JANUARY 1 – JUNE 30, 2017  
(compared with the year-earlier period)

During the period, shares in the discontinued operation Essity (the hygiene business) were distributed to SCA’s shareholders and on June 15, Essity was listed on Nasdaq Stockholm. Net profit for the period mainly comprised an earnings effect of SEK 136,914m from the distribution of Essity shares. The distribution was a non-recurring event. Unless otherwise stated, only SCA’s continuing operations (the forest products business) are described in this report.

- Net sales increased 7% to SEK 8,191m (7,665)
- Adjusted EBITDA increased 2% to SEK 1,634m (1,602)
- The adjusted EBITDA margin was 19.9% (20.9)
- Adjusted operating profit amounted to SEK 1,062m (1,039)
- Operating profit amounted to SEK 949m (1,158)
- Net profit for the period from continuing operations amounted to SEK 651m (914)
- Earnings per share from continuing operations amounted to SEK 0.93 (1.30)
- Operating cash flow from continuing operations amounted to SEK 906m (1,340)

EARNINGS TREND

<table>
<thead>
<tr>
<th>SEKm</th>
<th>2017:2</th>
<th>2016:2</th>
<th>%</th>
<th>2017:1</th>
<th>%</th>
<th>1706</th>
<th>1606</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>4 222</td>
<td>3 872</td>
<td>9</td>
<td>3 969</td>
<td>6</td>
<td>8 191</td>
<td>7 665</td>
<td>7</td>
</tr>
<tr>
<td>Adjusted EBITDA¹</td>
<td>827</td>
<td>789</td>
<td>5</td>
<td>807</td>
<td>2</td>
<td>1 634</td>
<td>1 602</td>
<td>2</td>
</tr>
<tr>
<td>Items affecting comparability</td>
<td>-103</td>
<td>119</td>
<td>-10</td>
<td>-113</td>
<td>119</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>724</td>
<td>908</td>
<td>-20</td>
<td>797</td>
<td>-9</td>
<td>1 521</td>
<td>1 721</td>
<td>-12</td>
</tr>
<tr>
<td>Adjusted operating profit¹</td>
<td>554</td>
<td>506</td>
<td>9</td>
<td>508</td>
<td>9</td>
<td>1 062</td>
<td>1 039</td>
<td>2</td>
</tr>
<tr>
<td>Operating profit</td>
<td>451</td>
<td>625</td>
<td>-28</td>
<td>498</td>
<td>-9</td>
<td>949</td>
<td>1 158</td>
<td>-18</td>
</tr>
<tr>
<td>Net Profit from continuing operations</td>
<td>288</td>
<td>504</td>
<td>-43</td>
<td>363</td>
<td>-21</td>
<td>651</td>
<td>914</td>
<td>-29</td>
</tr>
<tr>
<td>Net Profit from discontinued operations</td>
<td>138 625</td>
<td>-425</td>
<td>1 656</td>
<td>140 281</td>
<td>1 200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit for the period from continuing and discontinued operations</td>
<td>138 913</td>
<td>79</td>
<td>2 019</td>
<td>140 932</td>
<td>2 114</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA margin¹</td>
<td>19,6</td>
<td>20,4</td>
<td>20,3</td>
<td>19,9</td>
<td>20,9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings per share SEK - continuing operations</td>
<td>0,41</td>
<td>0,72</td>
<td>0,52</td>
<td>0,93</td>
<td>1,30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating cash flow, continuing operations</td>
<td>906</td>
<td>1 340</td>
<td>-32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹Excluding items affecting comparability before tax

The “Essity” hygiene business 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.
COMMENTS ON THE FINANCIAL STATEMENTS

The Annual General Meeting’s decision to split SCA into two listed companies has been implemented. For every share in SCA, shareholders have received one new share in the global hygiene and health company Essity. SCA is therefore a focused and cost-efficient forest and forest products company.

The reported result for the second quarter of 2017 was significantly impacted by extended planned maintenance stops at several of SCA’s mills. Earnings were similarly affected by costs for the recently completed company split, and for the major ongoing investment project at the Östrand pulp mill. Underlying earnings are stable.

General market conditions for forest industry products are relatively strong with high demand in China, North America and Europe. The exception is publication papers, which have been adversely impacted by a continued structural decline.

Supplies of timber are balanced in SCA’s operating area, creating a stable raw material market.

The market balance is strong in the Wood segment, with favorable underlying demand, and prices have gradually risen. The market is driven by continued high levels of construction activity in the US and high demand for wood products in China. The European market is also strong where the building materials trade, in particular, has shown continued positive growth.

