



## JANUARY 1 – SEPTEMBER 30, 2017\*

(compared with the year-earlier period, continuing operations)

- Net sales increased 9% to SEK 12,422m (11,434)
- Adjusted EBITDA improved 10% to SEK 2,683m (2,443)
- The adjusted EBITDA margin was 21.6% (21.4)
- Adjusted operating profit was SEK 1,838m (1,616)
- Operating profit totaled SEK 1,725m (1,739)
- Net profit for the period totaled SEK 1,278m (1,358)
- Earnings per share amounted to SEK 1.82 (1.93)
- Operating cash flow was SEK 1,431m (1,347)

## EARNINGS TREND

Continuing operations SEKm	Quarter					9 months		
	2017:3	2016:3	%	2017:2	%	1709	1609	%
Net sales	4,231	3,769	12	4,222	0	12,422	11,434	9
Adjusted EBITDA <sup>1</sup>	1,049	841	25	827	27	2,683	2,443	10
Items affecting comparability	0	4		-103		-113	123	
EBITDA	1,049	845	24	724	45	2,570	2,566	0
Adjusted operating profit <sup>1</sup>	776	577	34	554	40	1,838	1,616	14
Operating profit	776	581	34	451	72	1,725	1,739	-1
Net profit	627	445	41	288	118	1,278	1,358	-6
Adjusted EBITDA margin <sup>1</sup>	24.8	22.3		19.6		21.6	21.4	
Earnings per share, SEK	0.89	0.63		0.41		1.82	1.93	
Operating cash flow	525	7		821	-36	1,431	1,347	6

<sup>1</sup> Excluding items affecting comparability before tax

\* Shares in the discontinued operation Essity (the hygiene business) were distributed to SCA's shareholders in the second quarter, and Essity was listed on Nasdaq Stockholm on June 15, 2017. Unless otherwise stated, only SCA's continuing operations (the forest products business) are described in this report.

The hygiene business, Essity, is recognized in this report as a discontinued operation under IFRS 5 (see Note 1 Accounting principles and Note 4 Discontinued operation) and is included in SCA's income statement up to June 13, 2017. Net profit from discontinued operations comprises Essity's profit for the January 1-June 13 period and a remeasurement of assets and liabilities at fair value on the date of distribution. For more detailed information about the hygiene business, refer to [www.essity.com](http://www.essity.com)

## A STRONG THIRD QUARTER

The third quarter of 2017 was also SCA's first full quarter, since the split, as an independently listed company. The market trend was favorable in all of SCA's segments and earnings improved compared with the preceding quarter as well as the same quarter last year.

Second-quarter earnings were impacted by non-recurring effects such as planned maintenance stops, while underlying earnings were stable and rising. This trend has continued into the third quarter.

Market conditions are good in all of SCA's segments, with favorable demand and continued price increases. Production remained stable.

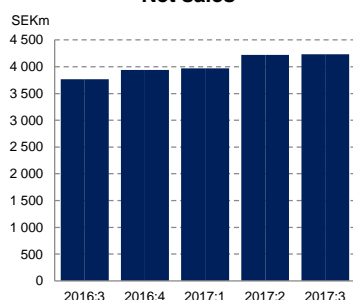
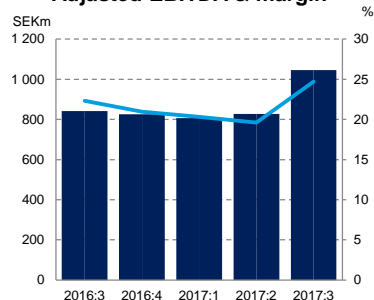
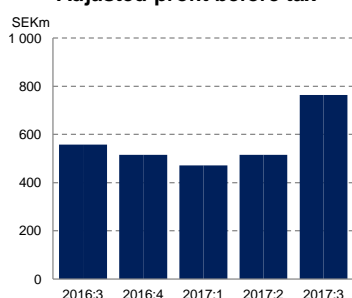
Demand for wood products is high, with stable demand and balanced markets in Europe, China and the US. Due to these strong market conditions, prices were increased during the year and price increases continued in the third quarter.

Demand for kraftliner has shown a strong growth trend for several years. The key drivers of this trend are e-commerce and demand for high-quality packaging, which has thereby strengthened demand for virgin fiber-based packaging material (kraftliner). In 2017, three price increases were announced for unbleached kraftliner, totaling EUR 150 per tonne, and these are being successively implemented. The price level of white kraftliner has also increased. Demand for publication paper, continued to show a negative trend.

The timber market remained stable in SCA's operating area, in terms of both price and supply.

The pulp market has continued to be strong. Deliveries to China increased again after the summer and demand was also favorable in other markets. Several ongoing capacity extensions were delayed and production problems in other mills also restricted supply. In September, the price of softwood kraft pulp was raised in USD and further increases have been announced as of October.

The long-term demand for softwood pulp has increased by 1.5-2% per year, which is the background to SCA's investment in the Östrand pulp mill. The project will double SCA's capacity and make Östrand one of the most cost-efficient production facilities in the world for softwood kraft pulp. SCA provides more detailed information about the investment amount and cost position of this project on page 6 of this report. The project is on track in terms of both time and budget.

**Net sales****Adjusted EBITDA & margin****Adjusted profit before tax****Change in net sales (%)**

	2017:3 vs. 2016:3	2017:3 vs. 2017:2	1709 vs. 1609
<b>Total</b>	<b>12</b>	<b>0</b>	<b>9</b>
Price/mix	3	3	5
Volume	11	0	4
Currency	-2	-3	0

**Change in adjusted EBITDA (%)**

	2017:3 vs. 2016:3	2017:3 vs. 2017:2	1709 vs. 1609
<b>Total</b>	<b>25</b>	<b>27</b>	<b>10</b>
Price/mix	27	1	20
Volume	4	0	2
Raw materials	0	1	-5
Energy	1	6	-3
Currency	-5	-8	1
Other	-2	27	-5

**GROUP****SALES AND OPERATING PROFIT****January-September 2017 compared with January-September 2016**

The first nine months of the year showed sales growth related to higher prices and higher volumes in the industrial operations. Net sales increased 9%, of which volume accounted for 4% and price/mix for 5%, and amounted to SEK 12,422m (11,434).

Adjusted EBITDA improved 10% to SEK 2,683m (2,443). The increase was mainly attributable to higher selling prices and volumes. Higher raw material and energy costs, together with higher planned project related costs of SEK 78m (17) for the investment in Östrand, had a negative impact on earnings. The cost of planned maintenance stops increased to SEK 170m (141). Refer to page 5 for details.

Items affecting comparability amounted to SEK -113m (123), comprising costs related to splitting the SCA Group into two listed companies. The positive amount in the preceding year comprised capital gains on the sale of shares in IL Recycling.

Adjusted operating profit increased 14% to SEK 1,838m (1,616).

**July-September 2017 compared with July-September 2016**

Net sales increased 12%, of which volume accounted for 11%, price/mix for 3% and currency for -2%, and amounted to SEK 4,231m (3,769).

Adjusted EBITDA improved 25% to SEK 1,049m (841). The increase was mainly attributable to higher prices and higher deliveries. Exchange rate effects had a negative impact on earnings. The cost of planned maintenance stops amounted to SEK 16m (43) and planned project related costs for the investment in Östrand totaled SEK 28m (9).

Items affecting comparability amounted to SEK 0m (4).

Adjusted operating profit increased 34% to SEK 776m (577).

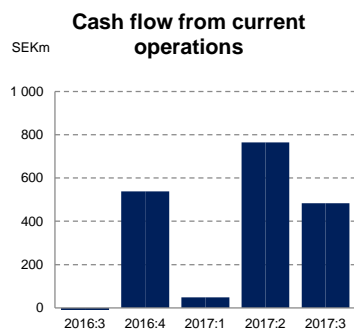
**July-September 2017 compared with April-June 2017**

Net sales remained unchanged, of which price/mix increased 3%, volume remained unchanged and currency had a negative impact of 3%. Net sales amounted to SEK 4,231m (4,222).

Adjusted EBITDA improved 27% to SEK 1,049m (827). The increase was attributable to higher selling prices and lower energy costs (lower energy consumption and no impairment of electricity certificates). Exchange rate effects had a negative impact on earnings. Planned maintenance stops had a negative impact of SEK 16m (143) on earnings, but this effect was significantly lower than in the second quarter.

