financial cost	-43	-108	-28
Non-current assets, internal	29	48	1
<i>where of currency derivatives</i>	8	12	-
<i>where of energy derivatives</i>	21	36	1
Non-current financial assets, internal	-	-	-
Current assets, internal	178	259	234
<i>where of accounts receivable</i>	90	100	100
<i>where of currency derivatives</i>	34	64	103
<i>where of energy derivatives</i>	25	58	8
<i>where of other current assets</i>	29	37	23
Current financial assets, internal	484	485	801
Non-current liabilities, internal	1	-	35
Non-current financial liabilities, internal	-	3	3
Current liabilities, internal	36	57	76
<i>where of accounts payable</i>	12	18	20
<i>where of currency derivatives</i>	13	33	4
<i>where of energy derivatives</i>	11	6	52
Current financial liabilities, internal	2,362	1,433	12,331

4 FINANCIAL INSTRUMENTS PER CATEGORY (continuing operations)

Distribution by level for measurement at fair value.

SEKm	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
March 31, 2017							
Derivatives	-	-	-	-	-	-	-
Non-current financial assets	8	-	-	-	-	-	8
Total assets	8	0	0	0	-	0	8
Derivatives	-	-	-	-	-	-	-
Financial liabilities							
Current financial liabilities	10	-	-	-	10	-	-
Non-current financial liabilities	68	-	-	-	78	-	-
Total liabilities	78	0	0	-	88	-	0
SEKm							
December 31, 2016							
Derivatives	-	-	-	-	-	-	-
Non-current financial assets	8	-	-	8	-	-	8
Total assets	8	0	0	8	-	0	8
Derivatives	-	-	-	-	-	-	-
Financial liabilities							
Current financial liabilities	268	-	-	-	268	-	-
Non-current financial liabilities	60	-	-	-	60	-	-
Total liabilities	328	0	0	-	328	-	0

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 carrying amount. The total fair value of non-current financial liabilities is SEK 79m (59).

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 (continuing operations)

No significant acquisitions or divestments have taken place in the continuing operations.

For information about the acquisition of BSN medical within the hygiene business, refer to the separate interim report for the hygiene business.

6 Use of non-International Financial Reporting Standards (“IFRS”) performance measures

Reference is made in the interim report to a number of non-IFRS performance measures that are used to help investors as well as management analyze the company’s operations. These are described on pages 91-94 of SCA’s 2016 Annual Report. Described below are the non-IFRS performance measures that are used as a complement to the information in the Annual Report.

Description of financial performance measures that are not used in IFRS

Non-IFRS performance measure	Description	Reason for use of the measure
EBITDA	Calculated as operating profit before depreciation, amortization and impairment of tangible and intangible assets	This measure is a good complement to operating profit, as it shows the cash surplus from operations
Adjusted EBITDA	Calculated as operating profit before depreciation, amortization and impairment of tangible and intangible assets excluding items affecting comparability	This measure is a good complement to operating profit, as it shows the cash surplus from operations but not affected by taxes and items that affect comparability with previous periods
Net debt	Consists of the Group’s interest-bearing liabilities including pension liabilities and accrued interest less cash and cash equivalents, interest-bearing current and non-current receivables, and capital investment shares	Net debt is the most relevant measure for showing the company’s total debt financing
Working capital	The Group’s and business areas’ working capital is calculated as non-current operating receivables less non-current operating liabilities	This measure shows how the amount of working capital that is tied up in the operations and can be put in relation to net sales to understand how effectively tied-up working capital is used
Capital employed	The Group’s and business areas’ capital employed is calculated as an average of total assets on the balance sheet excluding interest-bearing assets and pension assets, less total liabilities, excluding interest-bearing liabilities and pension liabilities	This measure shows the amount of total capital that is used in the operations and is thus one of the components for measuring the return from operations
Earnings per share, total operations	Profit for the period from continuing operations and operations held for distribution to owners divided by the number of shares	This measure shows the earnings per share that the shareholders receive from the Group’s total operations
Adjusted earnings per share, total operations	Adjusted profit for the period from continuing operations and operations held for distribution to owners divided by the number of shares	This measure shows the earnings per share, excluding items affecting comparability, that the shareholders receive from the Group’s total operations

Calculation of financial performance measures that are not defined in IFRS

Capital employed (continuing operations)

SEKm	1703	1612
Total assets	54,762	52,958
-Financial receivables	-1,689	-1,421
-Non-current non-interest bearing liabilities	-8,101	-7,961
-Current non-interest bearing liabilities	-4,330	-3,699
Internal receivables with operations held for distribution to owners	208	307
Internal liabilities with operations held for distribution to owners	-37	-57
Capital employed	40,813	40,127

Working capital (continuing operations)