The market for kraftliner has shown strong growth in recent years and the beginning of 2017 was no exception. Underlying factors include growing online shopping and demands for high quality packaging, which are increasing the preference for kraftliner – a packaging material made from fresh fiber. We have seen stepwise price increases over the past six months and another price increase for unbleached kraftliner has been announced for August.

The pulp market developed favorably during the first six months of the year, with strong demand in China and relatively good demand in other markets. Market conditions were characterized by stable prices and volumes, with no significant inventory build-up to date due to increased production capacity. However, a weakened USD has recently resulted in lower delivery prices measured in Swedish kronor.

In view of the stable and long-term growing demand for long-fiber pulp, in particular from tissue and packaging producers, SCA decided in August 2015 to invest SEK 7.8bn in the expansion of the Östrand pulp mill. The project will double Östrand’s capacity and make Östrand one of the most cost-efficient mills in the world for long-fiber kraft pulp production. The project is on track in terms of both time and budget.
GROUP

SALES AND OPERATING PROFIT

January-June 2017 compared with January-June 2016
The first six months of the year showed sales growth related to higher prices and higher volumes in the industrial units. Net sales increased 7%, of which volume accounted for 3%, price/mix for 3% and currency for 1%, and amounted to SEK 8,191m (7,665).

Adjusted EBITDA increased 2% to SEK 1,634m (1,602). The increase was mainly attributable to higher prices, positive exchange rate effects and larger delivery volumes. Higher raw material costs, a downward market revaluation of electricity certificates of SEK 55m (0) and higher planned project costs of SEK 50m (8) for the investment in Östrand had a negative impact on earnings. In addition, the negative impact of planned maintenance stops amounted to SEK 154m (98). See page 5 for details.

Items affecting comparability amounted to SEK -113m (119), comprising costs related to splitting the SCA Group into two listed companies, whereof SEK 56m is due to the separation of pension funds. The positive amount in the preceding year comprised a capital gain on the sale of shares in IL Recycling.

Adjusted operating profit increased 2% to SEK 1,062m (1,039).

April-June 2017 compared with April-June 2016
Net sales grew 9%, of which volume accounted for 5%, price/mix for 3% and currency for 1%, and amounted to SEK 4,222m (3,872).

Adjusted EBITDA increased 5% to SEK 827m (789). The increase was mainly attributable to higher prices, positive exchange rate effects and larger delivery volumes. Higher costs for raw materials and energy, partly due to a market revaluation of electricity certificates, had a negative impact on earnings. In addition, earnings were adversely impacted by SEK 143m (72) for planned maintenance stops and increased project costs of SEK 29m (4) for the investment in Östrand.

Items affecting comparability amounted to SEK -103m (119), comprising costs related to splitting the SCA Group into two listed companies, whereof SEK 56m is due to the separation of pension funds. The positive amount in the preceding year comprised a capital gain on the sale of shares in IL Recycling.

Adjusted operating profit increased 9% to SEK 554m (506).

April-June 2017 compared with January-March 2017
Net sales grew 6%, of which volume accounted for 4% and price/mix for 2%, and amounted to SEK 4,222m (3,869).

Adjusted EBITDA increased 2% to SEK 827m (807). The increase was primarily due to higher prices, larger delivery volumes and lower energy costs (mainly in relation to a downward market revaluation of electricity certificates with larger effect in the first quarter). Planned maintenance stops had a negative impact of SEK 143m (11).

Items affecting comparability amounted to SEK -103m (-10), comprising costs related to splitting the SCA Group into two listed companies, whereof SEK 56m is due to the separation of pension funds.

Adjusted operating profit increased 9% to SEK 554m (508).
CASH FLOW

January-June 2017 compared with January-June 2016

The operating cash surplus amounted to SEK 1,300m (1,197). The cash flow effect from changes in working capital was SEK 41m (430). Working capital as a share of net sales decreased slightly. Current capital expenditures amounted to SEK -289m (-269). Operating cash flow was SEK 906m (1,340).

Strategic capital expenditures totaled SEK -1,476m (-882). The increase is primarily related to the ongoing investment in increased capacity at the Östrand pulp mill (see page 5). Cash flow before dividend, continuing operations, was SEK -662m (531).

Net cash flow from continuing and discontinued operations was SEK -27,133m (-7,118) 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 decided and communicated, would achieve net debt of SEK 5,000m, proforma, 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 planned level of net debt.

The negative cash flow before dividend, combined with minor effects from translation differences and a remeasurement of equity, resulted in net debt of SEK 5,584m for SCA’s continuing operations at June 30, 2017, an increase of SEK 584m compared with the proforma net debt at the beginning of the year.