Items affecting comparability amounted to SEK 0m (-103). The preceding quarter included costs related to splitting the SCA Group into two listed companies.

Adjusted operating profit increased 40% to SEK 776m (554).



## CASH FLOW

### January-September 2017 compared with January-September 2016

The operating cash surplus amounted to SEK 2,167m (1,870). The cash flow effect from changes in working capital was SEK -239m (206). Working capital as a share of net sales was stable at 17.5% (17.8). Current capital expenditures amounted to SEK -418m (-687). Operating cash flow was SEK 1,431m (1,347).

Strategic capital expenditures amounted to SEK -2,085m (-1,456) and related to the investment in increased capacity at the Östrand pulp mill, see page 6. Cash flow before dividend, continuing operations, was SEK -761m (-110).

Net cash flow from continuing and discontinued operations was SEK -27,232m (-5,333). The largest impact was due to the acquisition of BSN Medical in the discontinued operation (Essity) in the second quarter.

## FINANCING

In the second quarter, measures were taken to ensure that SCA's continuing operations, as previously announced and decided, would achieve net debt of SEK 5,000m, pro forma, at December 31, 2016. A dividend of SEK 4,214m was paid to the shareholders of SCA and capital of SEK 598m was injected into the subsidiary Essity AB. Combined with existing net debt of SEK 188m at December 31, 2016, these two measures resulted in the intended level of net debt.

The negative cash flow combined with minor effects from translation differences and a remeasurement of equity, resulted in net debt of SEK 5,822m for SCA's continuing operations at September 30, 2017, an increase of SEK 822m compared with the pro forma net debt at the beginning of the year.

In connection with the split, a new loan structure was established on June 15, 2017, comprising bank loans from a group of four banks and a bilateral loan from Svensk Exportkredit. The total amount of these loans and committed credit facilities is SEK 9,500m. During the quarter, SEK 2,500m of bank loans were replaced by issued commercial papers, which helped to reduce financial expenses somewhat. At September 30, 2017, gross debt amounted to SEK 7,592m, with an average maturity of 3.9 years and an average fixed-interest rate period of 5.5 months. Unutilized credit facilities amounted to approximately SEK 4,500m. Cash and cash equivalents amounted to SEK 936m.

At the end of the period, the debt/equity ratio was 0.16.

In January-September 2017, financial items amounted to SEK -86m and mainly comprised financial expenses incurred up until the distribution of Essity AB.

## TAX

### January-September 2017

Tax expense, including items affecting comparability, was SEK 361m, corresponding to a tax rate of 22.0%.

In the fourth quarter of 2016, a deferred tax asset of SEK 29m was recognized for the adjustment of income tax on capital gains on the sale of the publication paper mill in Laakirchen. In 2017, it was confirmed that no payment would be received, and thereby the tax asset was reversed and tax expense for the year was increased by SEK 29m. This non-recurring effect was offset by a reduced tax expense for the year due to issuance costs of SEK 23m associated with the distribution of Essity, which were recognized directly against equity.

## EQUITY

### January-September 2017

During the period, consolidated equity decreased SEK 43,377m to SEK 36,142m. Equity increased due to the comprehensive income of SEK 141,605m for the period, and a private placement of SEK 960m to non-controlling interests. Equity decreased SEK 4,344m due to cash dividends (of which SEK 4,214m was distributed to SCA's shareholders and the remaining amount to non-controlling interests), and SEK 181,690m due to the distribution of shares in Essity AB. Other items increased equity by SEK 92m.

## CURRENCY EXPOSURE AND CURRENCY HEDGING

Due to its major focus on exports, SCA's operations are sensitive to currency fluctuations. About 80% of sales are priced in currencies other than SEK. Most purchasing is conducted in SEK, but some purchasing is carried out in foreign currencies. Net exposure for the three largest currencies during the January-September period of 2017 are presented below, measured as sales in each foreign currency less purchases in the same currency.

EUR	EUR 425m
USD	USD 263m
GBP	GBP 86m
Others (translated to SEK)	SEK 517m
Total (translated to SEK)	SEK 7,604m

In accordance with SCA's Financial Policy, this exposure is hedged as follows: All balance-sheet items in foreign currency are hedged, as well as decided and contracted expenses in foreign currency for investments in fixed assets.

According to the policy, transaction exposure in expected future net inflows may also be hedged. The company has hedged about 75% of the expected net inflow of EUR over the next three months at the average EUR/SEK exchange rate of 9.49.

## PLANNED MAINTENANCE STOPS

Over the September-October month end, there was a maintenance stop at the kraftliner mill in Obbola (Paper) and the impact on earnings will be distributed between the third and fourth quarters. In the fourth quarter, there will be a maintenance stop at Östrand (Pulp). The estimated effect of the maintenance stops on operating profit is calculated as the total of the direct cost for the maintenance and the loss of income from reduced production during the stop.

	Actual	Actual	Actual	Actual	Actual
SEKm	2016:1	2016:2	2016:3	2016:4	Total
Pulp	24	24	24	23	95
Paper	2	48	19	29	98
<b>Total</b>	<b>26</b>	<b>72</b>	<b>43</b>	<b>52</b>	<b>193</b>

	Actual	Actual	Actual	Estimate	Estimate
SEKm	2017:1	2017:2	2017:3	2017:4	Total
Pulp	8	65	0	30	103
Paper	3	78	16	20	117
<b>Total</b>	<b>11</b>	<b>143</b>	<b>16</b>	<b>50</b>	<b>220</b>

## INVESTMENT IN EXPANDED PULP CAPACITY AT ÖSTRAND

In 2015, SCA decided to invest in increased pulp production capacity at the Östrand pulp mill. The annual production capacity of bleached kraft pulp is expected to increase from the current level of 430,000 tonnes to about 900,000 tonnes. The estimated investment is SEK 7.8bn.

The total market for market pulp is about 64 million tonnes per year, comprising 26 million tonnes of bleached softwood kraft pulp, 31 million tonnes of bleached hardwood kraft pulp and 7 million tonnes of other pulp.<sup>1</sup>

Over the past ten years, the annual market growth rate for bleached softwood kraft pulp has been 1.5-2%, or about 0.5 million tonnes per year.<sup>2</sup> Growth in tissue and packaging paper has been particularly strong. SCA believes that this growth will continue in the coming years and that the ongoing expansion of production capacity, including the investment in Östrand, is needed to meet the growing demand.

### Project proceeding as planned

The project is following the investment plan, in terms of both time and budget. At the end of the third quarter of 2017, SEK 4.7bn had been invested in Östrand, corresponding to about 60% of the total investment. A further SEK 1.0bn is expected to be invested by the end of 2017, an additional SEK 1.6bn in 2018 and the remaining amount of SEK 0.5bn in 2019.

Production start-up is scheduled for June 2018, following an extended maintenance stop of about 45 days. For the full-year 2018, the production capacity for bleached kraft pulp is expected to reach approximately the same level as for the full-year 2017. The lost production volumes from the extended maintenance stop will be offset by higher capacity after the planned start-up in June.

### Temporary project related costs

During the investment, project related costs incurred will have a negative impact on earnings. During this period, costs for additional wood handling, temporary staff increases to enable employee training and a higher rate of depreciation, in particular, have impacted project related costs. For full-year 2017, project related costs before tax are expected to amount to approximately SEK 150m, of which depreciation accounts for approximately SEK 50m. For full-year 2016, project related costs amounted to about SEK 75m, of which about SEK 45m was attributable to depreciation.

The extended maintenance stop in the second quarter of 2018 will increase maintenance costs compared with a normal maintenance stop. During the start-up, the direct costs will initially be higher than normal. In 2018, the amount of capital tied up in working capital will successively increase as inventories and accounts receivables grow due to the higher production volumes.

### A world-class production facility

The project will double SCA's capacity and make Östrand one of the most cost-efficient production facilities in the world for softwood kraft pulp.

According to the start-up curve, production capacity is expected to gradually increase until the end of 2019. 2020 is therefore expected to be the first year with full effect, corresponding to 900,000 tonnes. The Östrand mill also has a chemical thermomechanical pulp (CTMP) production capacity of 100,000 tonnes per year, which will remain unchanged after the investment.

