Ulf Larsson, CEO
Summary Q3 2017

Strong market with increasing prices
Sales growth of 12% vs Q3 2016
  • Volumes +11%, price/mix +3%, currency -2%

EBITDA 1) up 25% vs Q3 2016, influenced by:
  • Higher sales price and volume growth
  • Negative currency effects
  • Limited effect from maintenance stops, SEK 16m (43)
  • Continued planned extra cost due to Östrand project of SEK 28m (9)
  • Stable cost development

Östrand project progressing according to plan
  • Planned start-up in June 2018
  • SEK 4.7bn invested from project start up to Q3, out of SEK 7.8bn in total

Focus on costs, efficiency and delivering the Östrand project

Note: 1) Adjusted EBITDA.
Forest Q3 2017 vs. Q3 2016

Balanced timber supply in SCA’s area
Stable raw material market without any notable price increases in SCA’s area
Sales remained flat
• Price and volume in-line with LYQ
EBITDA ¹ up 7%
• Higher share of deliveries from SCA owned forests – return to normal felling plan after last year’s storm felling

Note: 1) Adjusted EBITDA.

Net sales (SEKm) | EBITDA (SEKm) ¹ | EBITDA margin ¹
---|---|---
Q3 2016: 1,261 | Q3 2016: 295 | Q3 2016: 23.4%
Q3 2017: 1,261 | Q3 2017: 316 | Q3 2017: 25.1%

3.0 million m³ per year, net growth after fellings
Wood Q3 2017 vs. Q3 2016

Strong underlying market with continued price increases during Q3

Sales up 19%
- Higher volumes and prices
- Negative currency effects

EBITDA ¹) up 31%
- Higher volumes and prices
- Negative currency effects

Note: ¹) Adjusted EBITDA.
Pulp Q3 2017 vs. Q3 2016

Net sales (SEKm) | EBITDA (SEKm) | EBITDA margin 1)
---|---|---
Q3 2016: 668 | Q3 2016: 160 | 24.0%
Q3 2017: 644 | Q3 2017: 158 | 24.5%

Generally good development in the pulp market

Negative impact on result from Östrand project

Sales down 4%
- Lower volumes and negative currency effects somewhat compensated by higher prices

EBITDA 1) down 1%
- Negative currency effects and higher raw material costs
- Higher prices
- Continued extra cost due to Östrand project SEK 28m (9)
- No maintenance stop during quarter, SEK 0m (-24)

Östrand project progressing according to plan
- Planned start-up June in 2018
- SEK 4.7bn invested up to Q3, out of SEK 7.8bn in total
- See page 14 and 15 for more details

Note: 1) Adjusted EBITDA.
Paper Q3 2017 vs. Q3 2016

Strong Kraftliner market with increasing prices

Continued challenging publication paper market, especially for coated

Sales up 13%
- Higher Kraftliner prices
- Increased publication paper volumes

EBITDA 1) up 51%
- Higher Kraftliner prices

Note: 1) Adjusted EBITDA.
Toby Lawton, CFO
# P&L Q3 2017 vs. Q3 2016

<table>
<thead>
<tr>
<th>SEKm</th>
<th>Q3 2017</th>
<th>Q3 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>4,231</td>
<td>3,769</td>
<td>12%</td>
</tr>
<tr>
<td>EBITDA 1)</td>
<td>1,049</td>
<td>841</td>
<td>25%</td>
</tr>
<tr>
<td>EBITDA 1) margin</td>
<td>24.8%</td>
<td>22.3%</td>
<td>2.5 p.p.</td>
</tr>
<tr>
<td>EBIT 1)</td>
<td>776</td>
<td>577</td>
<td>34%</td>
</tr>
<tr>
<td>EBIT 1) margin</td>
<td>18.3%</td>
<td>15.3%</td>
<td>3.0 p.p.</td>
</tr>
<tr>
<td>Items affecting comparability</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>EBIT</td>
<td>776</td>
<td>581</td>
<td>34%</td>
</tr>
<tr>
<td>Financial items</td>
<td>-11</td>
<td>-19</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>765</td>
<td>562</td>
<td>36%</td>
</tr>
<tr>
<td>Tax</td>
<td>-138</td>
<td>-117</td>
<td></td>
</tr>
<tr>
<td>Profit for the period from continued operations</td>
<td>627</td>
<td>445</td>
<td>41%</td>
</tr>
<tr>
<td>Earnings per share continued operations, SEK</td>
<td>0.89</td>
<td>0.63</td>
<td></td>
</tr>
</tbody>
</table>

Note: Financials excluding discontinued operations. For details regarding discontinued operations please see the quarterly report.