In connection with the split, a new loan structure was established on June 15, 2017, comprising of bank loans from a group of four banks and a bilateral loan from Svensk Exportkredit. The total amount of these credits and committed credit facilities is SEK 9,500m. At June 30, 2017, SCA’s gross debt amounted to SEK 7,750m, with an average maturity of 3.9 years and an average fixed-interest period of 5.1 months. Cash and cash equivalents amounted to SEK 1,139m.

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

During the period, financial items amounted to SEK -75m (-40), mainly comprised financial expenses incurred up until the distribution of Essity AB.

TAX

January-June 2017

Tax expense, including items affecting comparability, was SEK 223m, corresponding to a tax rate of 25.5%.

In the fourth quarter of 2016, a deferred tax asset of SEK 29m was recognized, related to the adjustment of income tax on capital gains on the sale of Laakirchen. In the second quarter of 2017, it was confirmed that no payment would be received, and therefore the tax asset was reversed. Tax expense for the year increased by SEK 29m as a result, which increases the effective tax rate but does not affect cash flow.

EQUITY

January-June 2017

During the period, consolidated equity decreased SEK 43,804m to SEK 35,715m. Equity increased due to comprehensive income of SEK 141,177 for the period, and to a private placement of SEK 960m to non-controlling interests. Equity declined SEK 4,344m due to a cash dividend (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 93m.
CURRENCY EXPOSURE AND CURRENCY HEDGING

Due to its strong 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. The net exposure for the three largest currencies during the January-June 2017 period are presented below, measured as sales in each foreign currency less purchases in the same currency.

<table>
<thead>
<tr>
<th>Currency</th>
<th>Exposure (translated to SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>EUR 270m</td>
</tr>
<tr>
<td>USD</td>
<td>USD 167m</td>
</tr>
<tr>
<td>GBP</td>
<td>GBP 56m</td>
</tr>
<tr>
<td>Other</td>
<td>SEK 317m</td>
</tr>
<tr>
<td>Total</td>
<td>SEK 5,011m</td>
</tr>
</tbody>
</table>

In accordance with SCA’s Treasury Policy, this exposure is hedged to a certain extent. All balance-sheet items in foreign currency are hedged, as is the foreign currency portion of decided and contracted investments in fixed assets. According to the policy, future transaction exposure may also be hedged. The company has hedged about 75% of the estimated net inflow of EUR over the next six months at the average exchange rate of EUR/SEK 9.52.

PROJECT-RELATED COSTS FOR THE INVESTMENT IN INCREASED PULP CAPACITY AT ÖSTRAND

SCA decided in 2015 to invest in increased pulp production capacity at Östrand’s pulp mill. The annual production capacity of bleached kraft pulp is planned to increase from today’s level of 430,000 tons to about 900,000 tons. The investment is expected to amount to around SEK 7.8bn during a three year period.

By June 2017, about SEK 4.1bn had been invested in the Östrand project, corresponding to about 53 % of the total investment. Start-up of production is planned to June 2018. The project will double Östrand’s capacity and make Östrand one of the most cost-efficient mills in the world for long-fiber kraft pulp production.

The project is on track in terms of both time and investment expenditure.

During the investment period project related costs will negatively affect results. Increased cost for wood handling, depreciation and temporarily increased staffing are the main cost drivers impacting the project-related costs during the investment period. For full-year 2017, project costs before tax are expected to be about SEK 150m, of which depreciation accounts for approximately SEK 50m. Full-year 2016 project costs before tax were about SEK 75m, of which depreciation accounted for approximately SEK 45m.

PLANNED MAINTENANCE STOPS

End September/early October 2017 there will be maintenance stops at the kraftliner mill in Obbola (Paper). 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.
**Share calculated excluding central costs**

**Share of adjusted EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Adjusted EBITDA</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017:2</td>
<td>1,210</td>
<td>364</td>
<td>30.1</td>
</tr>
<tr>
<td>2016:2</td>
<td>1,234</td>
<td>312</td>
<td>25.3</td>
</tr>
<tr>
<td>2017:1</td>
<td>1,312</td>
<td>325</td>
<td>24.7</td>
</tr>
<tr>
<td>1706</td>
<td>1,322</td>
<td>297</td>
<td>27.3</td>
</tr>
<tr>
<td>1606</td>
<td>231</td>
<td>103</td>
<td>25.0</td>
</tr>
</tbody>
</table>

Management of own forest

Forest includes net sales of 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 own forest relative to deliveries from external suppliers varies between quarters. The change in value of the forest asset amounted to SEK 103m during the second quarter compared to SEK 231m during the first quarter. The expected change in value of the biological asset is distributed between the various quarters of the year based on the differences in harvesting levels from own forest.