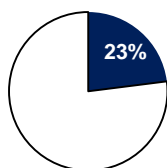
At full capacity utilization, Östrand's cash costs are expected to decrease by about SEK 350 per tonne, mainly related to indirect costs. This places Östrand in the top quartile of the cost curve for the world's bleached kraft pulp producers.<sup>3</sup>

Depreciation is expected to increase by about SEK 300m per year when the mill becomes operational.

<sup>1,2</sup> Source: RISI, PPPC, SCA

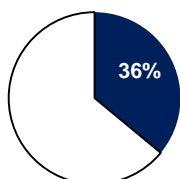
<sup>3</sup> Source: Pöyry, SCA's estimate

### Share of net sales 1709\*



\* before elimination of intra-Group sales

### Share of adjusted EBITDA 1709\*\*



\*\* share calculated excluding central costs

## FOREST

The Forest segment manages 2.6 million hectares of forest land, of which 2 million is productive, and supplies timber to SCA's forest industry operations (Wood, Pulp and Paper). Roughly the same amount of timber that is harvested from SCA's own forests is purchased from other forest owners. By-products are used in energy production.

SEKm	2017:3	2016:3	%	2017:2	%	1709	1609	%
Net sales	1,261	1,261	0	1,210	4	3,783	3,682	3
Adjusted EBITDA <sup>1</sup>	316	295	7	364	-13	1,005	900	12
Depreciation	-29	-26	12	-27	7	-84	-79	6
Adjusted operating profit <sup>1</sup>	288	269	7	336	-14	921	821	12
Adjusted EBITDA margin, % <sup>1</sup>	25.1	23.4		30.1		26.6	24.4	
Adjusted operating margin, % <sup>1</sup>	22.8	21.3		27.8		24.3	22.3	
Adjusted return on capital employed, % <sup>1</sup>	4.3	4.1		5.1		4.6	4.2	
Harvesting of SCA owned forest, thousand m <sup>3</sup> sub	964	898	7	1,353	-29	2,981	2,731	9
Revaluation of biological assets (forest)	181	196	-8	103	76	515	569	-9

<sup>1</sup> Excluding items affecting comparability

### Management of SCA owned forest

Forest includes net sales from timber sourced from SCA's own forests, and from timber purchased from other forest owners, which is sold internally to SCA's forest industries. Pricing to the industry is based on Forest's external timber purchasing prices. Logistics cost savings generated by location swaps are reported in the industries. These sales of internally and externally purchased timber volumes supplied to SCA's forest industry operations together with the internal supply of by-products, represent Forest's net sales.

The proportion of timber harvested from SCA owned forest relative to deliveries from external suppliers varies between quarters. The change in value of biological assets amounted to SEK 181m in the third quarter, compared with SEK 103m in the second quarter.

During the first nine months of the year, the volume of timber harvested from SCA owned forest was 3.0 million m<sup>3</sup> sub. The current planned rate of timber harvested from SCA owned forest is approximately 4.3 million m<sup>3</sup> sub per year.

### January-September 2017 compared with January-September 2016

Net sales increased 3% to SEK 3,783m (3,682). This increase was related to higher deliveries. Prices were in line with the preceding year.

Adjusted EBITDA improved 12% to SEK 1,005m (900). The increase was attributable to the higher share of timber deliveries from SCA owned forest.

### July-September 2017 compared with July-September 2016

Net sales remained unchanged at SEK 1,261m (1,261). Prices and volumes were in line with the preceding period.

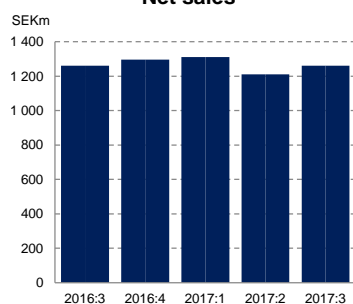
Adjusted EBITDA improved 7% to SEK 316m (295). This increase was mainly due to a higher share of timber deliveries from SCA owned forest.

### July-September 2017 compared with April-June 2017

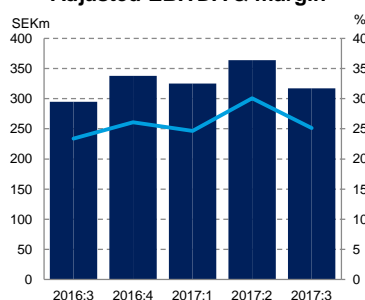
Net sales increased 4% to SEK 1,261m (1,210). This increase was related to higher deliveries. Prices were in line with the preceding quarter.

Adjusted EBITDA declined 13% to SEK 316m (364). The decrease was mainly due to a lower share of timber deliveries from SCA owned forest.

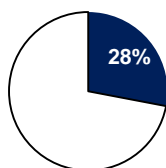
### Net sales



### Adjusted EBITDA & margin

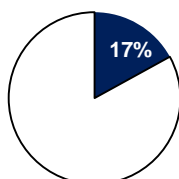


### Share of net sales 1709\*



\*before elimination of intra-Group sales

### Share of adjusted EBITDA 1709\*\*



\*\* share calculated excluding central costs

## WOOD

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

SEKm	2017:3	2016:3	%	2017:2	%	1709	1609	%
Net sales	1,567	1,320	19	1,637	-4	4,568	4,080	12
Adjusted EBITDA <sup>1</sup>	187	143	31	154	21	486	370	31
Depreciation	-54	-48	13	-55	-2	-171	-144	19
Adjusted operating profit <sup>1</sup>	133	95	40	99	34	315	226	39
Adjusted EBITDA margin, % <sup>1</sup>	11.9	10.8		9.4		10.6	9.1	
Adjusted operating margin, % <sup>1</sup>	8.5	7.2		6.0		6.9	5.5	
Adjusted return on capital employed, % <sup>1</sup>	17.4	12.8		12.4		13.9	8.5	

Deliveries, wood products, thousand m <sup>3</sup>	687	590	16	705	-3	1,993	1,863	7
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<sup>1</sup> Excluding items affecting comparability

### January-September 2017 compared with January-September 2016

Net sales increased 12% to SEK 4,568m (4,080). The increase was attributable to higher selling prices and higher volumes.

Adjusted EBITDA improved 31% to SEK 486m (370). The increase was mainly related to higher selling prices and volumes.

### July-September 2017 compared with July-September 2016

Net sales increased 19% to SEK 1,567m (1,320), attributable to higher volumes and higher selling prices. Exchange rate effects had a negative impact on earnings.

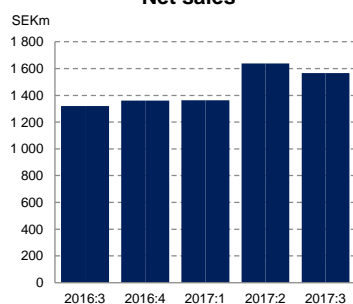
Adjusted EBITDA improved 31% to SEK 187m (143). The increase was mainly related to higher volumes and higher selling prices. Exchange rate effects had a negative impact on earnings.

### July-September 2017 compared with April-June 2017

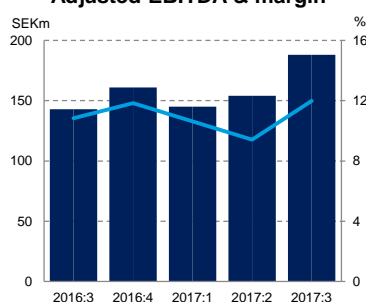
Net sales declined 4% to SEK 1,567m (1,637). The decrease was mainly attributable to lower deliveries and negative exchange rate effects. Higher selling prices had a positive impact on earnings.

Adjusted EBITDA improved 21% to SEK 187m (154). The increase was mainly related to higher selling prices.

### Net sales

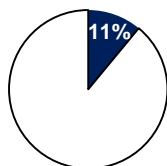


### Adjusted EBITDA & margin



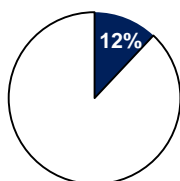


### Share of net sales 1709\*



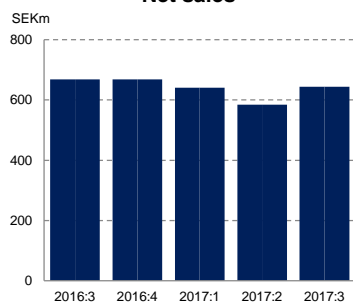
\* before elimination of intra-Group sales

### Share of adjusted EBITDA 1709\*\*



\*\* share calculated excluding central costs

### Net sales



### Adjusted EBITDA & margin



## PULP

The Pulp segment comprises softwood kraft pulp and chemical thermomechanical pulp (CTMP). The pulp is produced in Östrand, where a major investment project to expand the production capacity is also ongoing.