SEKm	1703	1612
Inventories	3,348	3,402
Accounts receivables	2,333	1,968
Other current receivables	762	566
Accounts payables	-3,131	-2,778
Other current liabilities	-1,136	-863
Adjustments ¹	713	243
Internal receivables with operations held for distribution to owners	178	259
Internal liabilities with operations held for distribution to owners	-36	-57
Working capital	3,031	2,740

¹ Adjustments

Other current receivables, green certificates	-16	-34
Accounts payables, strategic capital expenditures	711	274
Other current liabilities, emission rights	18	3
	713	243

Net debt (continuing operations)

SEKm	1703	1612
Surplus in funded pension plans	1,129	851
Non-current financial assets	8	8
Current financial assets	663	809
Cash and cash equivalents	373	238
Financial receivables	2,173	1,906
Non-current financial liabilities	68	63
Provisions for pensions	297	329
Current financial liabilities	2,372	1,702
Financial liabilities	2,737	2,094
Net debt	-564	-188

7 QUARTERLY OVERVIEW**Statement of profit or loss**

SEKm	2017:1	2016:4	2016:3	2016:2	2016:1
Net sales	3,969	3,939	3,769	3,872	3,793
Other income	465	450	358	419	498
Change in inventories	-27	79	-37	-22	-152
Change in value in biological assets	231	120	196	101	272
Raw materials and consumables	-1,503	-1,236	-1,261	-1,231	-1,395
Personnel costs	-659	-621	-602	-665	-648
Other operating costs	-1,669	-1,900	-1,581	-1,685	-1,555
Share of profits of associates and joint ventures	0	-5	-1	0	0
Items affecting comparability	-10	-7	4	119	0
EBITDA	797	819	845	908	813
Depreciation and amortization	-299	-287	-264	-283	-280
Operating profit	498	532	581	625	533
Financial items	-36	-23	-19	-20	-21
Profit before tax	462	509	562	605	512
Tax	-99	-96	-117	-102	-102
Profit for the period from continuing operations	363	413	445	503	410
Operations held for distribution to owners					
Net profit for the period from operations held for distribution to owners	1,656	1,170	1,872	-425	1,625
Profit for the period from continuing operations and operations held for distribution to owners	2,019	1,583	2,317	78	2,035

8 SEGMENT INFORMATION

SCA, the future forest products company, recognizes four segments in accordance with IFRS 8:

- Forest
- Wood
- Pulp
- Paper

The Forest business area manages 2.6 million hectares of forest land, of which 2 million is productive, and supplies timber to SCA's Swedish mills. Roughly the same amount of timber harvested from SCA's own forests is purchased from other forest owners. By-products are used in energy production.

The Wood business area comprises five sawmills in Sweden, wood processing units with planing mills in Sweden, France and the UK, as well as distribution and wholesale businesses. By-products are used in energy production.

The Pulp business area produces kraft pulp and chemical thermomechanical pulp (CTMP). Pulp is manufactured in Östrand, Sweden.

The Paper business area comprises publication papers that are manufactured in Ortviken in Sweden and used for magazines, catalogues and advertising prints, and packaging paper (kraftliner) manufactured in Obbola and Munksund in Sweden.

Net sales

SEKm	2017:1	2016:4	2016:3	2016:2	2016:1
Forest	1,312	1,296	1,261	1,234	1,187
Wood	1,364	1,361	1,320	1,496	1,264
Pulp	641	668	668	556	600
Paper	2,046	1,998	1,859	1,889	1,998
Intra-group deliveries	-1,394	-1,384	-1,339	-1,303	-1,256
Total net sales	3,969	3,939	3,769	3,872	3,793

Adjusted EBITDA

SEKm	2017:1	2016:4	2016:3	2016:2	2016:1
Forest	325	338	295	312	293
Wood	145	161	143	140	87
Pulp	104	102	160	105	163
Paper	268	276	290	259	303
Other	-35	-51	-47	-27	-33
Total adjusted EBITDA¹	807	826	841	789	813

Adjusted operating profit

SEKm	2017:1	2016:4	2016:3	2016:2	2016:1
Forest	297	310	269	285	267
Wood	83	108	95	93	38
Pulp	31	37	97	39	99
Paper	141	139	165	118	164
Other	-44	-55	-49	-29	-35
Total adjusted operating profit¹	508	539	577	506	533

¹ Excluding items affecting comparability

Adjusted EBITDA margin

%	2017:1	2016:4	2016:3	2016:2	2016:1
Forest	24.7	26.1	23.4	25.3	24.7
Wood	10.6	11.8	10.8	9.4	6.9
Pulp	16.3	15.3	24.0	18.9	27.2
Paper	13.1	13.8	15.6	13.7	15.2

Adjusted operating margin

%	2017:1	2016:4	2016:3	2016:2	2016:1
Forest	22.6	23.9	21.3	23.1	22.5
Wood	6.1	7.9	7.2	6.2	3.0
Pulp	4.9	5.5	14.5	7.0	16.5
Paper	6.9	7.0	8.9	6.2	8.2