During the first six months of the year, the volume of timber harvested from own forest was 2.0 million m³ sub. The current planned rate of timber harvested from own forest is approximately 4.3 million m³ sub per year.

January-June 2017 compared with January-June 2016

Net sales rose 4% to SEK 2,522m (2,421). The increase was related to higher delivery volumes. Prices were in line with the preceding year.

Adjusted EBITDA increased 14% to SEK 689m (605). The increase was attributable to the higher share of timber deliveries from SCA owned forest.

April-June 2017 compared with April-June 2016

Net sales decreased 2% to SEK 1,210m (1,234). The decrease was related to lower delivery volumes. Prices were in line with the preceding year.

Adjusted EBITDA increased 17% to SEK 364m (312). This increase was primarily attributable to a higher share of timber deliveries from SCA owned forest.

April-June 2017 compared with January-March 2017

Net sales decreased 8% to SEK 1,210m (1,312). The decrease was related to lower delivery volumes, in spite of higher harvesting volumes from SCA owned forest. Prices were in line with the year-earlier quarter.

Adjusted EBITDA increased 12% to SEK 364m (325). The increase was due to the substantially higher share of timber deliveries from SCA owned forest. Change in the value of the biological assets was lower, due to the higher harvesting volume of own forest, and amounted to SEK 103m (231).
WOOD

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

<table>
<thead>
<tr>
<th>SEKm</th>
<th>2017:2</th>
<th>2016:2</th>
<th>%</th>
<th>2017:1</th>
<th>%</th>
<th>1706</th>
<th>1606</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,637</td>
<td>1,496</td>
<td>9</td>
<td>1,364</td>
<td>20</td>
<td>3,001</td>
<td>2,760</td>
<td>9</td>
</tr>
<tr>
<td>Adjusted EBITDA 1</td>
<td>154</td>
<td>140</td>
<td>10</td>
<td>145</td>
<td>6</td>
<td>299</td>
<td>227</td>
<td>32</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-55</td>
<td>-47</td>
<td>17</td>
<td>-62</td>
<td>-11</td>
<td>-117</td>
<td>-96</td>
<td>22</td>
</tr>
<tr>
<td>Adjusted operating profit 1</td>
<td>99</td>
<td>93</td>
<td>6</td>
<td>83</td>
<td>19</td>
<td>182</td>
<td>131</td>
<td>39</td>
</tr>
<tr>
<td>Adjusted EBITDA margin, % 1</td>
<td>9.4</td>
<td>9.4</td>
<td>10.6</td>
<td>10.0</td>
<td>8.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted operating margin, % 1</td>
<td>6.0</td>
<td>6.2</td>
<td>6.1</td>
<td>6.1</td>
<td>4.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted return on capital employed, %</td>
<td>12.4</td>
<td>12.7</td>
<td>10.9</td>
<td>12.6</td>
<td>8.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deliveries, wood products, thousand m³</td>
<td>705</td>
<td>674</td>
<td>5</td>
<td>601</td>
<td>17</td>
<td>1,306</td>
<td>1,273</td>
<td>3</td>
</tr>
</tbody>
</table>

* before elimination of intra-Group sales
** share calculated excluding central costs

** January-June 2017 compared with January-June 2016
Net sales grew 9% to SEK 3,001m (2,760). The increase was due to higher prices and volumes.

Adjusted EBITDA increased 32% to SEK 299m (227). This increase was mainly related to higher prices. Higher raw material costs had a negative impact on earnings.

** April-June 2017 compared with April-June 2016
Net sales grew 9% to SEK 1,637m (1,496) due to higher volumes and prices.

Adjusted EBITDA increased 10% to SEK 154m (140). The increase was mainly related to higher volumes and selling prices. Higher raw material costs had a negative impact on earnings.

** April-June 2017 compared with January-March 2017
Net sales grew 20% to SEK 1,637m (1,364). The increase was mainly the result of higher seasonal volumes, but also partly to higher prices.

Adjusted EBITDA increased 6% to SEK 154m (145). The increase was mainly related to higher delivery volumes and higher prices.
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.

### January-June 2017 compared with January-June 2016

Net sales increased 6% to SEK 1,226m (1,156). The increase was related to higher prices and positive currency effects.

Adjusted EBITDA declined 35% to SEK 175m (268). Higher selling prices had a positive impact on earnings. A market revaluation of electricity certificates of SEK 35m (0) had a negative impact on earnings. Higher planned project costs of SEK 50m (8) for the investment in Östrand and SEK 73m (48) in planned maintenance stops affected the result negatively.