1) Adjusted EBITDA/EBIT.
Contribution by segment and quarter

**Net sales (SEKm)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q1 '16</th>
<th>Q2 '16</th>
<th>Q3 '16</th>
<th>Q4 '16</th>
<th>Q1 '17</th>
<th>Q2 '17</th>
<th>Q3 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest</td>
<td>1,187</td>
<td>1,234</td>
<td>1,261</td>
<td>1,296</td>
<td>1,312</td>
<td>1,312</td>
<td>1,286</td>
</tr>
<tr>
<td>Wood</td>
<td>293</td>
<td>338</td>
<td>325</td>
<td>325</td>
<td>364</td>
<td>316</td>
<td></td>
</tr>
</tbody>
</table>

**EBITDA (SEKm) and EBITDA margin**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q1 '16</th>
<th>Q2 '16</th>
<th>Q3 '16</th>
<th>Q4 '16</th>
<th>Q1 '17</th>
<th>Q2 '17</th>
<th>Q3 '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest</td>
<td>1,264</td>
<td>1,496</td>
<td>1,320</td>
<td>1,361</td>
<td>1,364</td>
<td>1,637</td>
<td>1,567</td>
</tr>
<tr>
<td>Wood</td>
<td>87</td>
<td>140</td>
<td>143</td>
<td>161</td>
<td>145</td>
<td>154</td>
<td>187</td>
</tr>
</tbody>
</table>

**Paper**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q1 '16</th>
<th>Q2 '16</th>
<th>Q3 '16</th>
<th>Q4 '16</th>
<th>Q1 '17</th>
<th>Q2 '17</th>
<th>Q3 '17</th>
<th>Q4 '17</th>
<th>Q1 '18</th>
<th>Q2 '18</th>
<th>Q3 '18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (SEKm)</td>
<td>1,998</td>
<td>1,889</td>
<td>1,839</td>
<td>1,998</td>
<td>2,046</td>
<td>2,072</td>
<td>2,096</td>
<td>2,125</td>
<td>2,190</td>
<td>2,220</td>
<td>2,296</td>
</tr>
<tr>
<td>EBITDA (SEKm)</td>
<td>600</td>
<td>556</td>
<td>668</td>
<td>668</td>
<td>641</td>
<td>585</td>
<td>644</td>
<td>672</td>
<td>657</td>
<td>683</td>
<td>688</td>
</tr>
</tbody>
</table>

**Note:** 1) Adjusted EBITDA.
Net sales Q3 2017 vs. Q3 2016

- **Net sales Q3 2016**: SEK 3,769m
- **Net sales Q3 2017**: SEK 4,231m

Price/Mix:
- Positive for Wood, Pulp and Kraftliner: +3%
- Positive for Wood and Publication paper, flat for Kraftliner, negative for Pulp: +11%
- Currency: -2%

Price/Mix contribution: +12%

Net sales increase by 12%.
EBITDA ¹) Q3 2017 vs. Q3 2016

Higher price for Wood, Pulp and Kraftliner

SEK 841m

±224m

SEK +31m

SEK +3m

SEK +6m

SEK -44m

SEK -12m

SEK 1,049m

+ 25%

EBITDA margin 22.3%

EBITDA Q3 2016

Price/Mix

Volume

Raw material

Energy

Currency

Other

EBITDA Q3 2017

EBITDA margin 24.8%

Note: ¹) Adjusted EBITDA.
## Cash flow Q3 2017 vs. Q3 2016

<table>
<thead>
<tr>
<th></th>
<th>Jul-Sep 2017</th>
<th>Jul-Sep 2016</th>
<th>Jan-Sep 2017</th>
<th>Jan-Sep 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash surplus</td>
<td>867</td>
<td>673</td>
<td>2,167</td>
<td>1,870</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-280</td>
<td>-224</td>
<td>-239</td>
<td>206</td>
</tr>
<tr>
<td>Current capital expenditures, net</td>
<td>-129</td>
<td>-418</td>
<td>-418</td>
<td>-687</td>
</tr>
<tr>
<td>Other operating cash flow</td>
<td>67</td>
<td>-24</td>
<td>-79</td>
<td>-42</td>
</tr>
<tr>
<td><strong>Operating cash flow</strong></td>
<td>525</td>
<td>7</td>
<td>1,431</td>
<td>1,347</td>
</tr>
<tr>
<td>Strategic capital expenditures</td>
<td>-609</td>
<td>-574</td>
<td>-2,085</td>
<td>-1,456</td>
</tr>
</tbody>
</table>
**Östrandal project – market growth and capex**