SEKm	2017:3	2016:3	%	2017:2	%	1709	1609	%
Net sales	644	668	-4	585	10	1,870	1,824	3
Adjusted EBITDA <sup>1</sup>	158	160	-1	71	123	333	428	-22
Depreciation	-56	-63	-11	-55	2	-184	-193	-5
Adjusted operating profit <sup>1</sup>	102	97	5	16	538	149	235	-37
Adjusted EBITDA margin, % <sup>1</sup>	24.5	24.0		12.1		17.8	23.5	
Adjusted operating margin, % <sup>1</sup>	15.8	14.5		2.7		8.0	12.9	
Adjusted return on capital employed, % <sup>1</sup>	6.4	10.1		1.1		3.4	12.3	

Deliveries, pulp, thousand tonnes	128	134	-4	114	12	370	376	-2
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<sup>1</sup> Excluding items affecting comparability

### January-September 2017 compared with January-September 2016

Net sales increased 3% to SEK 1,870m (1,824). The increase was related to higher selling prices.

Adjusted EBITDA declined 22% to SEK 333m (428). Higher selling prices had a positive impact on earnings. Earnings were adversely impacted by higher planned project related costs of SEK 78m (17) for the investment in Östrand, an earnings impact of SEK 73m (72) from planned maintenance stops and a revaluation of SEK 35m (0) related to a market valuation of electricity certificates.

### July-September 2017 compared with July-September 2016

Net sales declined 4% to SEK 644m (668). The decrease was attributable to lower deliveries and negative exchange rate effects, partly offset by higher selling prices.

Adjusted EBITDA declined 1% to SEK 158m (160). Earnings were adversely impacted by exchange rate effects and input costs, but positively impacted by higher selling prices. Planned maintenance stops had a negative impact of SEK 0m (24) on earnings. Higher planned costs of SEK 28m (9) for the investment in Östrand had a negative impact on earnings.

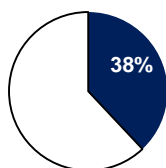
### July-September 2017 compared with April-June 2017

Net sales increased 10% to SEK 644m (585), mainly due to higher deliveries after the planned maintenance stop in May. Exchange rate effects had a negative impact on earnings.

Adjusted EBITDA improved to SEK 158m (71). A significant explanation for the improvement is that there were no production stop costs during the quarter, which amounted to SEK 0m (65). Earnings were positively impacted by lower energy costs, but adversely impacted by exchange rate effects. Planned project related costs of SEK 28m (29) for the investment in Östrand had a negative impact on earnings, but were in line with the preceding quarter.

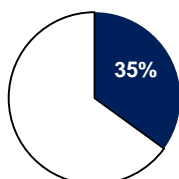
SCA provides more detailed information about the investment in expanded pulp capacity at Östrand on page 6 of this report.

### Share of net sales 1709\*



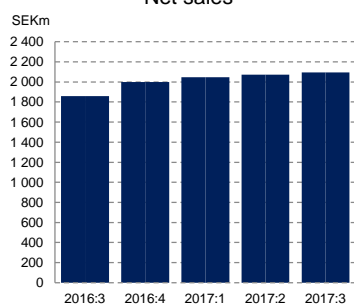
\* before elimination of intra-Group sales

### Share of adjusted EBITDA 1709\*\*

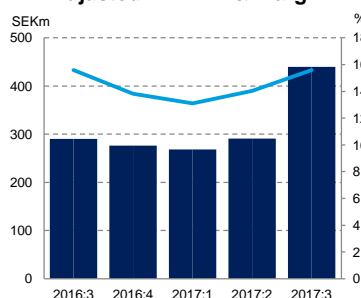


\*\* share calculated excluding central costs

### Net sales



### Adjusted EBITDA & margin



## PAPER

The Paper segment comprises packaging paper (kraftliner) manufactured in Obbola and Munksund, and publication paper manufactured in Ortviken and used for magazines, catalogues and commercial print.

SEKm	2017:3	2016:3	%	2017:2	%	1709	1609	%
Net sales	2,096	1,859	13	2,072	1	6,214	5,746	8
Adjusted EBITDA <sup>1</sup>	439	290	51	291	51	998	852	17
Depreciation	-129	-125	3	-136	-5	-392	-405	-3
Adjusted operating profit <sup>1</sup>	308	165	87	156	97	605	447	35
Adjusted EBITDA margin, % <sup>1</sup>	20.9	15.6		14.0		16.1	14.8	
Adjusted operating margin, % <sup>1</sup>	14.7	8.9		7.5		9.7	7.8	
Adjusted return on capital employed, % <sup>1</sup>	16.5	9.3		8.3		10.0	9.8	
Deliveries, kraftliner, thousand tonnes	197	195	1	218	-10	641	605	6
Deliveries, publication paper, thousand tonnes	192	176	9	178	8	545	536	2

<sup>1</sup> Excluding items affecting comparability

### January-September 2017 compared with January-September 2016

Net sales increased 8% to SEK 6,214m (5,746). The increase was attributable to higher volumes and higher selling prices for kraftliner, but was offset by lower selling prices for publication paper.

Adjusted EBITDA improved 17% to SEK 998m (852). Higher selling prices for kraftliner were offset by slightly lower selling prices for publication paper and higher raw material and energy costs. Planned maintenance stops of SEK 97m (69) had a negative impact on earnings.

### July-September 2017 compared with July-September 2016

Net sales increased 13% to SEK 2,096m (1,859). The increase was attributable to higher deliveries of publication papers and higher selling prices for kraftliner.

Adjusted EBITDA improved 51% to SEK 439m (290). The increase was mainly related to higher selling prices for kraftliner.

### July-September 2017 compared with April-June 2017

Net sales increased 1% to SEK 2,096m (2,072). The positive price trend for kraftliner was offset by negative exchange rate effects.

Adjusted EBITDA improved 51% to SEK 439m (291). The increase was mainly related to higher selling prices for kraftliner, which were offset by negative exchange rate effects. The cost of planned maintenance stops declined compared with the preceding quarter and amounted to SEK 16m (78).

## DISTRIBUTION OF SHARES

September 30, 2017	Class A	Class B	Total
Registered number of shares	64,593,591	637,748,898	702,342,489

In the second quarter of 2017, the company's treasury shares were withdrawn, in line with a decision by the Annual General Meeting. The company has not thereafter held any treasury shares.

At the end of the period, the proportion of Class A shares was 9.2%. In the third quarter, a total of 348 Class A shares were converted to Class B shares at the request of shareholders. The total number of votes in the company has thereafter amounted to 1,283,684,808.

## EVENTS AFTER THE QUARTER

No significant events took place after the end of the quarter.

## FUTURE REPORTS

The year-end report will be published on January 30, 2018.

## CAPITAL MARKETS DAY

Due to the major interest in SCA's forest assets and forest operations, SCA will be hosting a forest focused capital markets day in the Sundsvall area on May 22, 2018.

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

Members of the media and analysts are hereby invited to attend a press conference where this interim report will be presented by the President and CEO, Ulf Larsson, and CFO, Toby Lawton.

Time: October 31, 2017 at 10:00 a.m.

Venue: Kreugersalen, Tändstickspalatset, Västra Trädgårdsgatan 15 in Stockholm, Sweden.

The press conference will be webcast live at [www.sca.com](http://www.sca.com). It is also possible to participate by telephone by calling:

Sweden: +46 (0) 8 5052 0337, UK: +44 (0) 20 7162 9960 or the US: +1 646 851 2094

Call in good time before the conference commences. Specify "SCA" or the conference ID: 962913.

Sundsvall, October 31, 2017

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Ulf Larsson  
President and CEO

### For further information, please contact:

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Nils Lindholm, Investor Relations Director, +46 (0)70 585 41 05

Andreas Ewertz, Investor Relations Director, +46 (0)72 211 57 97 (from November 1)

### Please note:

This is information that SCA is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. 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, on October 31, 2017 at 08:00 a.m. CET. The report has not been reviewed by the company's auditors.