### April-June 2017 compared with April-June 2016

Net sales increased 5% to SEK 585m (556). The increase was attributable to higher prices and positive exchange rate effects, partly offset by lower deliveries.

Adjusted EBITDA declined 32% to SEK 71m (105). A remeasurement of SEK 10m (0) related to a market revaluation of electricity certificates had a negative impact on earnings. Planned maintenance stops had a negative impact of SEK 65m (24) on earnings. Higher planned costs of SEK 29m (4) for the investment in Östrand had a negative impact on earnings.

### April-June 2017 compared with January-March 2017

Net sales decreased 9% to SEK 585m (641), resulting from lower deliveries during the period due to the planned maintenance stop.

Adjusted EBITDA declined 32% to SEK 71m (104). The annual production stop had a negative impact of SEK 65m (8) on earnings. Higher planned project costs of SEK 29m (21) for the investment in Östrand had a negative impact on earnings. Higher price/mix and a smaller downward market revaluation of electricity certificates had a positive impact of SEK 10m (25) on earnings.
PAPER

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

<table>
<thead>
<tr>
<th>SEKm</th>
<th>2017:2</th>
<th>2016:2</th>
<th>%</th>
<th>2017:1</th>
<th>%</th>
<th>1706</th>
<th>1606</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>2,072</td>
<td>1,889</td>
<td>10</td>
<td>2,046</td>
<td>1</td>
<td>4,118</td>
<td>3,887</td>
<td>6</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>291</td>
<td>259</td>
<td>12</td>
<td>268</td>
<td>9</td>
<td>559</td>
<td>562</td>
<td>-1</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-136</td>
<td>-141</td>
<td>-4</td>
<td>-127</td>
<td>7</td>
<td>-263</td>
<td>-280</td>
<td>-6</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>156</td>
<td>118</td>
<td>32</td>
<td>141</td>
<td>11</td>
<td>297</td>
<td>282</td>
<td>5</td>
</tr>
<tr>
<td>Adjusted EBITDA margin, %</td>
<td>14.0</td>
<td>13.7</td>
<td>13.1</td>
<td>13.6</td>
<td>14.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted operating margin, %</td>
<td>7.5</td>
<td>6.2</td>
<td>6.9</td>
<td>7.2</td>
<td>7.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted return on capital employed, %</td>
<td>8.3</td>
<td>7.0</td>
<td>7.7</td>
<td>8.3</td>
<td>9.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deliveries, kraftliner, thousand tonnes</td>
<td>218</td>
<td>212</td>
<td>3</td>
<td>226</td>
<td>-4</td>
<td>444</td>
<td>410</td>
<td>8</td>
</tr>
<tr>
<td>Deliveries, publication paper, thousand tonnes</td>
<td>178</td>
<td>163</td>
<td>9</td>
<td>175</td>
<td>2</td>
<td>353</td>
<td>360</td>
<td>-2</td>
</tr>
</tbody>
</table>

1 Excluding items affecting comparability

January-June 2017 compared with January-June 2016
Net sales grew 6% to SEK 4,118m (3,887). The increase was attributable to higher volumes and higher prices for kraftliner, but was offset by lower volumes and lower prices for publication papers.

Adjusted EBITDA declined 1% to SEK 559m (562). Higher selling prices for kraftliner could not quite offset the higher raw material costs, mainly for recovered fiber and latex, a market revaluation of electricity certificates with a negative effect of SEK 20m (0) and the effects of the maintenance stops.

April-June 2017 compared with April-June 2016
Net sales increased 10% to SEK 2,072m (1,889). The increase was attributable to higher prices for kraftliner, and positive exchange rate effects.

Adjusted EBITDA increased 12% to SEK 291m (259). The increase was primarily related to higher selling prices for kraftliner and positive exchange rate effects. Higher raw material costs had a negative impact on earnings.

April-June 2017 compared with January-March 2017
Net sales increased 1% to SEK 2,072m (2,046). A positive price trend for kraftliner was offset by lower volumes due to the planned maintenance stops in Munksund and Ortviken.

Adjusted EBITDA increased 9% to SEK 291m (268). The increase was primarily related to higher selling prices for kraftliner. Planned maintenance stops had a negative impact on earnings.
DISTRIBUTION OF SHARES

<table>
<thead>
<tr>
<th></th>
<th>Class A</th>
<th>Class B</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2017</td>
<td>64,593,939</td>
<td>637,748,550</td>
<td>702,342,489</td>
</tr>
</tbody>
</table>

In the second quarter of 2017, the company’s treasury shares were cancelled, following 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 second quarter a total of 584 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 1,283,687,940.