**Strong demand for Bleached Softwood Kraft (BSK)**
- Market growth of 1.5-2% per year during the last years
- Growth expected to continue, driven by global demand for virgin fiber
- On-going pulp projects needed to supply the growing demand

SEK 4.7bn invested up to Q3, out of SEK 7.8bn in total

<table>
<thead>
<tr>
<th>Year</th>
<th>SEK (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre 2017</td>
<td>2.6</td>
</tr>
<tr>
<td>2017e</td>
<td>3.1</td>
</tr>
<tr>
<td>2018e</td>
<td>2.1</td>
</tr>
<tr>
<td>2019e</td>
<td>0.5</td>
</tr>
</tbody>
</table>

**BSK market growth (1)**

![BSK market growth chart](chart.png)

(1) Source: RISI, PPPC, SCA.
Östrand project – ramp-up and cost competitiveness

Ramp-up period

- Planned start-up in June 2018
- Normal ramp-up period of 12–18 months from start-up
- 2018 – capacity expected to be in-line with 2017
  - Lost production volume from extended planned stop of ~45 days compensated by higher capacity after start-up
  - Increased direct costs during ramp-up and increased maintenance costs due to the extended planned stop
- 2020 – first full year at full capacity, 900,000 tonnes NBSK per year
- In addition, 100,000 tonnes per year of CTMP capacity

Cash cost leader

- Cash costs per tonne for the whole pulp mill at full capacity in 2020 expected to decrease by approximately SEK 350 per tonne, primarily related to indirect costs
- Will place Östrand in the best cost quartile among BSK producers globally

Working capital

- Project will result in higher working capital

Attractive position on global cost curve

Cost competitiveness (1)

1st Quartile (best)
2nd Quartile
3rd Quartile
4th Quartile (worst)

Strengthened cost position post completion of the project

(1) Source: Pöyry, SCA.
## Balance sheet structure

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest assets (gross value before deferred taxes)</td>
<td>31,285</td>
<td>31,119</td>
<td>30,770</td>
</tr>
<tr>
<td>Deferred tax relating to Forest assets</td>
<td>-6,883</td>
<td>-6,846</td>
<td>-6,769</td>
</tr>
<tr>
<td>Forest assets, net of deferred tax</td>
<td>24,402</td>
<td>24,273</td>
<td>24,001</td>
</tr>
<tr>
<td>Working capital</td>
<td>2,901</td>
<td>2,673</td>
<td>2,740</td>
</tr>
<tr>
<td>Working capital/Net sales</td>
<td>18%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Other capital employed</td>
<td>14,661</td>
<td>14,353</td>
<td>13,386</td>
</tr>
<tr>
<td>Total capital employed</td>
<td>41,964</td>
<td>41,299</td>
<td>40,127</td>
</tr>
<tr>
<td>Net debt</td>
<td>5,822</td>
<td>5,584</td>
<td>5,000 ¹)</td>
</tr>
<tr>
<td>Net debt/EBITDA ²)</td>
<td>1.7x</td>
<td>1.8x</td>
<td>1.5x</td>
</tr>
<tr>
<td>Equity</td>
<td>36,142</td>
<td>35,715</td>
<td>35,127 ³)</td>
</tr>
<tr>
<td>Net debt/Equity</td>
<td>16.1%</td>
<td>15.6%</td>
<td>14.2%</td>
</tr>
</tbody>
</table>

Note: 1) Pro forma net debt after reallocation of SEK 5,000m as of December 31,2016. 
2) 12-months EBITDA, up to end of each period. 3) Pro forma equity calculated as capital employed less pro forma net debt.
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Strong market with increasing prices
Sales growth of 12% vs Q3 2016
EBITDA ¹) up 25% vs Q3 2016
Östrand project progressing according to plan
Focus on costs, efficiency and delivering the Östrand project

¹) Adjusted EBITDA.
Capital Markets Day
Forest focused Capital Markets Day
May 22, 2018 in Sundsvall, Sweden
A leading industrial ecosystem, driven by the force of the forest

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