Björn Lyngfelt, Senior Vice President, Group Communications, +46 (0)60 19 34 98

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

<b>SEKm</b>	<b>2017:3</b>	<b>2016:3</b>	<b>%</b>	<b>2017:2</b>	<b>%</b>	<b>1709</b>	<b>1609</b>	<b>%</b>
Net sales	4,231	3,769	12	4,222	0	12,422	11,434	9
Other income	365	357	2	337	8	1,167	1,273	-8
Change in inventories	-143	-37		-77		-247	-211	
Change in value in biological assets	181	196	-8	103	76	515	569	-9
Raw materials and consumables	-1,394	-1,261	11	-1,423	-2	-4,320	-3,887	11
Personnel costs	-635	-602	5	-708	-10	-2,002	-1,915	5
Other external costs	-1,555	-1,579	-2	-1,628	-4	-4,852	-4,819	1
Items affecting comparability	0	4		-103		-113	123	
<b>EBITDA</b>	<b>1,049</b>	<b>845</b>	<b>24</b>	<b>724</b>	<b>45</b>	<b>2,570</b>	<b>2,566</b>	<b>0</b>
Depreciation	-273	-264	3	-273	0	-845	-827	2
<b>Operating profit</b>	<b>776</b>	<b>581</b>	<b>34</b>	<b>451</b>	<b>72</b>	<b>1,725</b>	<b>1,739</b>	<b>-1</b>
Financial items	-11	-19		-39		-86	-60	
<b>Profit before tax</b>	<b>765</b>	<b>562</b>	<b>36</b>	<b>412</b>	<b>86</b>	<b>1,639</b>	<b>1,679</b>	<b>-2</b>
Tax	-138	-117		-124		-361	-321	
<b>Net profit for the period from continuing operations</b>	<b>627</b>	<b>445</b>	<b>41</b>	<b>288</b>	<b>118</b>	<b>1,278</b>	<b>1,358</b>	<b>-6</b>
Net profit after tax for the period from discontinued operations <sup>1</sup>	0	1,872		138,625		140,281	3,071	
<b>Net profit for the period from continuing and discontinued operations</b>	<b>627</b>	<b>2,317</b>		<b>138,913</b>		<b>141,559</b>	<b>4,429</b>	
<b>Earnings attributable to:</b>								
<b>Owners of the parent</b>								
Profit from continuing operations	627	445		288		1,278	1,358	
Profit from discontinued operations <sup>1</sup>	0	1,731		138,495		139,955	2,814	
<b>Net Profit from continuing and discontinued operations</b>	<b>627</b>	<b>2,176</b>		<b>138,783</b>		<b>141,233</b>	<b>4,172</b>	
<b>Non-controlling interests</b>								
Profit from continuing operations	0	0		0		0	0	
Profit from discontinued operations	0	141		130		326	257	
<b>Profit from continuing and discontinued operations</b>	<b>0</b>	<b>141</b>		<b>130</b>		<b>326</b>	<b>257</b>	
Average no. of shares, millions <sup>2</sup>	702.3	702.3		702.3		702.3	702.3	
Earnings per share SEK - continuing operations <sup>2</sup>	0.89	0.63		0.41		1.82	1.93	
Earnings per share SEK - total company <sup>2</sup>	0.89	3.10		197.60		201.09	5.94	
- of which profit effect from the distribution of Essity shares	0.00	0.00		194.94		194.94	0.00	
<sup>1</sup> Of which operating profit from discontinued operations	0	1,871		1,711		3,367	3,071	
Of which profit effect from the distribution of Essity shares	0	0		136,914		136,914	0	

<sup>2</sup> There are no dilution effects

<b>Percent</b>	<b>2017:3</b>	<b>2016:3</b>	<b>2017:2</b>	<b>1709</b>	<b>1609</b>
EBITDA margin	24.8	22.4	17.1	20.7	22.4
Operating margin	18.3	15.4	10.7	13.9	15.2
<b>Net margin</b>	<b>14.7</b>	<b>11.8</b>	<b>6.9</b>	<b>10.3</b>	<b>11.9</b>
<b>Adjusted, excluding items affecting comparability:</b>					
Adjusted EBITDA margin	24.8	22.3	19.6	21.6	21.4
Adjusted operating margin	18.3	15.3	13.1	14.8	14.1

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<b>SEKm</b>	<b>2017:3</b>	<b>2016:3</b>	<b>2017:2</b>	<b>1709</b>	<b>1609</b>
<b>Net profit for the period, continuing operations</b>	<b>627</b>	<b>445</b>	<b>288</b>	<b>1,278</b>	<b>1,358</b>
Net profit for the period, discontinued operations	0	1,872	138,625	140,281	3,071
<b>Net profit for the period</b>	<b>627</b>	<b>2,317</b>	<b>138,913</b>	<b>141,559</b>	<b>4,429</b>
<b>Other comprehensive income for the period</b>					
<b>Items that may not be reclassified to the income statement</b>					
Revaluation of defined benefit pension plans	-137	84	136	300	-209
Income tax attributable to components of other comprehensive income	30	-20	-30	-67	44
<b>Sum continuing operations</b>	<b>-107</b>	<b>64</b>	<b>106</b>	<b>233</b>	<b>-165</b>
Sum discontinued operations	0	-1,528	87	630	-3,853
<b>Sum</b>	<b>-107</b>	<b>-1,464</b>	<b>193</b>	<b>863</b>	<b>-4,018</b>
<b>Items that have been or may be reclassified subsequently to the income statement</b>					
Available-for-sale financial assets	1	0	1	2	0
Cash flow hedges	21	48	9	-25	160
Translation differences in foreign operations	-17	-7	-2	-19	-9
Gains/losses from hedges of net investments in foreign operations	0	0	1	0	0
Income tax attributable to components of other comprehensive income	-97	-11	-2	-87	-36
<b>Sum continuing operations</b>	<b>-92</b>	<b>30</b>	<b>7</b>	<b>-129</b>	<b>115</b>
Sum discontinued operations	0	938	-831	-688	1,912
<b>Sum</b>	<b>-92</b>	<b>968</b>	<b>-824</b>	<b>-817</b>	<b>2,027</b>
<b>Other comprehensive income for the period, net of tax</b>					
<b>Sum continuing operations</b>	<b>-199</b>	<b>94</b>	<b>113</b>	<b>104</b>	<b>-50</b>
Sum discontinued operations	0	-590	-744	-58	-1,941
<b>Sum</b>	<b>-199</b>	<b>-496</b>	<b>-631</b>	<b>46</b>	<b>-1,991</b>
<b>Total comprehensive income for the period</b>					
<b>Sum continuing operations</b>	<b>428</b>	<b>539</b>	<b>401</b>	<b>1,382</b>	<b>1,308</b>
Sum discontinued operations	0	1,282	137,881	140,223	1,130
<b>Sum</b>	<b>428</b>	<b>1,821</b>	<b>138,282</b>	<b>141,605</b>	<b>2,438</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent	428	1,572	138,288	141,437	2,012
Non-controlling interests	0	248	-6	168	426

## CONDENSED CONSOLIDATED BALANCE SHEET

At September 30, 2017, only the continuing operations are included. At December 31, 2016, both continuing and discontinued operations are included.

SEKm	September 30, 2017	December 31, 2016
<b>Assets</b>		
Goodwill and other intangible assets	111	27,007
<b>Fixed assets</b>		
Buildings, land, machinery and equipment	16,354	62,184
Biological assets	31,285	30,770
Other financial assets	1,213	4,784
<b>Total fixed assets</b>	<b>48,963</b>	<b>124,745</b>
<b>Current operating receivables and inventory</b>		
Inventories	3,163	14,347
Trade receivables	2,632	17,811
Other current receivables	672	4,363
Cash and cash equivalents	936	4,482
<b>Total current assets</b>	<b>7,403</b>	<b>41,003</b>
<b>Total assets</b>	<b>56,366</b>	<b>165,748</b>
<b>Equity</b>		
<b>Attributable to owners of the Parent</b>		
Share capital	2,350	2,350
Share premium	6,830	6,830
Reserves	-357	400
Retained earnings	27,317	63,562
Non-controlling interests	2	6,377
<b>Total equity</b>	<b>36,142</b>	<b>79,519</b>
<b>Liabilities</b>		
Non-current financial liabilities	5,072	31,360
Provisions for pensions	312	5,602
Deferred tax liabilities	8,308	11,718
Other non-current liabilities & provisions	115	1,594
<b>Total non-current liabilities</b>	<b>13,807</b>	<b>50,274</b>
Current financial liabilities	2,520	5,357
Trade payables	2,756	15,750
Other current liabilities	1,141	14,848
<b>Total current liabilities</b>	<b>6,417</b>	<b>35,955</b>
<b>Total liabilities and equity</b>	<b>56,366</b>	<b>165,748</b>
Debt/equity ratio	0.16	0.44
Equity/assets ratio	64%	44%
Return on capital employed <sup>1</sup>	5.5%	5.8%
Adjusted return on capital employed <sup>1</sup>	5.8%	5.5%