EVENTS AFTER THE QUARTER

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

FUTURE REPORTS

The report for the third quarter will be published on October 31.

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

The six-month report will be published on July 21, 2017 at about 8:00 a.m., followed by a press conference at 10:00 a.m.

At the press conference, the President and CEO, Ulf Larsson, and CFO, Toby Lawton, will present the report and answer any questions.

The press conference will be webcast live at www.sca.com. It is also possible to participate by telephone by calling +44 (0) 20 7162 9960 or +1 646 851 2094 or +46 (0) 8 5052 0337. Ring in good time before the conference commences. Specify “SCA” or conference ID no. 962387.

For further information, please contact:

Ulf Larsson, President and CEO, tel: +46 (0) 60 19 46 46
Toby Lawton, CFO, +46 (0) 60 19 31 09
Björn Lyngfelt, Senior Vice President, Group Communications, tel: +46 (0) 60 19 34 98
Nils Lindholm, Investor Relations Director, tel: +46 (0) 70 585 41 05

Please note:

SCA discloses the information provided herein 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, on July 21, 2017 at 8:00 a.m. CET.

Björn Lyngfelt, Senior Vice President, Group Communications, tel: +46 (0) 60 19 34 98
### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<table>
<thead>
<tr>
<th>SEKm</th>
<th>2017:2</th>
<th>2016:2</th>
<th>%</th>
<th>2017:1</th>
<th>1706</th>
<th>1606</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>4,222</td>
<td>3,872</td>
<td>9</td>
<td>3,969</td>
<td>6</td>
<td>8,191</td>
</tr>
<tr>
<td>Other income</td>
<td>337</td>
<td>418</td>
<td>-19</td>
<td>465</td>
<td>-28</td>
<td>802</td>
</tr>
<tr>
<td>Change in inventories</td>
<td>-77</td>
<td>-22</td>
<td>-</td>
<td>-27</td>
<td>-</td>
<td>-104</td>
</tr>
<tr>
<td>Change in value in biological assets</td>
<td>103</td>
<td>101</td>
<td>2</td>
<td>231</td>
<td>-55</td>
<td>334</td>
</tr>
<tr>
<td>Raw materials and consumables</td>
<td>-1,423</td>
<td>-1,231</td>
<td>16</td>
<td>-1,503</td>
<td>-5</td>
<td>-2,926</td>
</tr>
<tr>
<td>Personnel costs</td>
<td>-708</td>
<td>-665</td>
<td>6</td>
<td>-659</td>
<td>7</td>
<td>-1,367</td>
</tr>
<tr>
<td>Other external costs</td>
<td>-1,628</td>
<td>-1,686</td>
<td>3</td>
<td>-1,669</td>
<td>-2</td>
<td>-3,297</td>
</tr>
<tr>
<td>Items affecting comparability</td>
<td>-103</td>
<td>119</td>
<td>-</td>
<td>-10</td>
<td>-</td>
<td>-113</td>
</tr>
</tbody>
</table>

**EBITDA**

|                | 724    | 908    | -20   | 797    | -9    | 1,521 | 1,721 | -12   |

Depreciation

|                | -273   | -283   | -4    | -299   | -9    | -572  | -563  | 2     |

**Operating profit**

|                | 451    | 625    | -28   | 498    | -9    | 949   | 1,158 | -18   |

**Financial items**

|                | -39    | -19    | 0     | -36    | 0     | -75   | -40   | 0     |

**Profit before tax**

|                | 412    | 606    | -32   | 462    | -11   | 874   | 1,118 | -22   |

**Tax**

|                | -124   | -102   | 0     | -99    | 0     | -223  | -204  | 0     |

**Net Profit for the period from continuing operations**

|                | 288    | 504    | -43   | 363    | -21   | 651   | 914   | -29   |

**Net profit after tax for the period from discontinued operations**

|                | 138,625| -425   | 1,656 | 0      | 140,281| 1,200 | 0     |

**Net Profit for the period from continuing and discontinued operations**

|                | 138,913| 79     | 2,019 | 0      | 140,932| 2,114 | 0     |

**Earnings attributable to:**

**Owners of the parent company**

| Profit from continuing operations | 288    | 504    | 363   | 0      | 651   | 914   | 0     |
| Profit from discontinued operations | 138,495| -428   | 1,460 | 0      | 139,955| 1,084 | 0     |

**Net Profit from continuing and discontinued operations**

|                | 138,783| 76     | 1,823 | 0      | 140,606| 1,998 | 0     |

**Non-controlling interests**

| Profit from continuing operations | 0      | 0      | 0     | 0      | 0      | 0      | 0     |
| Profit from discontinued operations | 130    | 3      | 196   | 0      | 326    | 116   | 0     |

**Profit from continuing and discontinued operations**

|                | 130    | 3      | 196   | 0      | 326    | 116   | 0     |

**Average no. of shares, millions**

|                | 702.3  | 702.3  | 702.3 | 702.3  | 702.3  | 702.3  | 702.3  |

**Earnings per share SEK - continuing operations**

|                | 0.41   | 0.72   | 0.52  | 0.93   | 1.30   |       |       |

**Earnings per share SEK - total company**

|                | 197.60 | 138.783| 288   | 504    | 363    | 651   | 914   |

**- of which profit effect from the distribution of Essity shares**

|                | 194.94 | 160.6  | 299   | 797    | 3,297  | 1,521 | 1,721 |

**1 Of which operating profit from discontinued operations**

|                | 1,711  | -425   | 1,656 | 3,367  | 1,200  |       |       |

**Of which profit effect from the distribution of Essity shares**

|                | 136,914| 0      | 0     | 136,914| 0      |       |       |

**2 There are no dilution effects**

### Percent

<table>
<thead>
<tr>
<th></th>
<th>2017:2</th>
<th>2016:2</th>
<th>2017:1</th>
<th>1706</th>
<th>1606</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA margin</td>
<td>17.1</td>
<td>23.5</td>
<td>20.1</td>
<td>18.6</td>
<td>22.5</td>
</tr>
<tr>
<td>Operating margin</td>
<td>10.7</td>
<td>16.1</td>
<td>12.5</td>
<td>11.6</td>
<td>15.1</td>
</tr>
<tr>
<td>Net margin</td>
<td>6.9</td>
<td>13.0</td>
<td>9.1</td>
<td>8.0</td>
<td>11.9</td>
</tr>
</tbody>
</table>

**Adjusted, excluding items affecting comparability:**

| Adjusted EBITDA margin | 19.6   | 20.4   | 20.3   | 19.9  | 20.9  |
| Adjusted operating margin | 13.1   | 13.1   | 12.8   | 13.0  | 13.6  |
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th></th>
<th>SEKm</th>
<th>2017:2</th>
<th>2016:2</th>
<th>2017:1</th>
<th>1706</th>
<th>1606</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net profit for the period, continuing operations</strong></td>
<td>288</td>
<td>504</td>
<td>363</td>
<td>651</td>
<td>914</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit for the period, discontinued operations</strong></td>
<td>138,625</td>
<td>-425</td>
<td>1,656</td>
<td>140,281</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit for the period</strong></td>
<td>138,913</td>
<td>79</td>
<td>2,019</td>
<td>140,932</td>
<td>2,114</td>
<td></td>
</tr>
<tr>
<td><strong>Other comprehensive income for the period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Items that may not be reclassified to the income statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gains/losses on defined benefit pension plans</td>
<td>136</td>
<td>-126</td>
<td>301</td>
<td>437</td>
<td>-293</td>
<td></td>
</tr>
<tr>
<td>Income tax attributable to components of other comprehensive income</td>
<td>-30</td>
<td>28</td>
<td>-67</td>
<td>-97</td>
<td>64</td>
<td></td>
</tr>
<tr>
<td><strong>Sum continuing operations</strong></td>
<td>106</td>
<td>-98</td>
<td>234</td>
<td>340</td>
<td>-229</td>
<td></td>
</tr>
<tr>
<td><strong>Sum discontinued operations</strong></td>
<td>87</td>
<td>-947</td>
<td>543</td>
<td>630</td>
<td>-2,325</td>
<td></td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td>193</td>
<td>-1,045</td>
<td>777</td>
<td>970</td>
<td>-2,554</td>
<td></td>
</tr>
<tr>
<td><strong>Items that have been or may be reclassified subsequently to the income statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Cash flow hedges</td>
<td>9</td>
<td>5</td>
<td>-55</td>
<td>-46</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>Translation differences in foreign operations</td>
<td>-2</td>
<td>-17</td>
<td>1</td>
<td>-1</td>
<td>-2</td>
<td></td>
</tr>
<tr>
<td>Gains/losses from hedges of net investments in foreign operations</td>
<td>1</td>
<td>0</td>
<td>-1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income from associated companies</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Income tax attributable to components of other comprehensive income</td>
<td>-2</td>
<td>-1</td>
<td>12</td>
<td>10</td>
<td>-25</td>
<td></td>
</tr>
<tr>
<td><strong>Sum continuing operations</strong></td>
<td>7</td>
<td>-13</td>
<td>-43</td>
<td>-36</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td><strong>Sum discontinued operations</strong></td>
<td>-831</td>
<td>1,212</td>
<td>142</td>
<td>-689</td>
<td>974</td>
<td></td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td>-824</td>
<td>1,199</td>
<td>99</td>
<td>-725</td>
<td>1,059</td>
<td></td>
</tr>
<tr>
<td><strong>Other comprehensive income for the period, net of tax</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sum continuing operations</strong></td>
<td>113</td>
<td>-111</td>
<td>191</td>
<td>304</td>
<td>-144</td>
<td></td>
</tr>
<tr>
<td><strong>Sum discontinued operations</strong></td>
<td>-744</td>
<td>265</td>
<td>685</td>
<td>-59</td>
<td>-1,351</td>
<td></td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td>-631</td>
<td>154</td>
<td>876</td>
<td>245</td>
<td>-1,495</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td>401</td>
<td>393</td>
<td>554</td>
<td>955</td>
<td>770</td>
<td></td>
</tr>
<tr>
<td><strong>Sum continuing operations</strong></td>
<td>137,881</td>
<td>-160</td>
<td>2,341</td>
<td>140,222</td>
<td>-151</td>
<td></td>
</tr>
<tr>
<td><strong>Sum discontinued operations</strong></td>
<td>138,282</td>
<td>233</td>
<td>2,895</td>
<td>141,177</td>
<td>619</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent company</td>
<td>138,288</td>
<td>63</td>
<td>2,721</td>
<td>141,009</td>
<td>440</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-6</td>
<td>170</td>
<td>174</td>
<td>168</td>
<td>179</td>
<td></td>
</tr>
</tbody>
</table>
CONDENSED CONSOLIDATED BALANCE SHEET
At June 30, 2017, only the continuing operations are included. At December 31, 2016, both continuing and discontinued operations are included.