<sup>1</sup> Rolling twelve months

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

SEKm	1709	1612
<b>Attributable to owners of the parent</b>		
Opening balance, January 1	73,142	70,401
Total comprehensive income for the period	141,437	7,108
Cash dividend	-4,214	-4,038
Dividend of Essity shares	-174,448	0
Private placement to non-controlling interest	499	240
Private placement to non-controlling interest, dilution	-288	-110
Issuing costs for private placement	0	-4
Acquisition of non-controlling interests	15	-799
Acquisition of non-controlling interests, dilution	0	348
Change in Group composition	0	-4
Remeasurement effect upon acquisition of non-controlling interests	-3	0
<b>Closing balance</b>	<b>36,140</b>	<b>73,142</b>
<b>Non-controlling interests</b>		
Opening balance, January 1	6,377	5,290
Total comprehensive income for the period	168	677
Cash dividend	-130	-190
Dividend of Essity shares	-7,242	0
Private placement to non-controlling interest	461	199
Private placement to non-controlling interest, dilution	288	110
Issuing costs for private placement	0	-4
Acquisition of non-controlling interests	80	643
Acquisition of non-controlling interests, dilution	0	-348
<b>Closing balance</b>	<b>2</b>	<b>6,377</b>
<b>Total equity, closing balance</b>	<b>36,142</b>	<b>79,519</b>
Equity per share, SEK	51	113

**CONSOLIDATED CASH FLOW STATEMENT**

<b>SEKm</b>	<b>1709</b>	<b>1609</b>
<b>Operating activities</b>		
Profit before tax continuing operations	1,639	1,679
Adjustment for non-cash items <sup>1</sup>	317	92
Paid tax	-24	-9
<b>Cash flow from continuing operations</b>	<b>1,932</b>	<b>1,762</b>
Cash flow from discontinued operations	5,651	8,437
<b>Cash flow from operating activities before changes in working capital</b>	<b>7,583</b>	<b>10,199</b>
Change in inventories	229	229
Change in operating receivables	-438	-70
Change in operating liabilities	-30	47
<b>Cash flow from operating activities, continuing operations</b>	<b>1,693</b>	<b>1,968</b>
Cash flow from operating activities, discontinued operations	4,517	8,691
<b>Cash flow from operating activities</b>	<b>6,210</b>	<b>10,659</b>
<b>Investing activities</b>		
Divestments	0	120
Investment in tangible and intangible assets	-2,503	-1,952
Sale of tangible assets	61	73
Repayment of loans from external parties	259	0
<b>Cash flow from investing activities, continuing operations</b>	<b>-2,183</b>	<b>-1,764</b>
Dividend of Essity shares <sup>2</sup>	-4,170	0
Cash flow from investing activities, discontinued operations	-15,591	-8,139
<b>Cash flow from investing activities</b>	<b>-21,944</b>	<b>-9,903</b>
<b>Financing activities</b>		
New issue	0	419
Loans raised	10,254	15,773
Amortization of loans	-4,719	-13,756
Listing costs	-125	0
Dividend	-4,214	-4,176
<b>Cash flow from financing activities, remaining operations</b>	<b>1,196</b>	
Cash flow from financing activities, discontinued operations	11,022	
<b>Cash flow from financing activities</b>	<b>12,218</b>	<b>-1,799</b>
<b>Net cash flow for the period</b>	<b>-3,516</b>	<b>-1,043</b>
Translation differences in cash and cash equivalents	-30	117
Cash and cash equivalents at the beginning of the year	4,482	5,041
<b>Cash and cash equivalents at the end of the period</b>	<b>936</b>	<b>4,115</b>
Cash flow from operating activities per share SEK, continuing operations	2.41	2.79
<sup>1</sup> Depreciation/amortization and impairment of non-current assets	845	827
Fair-value measurement of forest assets	-515	-569
Gains/loss on assets sales and swaps of assets	2	-29
Unpaid amount related to efficiency programs	-1	-7
Gain/loss on divestments	56	-116
Payments related to efficiency programs already recognized	-16	-32
Other	-54	18
<b>Total</b>	<b>317</b>	<b>92</b>

<sup>2</sup> Corresponds to the cash and cash equivalents in Essity on the listing day



**CONSOLIDATED OPERATING CASH FLOW STATEMENT**

<b>SEKm</b>	<b>1709</b>	<b>1609</b>
Operating cash surplus	2,167	1,870
Change in working capital	-239	206
Current capital expenditures, net	-418	-687
Restructuring costs, etc.	-79	-42
<b>Operating cash flow, continuing operations</b>	<b>1,431</b>	<b>1,347</b>
Operating cash flow, discontinued operations	4,649	9,659
<b>Operating cash flow</b>	<b>6,080</b>	<b>11,006</b>
Financial items	-86	-60
Income taxes paid	-24	-9
Other	3	3
<b>Cash flow from current operations, continuing operations</b>	<b>1,324</b>	<b>1,281</b>
Cash flow from current operations, discontinued operations	3,040	6,313
<b>Cash flow from current operations</b>	<b>4,364</b>	<b>7,594</b>
Acquisitions	0	-55
Strategic capital expenditures in non-current assets	-2,085	-1,456
Divestments	0	120
<b>Cash flow before dividend, continuing operations</b>	<b>-761</b>	<b>-110</b>
Cash flow before dividend, discontinued operations	-22,257	-1,467
<b>Cash flow before dividend</b>	<b>-23,018</b>	<b>-1,577</b>
Private placement to non-controlling interest	0	420
Dividend	-4,214	-4,176
<b>Net cash flow from continuing and discontinued operations</b>	<b>-27,232</b>	<b>-5,333</b>
<b>Net debt at the start of the period</b>	<b>-35,361</b>	<b>-29,478</b>
Net cash flow	-27,232	-5,333
Net debt, discontinued operations <sup>1</sup>	56,010	0
Remeasurement to equity	1,183	-5,278
Translation differences	-422	-192
<b>Net debt at the end of the period</b>	<b>-5,822</b>	<b>-40,281</b>
<b>Debt/equity ratio</b>	<b>0.16</b>	<b>0.54</b>

<sup>1</sup> Essity's cash and cash equivalents on the listing day were SEK 4,170m

**RECONCILIATION BETWEEN CONSOLIDATED CASH FLOW STATEMENT AND CONSOLIDATED OPERATING CASH FLOW STATEMENT**

<b>SEKm</b>	<b>1709</b>	<b>1609</b>
<b>Net cash flow for the period</b>	<b>-3,516</b>	<b>-1,043</b>
Repayment of loans from external parties	-259	0
Loans raised	-10,254	-15,773
Amortization of borrowing	4,719	13,756
Adjustment discontinued operations	-17,911	-2,127
Accrued interest	-11	6
<b>Net cash flow according to consolidated operating cash flow statement</b>	<b>-27,232</b>	<b>-5,333</b>

## INCOME STATEMENT PARENT COMPANY

At the end of 2016, the Parent Company's former Group-wide operations were transferred to Essity Aktiebolag (publ), which led to lower operating expenses and personnel costs. The related current assets and current liabilities were settled after the end of the year, which explains the lower balance-sheet items.

SEKm	1709	1609
Other operating income	136	191
Other operating expenses	-528	-346
Personnel expenses	-45	-252
<b>Operating profit before depreciations and write-downs (EBITDA)</b>	<b>-437</b>	<b>-407</b>
Depreciations and write-downs	-55	-50
<b>Operating profit</b>	<b>-492</b>	<b>-457</b>
Financial items	2	43,047
<b>Profit before tax</b>	<b>-490</b>	<b>42,590</b>
Untaxed reserve and Tax	287	216
<b>Net profit for the period</b>	<b>-203</b>	<b>42,806</b>

Other operating income was mainly related to remuneration for the granting of felling rights for the Parent Company's forest land. Other operating expenses include a capital loss of SEK 419m attributable to an intra-Group transfer of forest land.

Financial items were lower compared with the year-earlier period due to the Parent Company not receiving any dividends from subsidiaries in 2017.

## BALANCE SHEET PARENT COMPANY

SEKm	September 30, 2017	December 31, 2016
Tangible assets	8,321	8,271
Financial assets	4,866	79,880
<b>Total non-current assets</b>	<b>13,187</b>	<b>88,151</b>
Total current assets	14,603	61,147
<b>Total assets</b>	<b>27,790</b>	<b>149,298</b>
Restricted equity	11,323	10,996
Unrestricted equity	7,250	87,390
<b>Total equity</b>	<b>18,573</b>	<b>98,386</b>
Untaxed reserves	0	242
Provisions	1,410	1,330
Non-current liabilities	4,985	2,272
Current liabilities	2,822	47,068
<b>Total equity, provisions and liabilities</b>	<b>27,790</b>	<b>149,298</b>

Financial non-current assets were lower due to the listing of Essity AB's shares on Nasdaq Stockholm in June 2017. The listing and related issuance costs also explain why non-restricted equity was lower compared with the year-earlier period.

## 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, 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

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 segmentation has been changed compared with the 2016 Annual Report. Transactions of external wood raw material swaps in the Forest segment are included in net sales, but recognized net with the corresponding raw material purchase. External sales of logistics services and by-product revenues are now reported as other operating income (previously netted with other operating expenses and energy costs, respectively).

In other respects, the accounting principles applied are consistent with those described in the 2016 Annual Report.

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

As of January 1, 2018, SCA will apply the new standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The new IFRS standards are not judged to have any material impact on the Group's or Parent Company's results or financial position. In addition, work is currently taking place to adopt the IFRS 16 Leasing standard into the Group's accounting, which will become effective on January 1, 2019.

In this report, sales to the hygiene business have been regarded as sales to external parties and have not been eliminated. Profit for the period for the hygiene business is recognized on a separate line in the consolidated income statement. In the cash flow statement, the hygiene business is recognized separately under each main group. At June 30, 2017, only the continuing operations are included in the balance sheet. At December 31, 2016, both continuing and discontinued operations are included.

### 2 RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 76-81 of the 2016 Annual Report. Since year-end, the company's hygiene business has been distributed to SCA's shareholders under the name of Essity. Since the distribution comprised approximately 86% of the company's sales and approximately 69% of the company's capital at December 31, 2016, the distribution has had a significant impact on the company's risk profile. These changes are described below.

- **GDP growth and economic conditions.** The description of the forest industry products' exposure has not changed. However, there is no longer any exposure to the retail market or markets for institutional care and homecare facilities for incontinence products or the Away-From-Home (AFH) tissue market.
- **Dependence on major customers and distributors.** Dependence on the retail trade as the largest single customer group does not apply for SCA's continuing operations. In 2016, SCA's ten largest customers accounted for about 26% of SCA's net sales, and the largest single customer accounted for about 10% of net sales.
- **Risks at plants.** Insurance is no longer provided internally. All insurance is taken out with market-leading insurance companies. It should also be noted that the company's biggest fixed asset, the standing forest, remains uninsured.
- **Cost of input goods.** It should be noted that market pulp is no longer a commodity product, but a product for sale. SCA produces all of its own pulp requirements.
- **Energy price risk.** In 2016, SCA purchased 2.3 TWh of electricity and no natural gas.
- **Currency risk.** Since SCA essentially became a Swedish exporting company after the distribution of the hygiene business, the currency risk has changed significantly and is described on page 5 in this report.
- **Credit risk.** At September 30, 2017, credit exposure in accounts receivable amounted to SEK 2,632m and the financial credit exposure, in which the counterparty is a finance player or a pension fund manager, amounted to SEK 2,230m. This exposure includes credit risk of SEK 936m for cash and cash equivalents. Credit exposure associated with derivative instruments totaled SEK 156m.

- **Liquidity and refinancing risk.** The Group's financing mainly comprises bank loans from a group of four banks with high credit ratings, a bilateral loan from Svensk Exportkredit and issued commercial papers. At September 30, 2017, gross debt totaled SEK 7,592m and had an average maturity of 3.9 years. On the same date, unutilized credit facilities amounted to approximately SEK 4,500m, and cash and cash equivalents to SEK 936m.
- **Interest rate risk.** At September 30, 2017, the average fixed-interest rate period for gross debt, including derivative instruments, was 5.5 months.

Distribution of the hygiene business entailed no principal changes to the company's risk profile in any other areas.

### 3 RELATED PARTY TRANSACTIONS

No transactions took place between SCA and related parties with any material impact on the company's financial position or results.

### 4 DISCONTINUED OPERATION

SCA distributed the shares in Essity to SCA's shareholders in a fixed ratio of 1:1, whereby shareholders received one Class A share in Essity for every Class A share in SCA, and one Class B share in Essity for every Class B share in SCA. Essity's first day of trading on Nasdaq Stockholm was June 15, 2017 and the closing price was SEK 247.20 for the Class A share and 248.50 for the Class B share. This represents a market capitalization of about SEK 174,448m for Essity. The remeasurement of assets and liabilities at fair value when Essity was distributed generated an earnings impact of SEK 136,914m.

No impairment was carried out in conjunction with the distribution of the hygiene business.

The income statement and cash flow statement for the hygiene business from the beginning of the fiscal year until June 13, 2017 is presented in the table below for the September 2017 period. The September 2016 period includes the nine-month operations. Cash flow from financing activities cannot be recognized separately from divested operations since the financing was not recognized separately on that date.

#### EARNINGS TREND

SEKm	1709	1609
Net sales	47,854	74,466
Operating profit	4,965	6,552
Financial items	-487	-570
Profit before tax	4,478	5,982
Tax	-1,111	-2,911
<b>Profit for the period</b>	<b>3,367</b>	<b>3,071</b>

#### CASH FLOW STATEMENT

SEKm	1709	1609
Cash flow from operating activities	4,517	8,691
Cash flow from investing activities	-15,591	-8,139
Cash flow from financing activities	11,022	
<b>Cash flow for the period, discontinued operations</b>	<b>-52</b>	

## 5. FINANCIAL INSTRUMENTS PER CATEGORY

At September 30, 2017, only the continuing operations are included. At December 31, 2016, both continuing and discontinued operations are included.

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	2
<b>September 30, 2017</b>							
Derivatives	116	12	104	0	0	0	116
Non-current financial assets	16	0	0	16	0	0	8
<b>Total assets</b>	<b>132</b>	<b>12</b>	<b>104</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>124</b>
Derivatives	30	26	4	0	0	0	30
Current financial liabilities	2,496	0	0	0	2,496	0	0
Non-current financial liabilities	5,072	0	0	0	5,072	0	0
<b>Total liabilities</b>	<b>7,598</b>	<b>26</b>	<b>4</b>	<b>0</b>	<b>7,568</b>	<b>0</b>	<b>30</b>

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	2
<b>December 31, 2016</b>							
Derivatives	1,259	313	946	0	0	0	1,259
Non-current financial assets	90	0	0	90	0	82	8
<b>Total assets</b>	<b>1,349</b>	<b>313</b>	<b>946</b>	<b>90</b>	<b>0</b>	<b>82</b>	<b>1,267</b>
Derivatives	705	567	138	0	0	0	705
Current financial liabilities	4,656	425	0	0	4,231	0	425
Non-current financial liabilities	31,338	16,021	0	0	15,317	0	16,021
<b>Total liabilities</b>	<b>36,699</b>	<b>17,013</b>	<b>138</b>	<b>0</b>	<b>19,548</b>	<b>0</b>	<b>17,151</b>

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 financial liabilities was SEK 7,579m (37,047).

No transfers between Levels 1 and 2 were made during the period. No financial instruments were classified as Level 3.

The fair value of financial instruments is calculated using current market prices 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 determined using valuation models, such as discounting future cash flows at quoted market rates for the respective maturity.

## 6. CONTINGENT LIABILITIES AND PLEDGED ASSETS, PARENT COMPANY

### Contingent liabilities

SEKm	September 30, 2017	December 31, 2016
Guarantees for subsidiaries	651	76,476
Other contingent liabilities	0	17
<b>Total</b>	<b>651</b>	<b>76,493</b>

### Pledged assets

SEKm	September 30, 2017	December 31, 2016
Chattel mortgages	20	20
Other	0	130
<b>Total</b>	<b>20</b>	<b>150</b>

## 7 USE OF NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) PERFORMANCE MEASURES

Reference is made in this 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 92-94 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 not used in IFRS

Non-IFRS performance measure	Description	Reason for use of the measure
EBITDA	Operating profit before depreciation, amortization and impairment of tangible and intangible assets	The measure is a good complement for comparing earnings with other companies, regardless of the size of each company's depreciations of non-current assets
Adjusted EBITDA	Operating profit before depreciation, amortization and impairment of tangible and intangible assets, excluding items affecting comparability	The measure is a good complement for comparing earnings with other companies, regardless of the size of each company's depreciations of non-current assets and is also adjusted for the impact of items affecting comparability
EBITDA margin	Operating profit before depreciation, amortization and impairment of tangible and intangible assets as a percentage of net sales for the year	The measure is a good complement for comparing the margin with other companies, regardless of the age of each company's non-current assets or the rate of depreciation they apply
Adjusted EBITDA margin	Operating profit before depreciation, amortization and impairment of tangible and intangible assets, excluding items affecting comparability, as a percentage of net sales for the year	The measure is a good complement for comparing the margin with other companies, regardless of the age of each company's non-current assets or the rate of depreciation they apply, and is also adjusted for the impact of items affecting comparability
Adjusted operating margin	Operating profit, excluding items affecting comparability, as a percentage of net sales for the year	Operating margin is a key component, together with the capital turnover rate, for monitoring value creation and is also adjusted for the impact of items affecting comparability
Adjusted return on capital employed, ROCE	Accumulated return on capital employed is calculated as operating profit on a rolling 12-month basis, excluding items affecting comparability, as a percentage of the average of capital employed over the past five quarters. Corresponding key figures for a quarter are calculated as operating profit for the quarter, excluding items affecting comparability, multiplied by four as a percentage of the average capital employed over the past two quarters.	This is the central ratio for measuring return on all capital tied up in operations, adjusted for the impact of items affecting comparability.
Earnings per share, continuing operations	Net profit for the period from continuing operations divided by the number of listed shares	The measure shows the amount of earnings per share generated by the continuing operations
Earnings per share, continuing and discontinued operations	Net profit for the period from continuing and discontinued operations divided by the number of listed shares	The measure shows the amount of earnings per share generated by the continuing and discontinued operations
Working capital as a percentage of sales	Working capital divided by annualized net sales year-to-date	Shows the amount of the sales that is tied-up in working capital

**CALCULATION OF FINANCIAL PERFORMANCE MEASURES NOT DEFINED IN IFRS****CAPITAL EMPLOYED**

SEKm	1709	1612
Total assets	56,366	52,958
-Financial receivables	-2,082	-1,421
-Non-current non-interest bearing liabilities	-8,423	-7,961
-Current non-interest bearing liabilities	-3,897	-3,699
Assets	0	307
Liabilities	0	-57
<b>Capital employed</b>	<b>41,964</b>	<b>40,127</b>
Return on capital employed <sup>1</sup>	5.5%	5.8%
Return on capital employed <sup>1</sup> , excluding items affecting comparability	5.8%	5.5%

**WORKING CAPITAL**

SEKm	1709	1612
Inventories	3,163	3,402
Accounts receivable	2,632	1,968
Other current receivables	662	566
Accounts payable	-2,756	-2,778
Other current liabilities	-1,093	-863
Adjustments <sup>2</sup>	293	243
Assets for transfer to discontinued operations	0	259
Liabilities for transfer to discontinued operations	0	-57
<b>Working capital</b>	<b>2,901</b>	<b>2,740</b>
Working capital / net sales % <sup>1</sup>	17.5%	17.8%

**NET DEBT**

SEKm	1709	1612
Surplus in funded pension plans	1,117	851
Non-current financial assets	20	8
Current financial assets	9	809
Cash and cash equivalents	936	238
<b>Financial receivables</b>	<b>2,082</b>	<b>1,906</b>
Non-current financial liabilities	5,072	63
Provisions for pensions	312	329
Current financial liabilities	2,520	1,702
<b>Financial liabilities</b>	<b>7,904</b>	<b>2,094</b>
<b>Net debt</b>	<b>-5,822</b>	<b>-188</b>

<sup>1</sup> rolling 12 months

<sup>2</sup> Adjustments

Other current receivables, green certificates	-13	-34
Accounts payable, strategic capital expenditures	290	274
Other current liabilities, emission rights	16	3
	<b>293</b>	<b>243</b>

## 8 SEGMENT INFORMATION

The forest products company SCA reports four segments in accordance with IFRS 8:

- The Forest segment manages 2.6 million hectares of forest land, of which 2 million is productive, and supplies timber to SCA's forest industry operations (Wood, Pulp and Paper). Roughly the same amount of timber that is harvested from SCA's own forests is purchased from other forest owners. By-products are used in energy production.
- The Wood segment comprises five sawmills in Sweden, wood processing units with planing mills in Sweden, the UK and France, as well as a distribution and wholesale business. By-products are used in energy production.
- The Pulp segment comprises kraft pulp and chemical thermomechanical pulp (CTMP). The pulp is produced in Östrand, where a major investment project to expand the production capacity is also ongoing.
- The Paper segment comprises packaging papers (kraftliner) manufactured in Obbola and Munksund and publication papers manufactured in Örtviken, and used for magazines, catalogues and commercial print.

### NET SALES

SEKm	2017:3	2017:2	2017:1	2016:4	2016:3	2016:2
Forest	1,261	1,210	1,312	1,296	1,261	1,234
Wood	1,567	1,637	1,364	1,361	1,320	1,496
Pulp	644	585	641	668	668	556
Paper	2,096	2,072	2,046	1,998	1,859	1,889
Intra-group deliveries	-1,337	-1,282	-1,394	-1,384	-1,339	-1,303
<b>Total net sales</b>	<b>4,231</b>	<b>4,222</b>	<b>3,969</b>	<b>3,939</b>	<b>3,769</b>	<b>3,872</b>

### ADJUSTED EBITDA

SEKm	2017:3	2017:2	2017:1	2016:4	2016:3	2016:2
Forest	316	364	325	338	295	312
Wood	187	154	145	161	143	140
Pulp	158	71	104	102	160	105
Paper	439	291	268	276	290	259
Other	-51	-53	-35	-51	-47	-27
<b>Total adjusted EBITDA<sup>1</sup></b>	<b>1,049</b>	<b>827</b>	<b>807</b>	<b>826</b>	<b>841</b>	<b>789</b>

### ADJUSTED EBITDA MARGIN

%	2017:3	2017:2	2017:1	2016:4	2016:3	2016:2
Forest	25.1	30.1	24.7	26.1	23.4	25.3
Wood	11.9	9.4	10.6	11.8	10.8	9.4
Pulp	24.5	12.1	16.3	15.3	24.0	18.9
Paper	20.9	14.0	13.1	13.8	15.6	13.7
<b>Adjusted EBITDA margin<sup>1</sup></b>	<b>24.8</b>	<b>19.6</b>	<b>20.3</b>	<b>21.0</b>	<b>22.3</b>	<b>20.4</b>

### ADJUSTED OPERATING PROFIT

SEKm	2017:3	2017:2	2017:1	2016:4	2016:3	2016:2
Forest	288	336	297	310	269	285
Wood	133	99	83	108	95	93
Pulp	102	16	31	37	97	39
Paper	308	156	141	139	165	118
Other	-55	-53	-44	-55	-49	-29
<b>Total adjusted operating profit<sup>1</sup></b>	<b>776</b>	<b>554</b>	<b>508</b>	<b>539</b>	<b>577</b>	<b>506</b>

### ADJUSTED OPERATING MARGIN

%	2017:3	2017:2	2017:1	2016:4	2016:3	2016:2
Forest	22.8	27.8	22.6	23.9	21.3	23.1
Wood	8.5	6.0	6.1	7.9	7.2	6.2
Pulp	15.8	2.7	4.9	5.5	14.5	7.0
Paper	14.7	7.5	6.9	7.0	8.9	6.2
<b>Adjusted operating margin<sup>1</sup></b>	<b>18.3</b>	<b>13.1</b>	<b>12.8</b>	<b>13.7</b>	<b>15.3</b>	<b>13.1</b>

<sup>1</sup> Excluding items affecting comparability