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill and other intangible assets</td>
<td>114</td>
<td>27 007</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings, land, machinery and equipment</td>
<td>16 039</td>
<td>62 184</td>
</tr>
<tr>
<td>Biological assets</td>
<td>31 119</td>
<td>30 770</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>1 351</td>
<td>4 784</td>
</tr>
<tr>
<td>Total Fixed assets</td>
<td>48 623</td>
<td>124 745</td>
</tr>
<tr>
<td><strong>Working capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>3 273</td>
<td>14 347</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>2 469</td>
<td>17 811</td>
</tr>
<tr>
<td>Other current receivables</td>
<td>738</td>
<td>4 363</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1 139</td>
<td>4 482</td>
</tr>
<tr>
<td>Total current assets</td>
<td>7 619</td>
<td>41 003</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>56 242</td>
<td>165 748</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attributable to owners of the Parent</td>
<td>35 715</td>
<td>79 519</td>
</tr>
<tr>
<td>Share capital</td>
<td>2 350</td>
<td>2 350</td>
</tr>
<tr>
<td>Share premium</td>
<td>6 830</td>
<td>6 830</td>
</tr>
<tr>
<td>Reserves</td>
<td>-265</td>
<td>400</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>26 798</td>
<td>63 562</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>2</td>
<td>6 377</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>35 715</td>
<td>79 519</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current financial liabilities</td>
<td>1 532</td>
<td>31 360</td>
</tr>
<tr>
<td>Provisions for pensions</td>
<td>271</td>
<td>5 602</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>8 111</td>
<td>11 718</td>
</tr>
<tr>
<td>Other non-current liabilities &amp; provisions</td>
<td>170</td>
<td>1 594</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>10 084</td>
<td>50 274</td>
</tr>
<tr>
<td>Current financial liabilities</td>
<td>6 218</td>
<td>5 357</td>
</tr>
<tr>
<td>Trade payables</td>
<td>2 938</td>
<td>15 750</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>1 287</td>
<td>14 848</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>10 443</td>
<td>35 955</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>56 242</td>
<td>165 748</td>
</tr>
<tr>
<td>Debt/equity ratio</td>
<td>0,16</td>
<td>0,44</td>
</tr>
<tr>
<td>Equity/assets ratio</td>
<td>63%</td>
<td>44%</td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>5,1%</td>
<td>5,8%</td>
</tr>
<tr>
<td>Adjusted return on capital employed</td>
<td>5,4%</td>
<td>5,5%</td>
</tr>
</tbody>
</table>

¹ Rolling twelve months
## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th>Description</th>
<th>2016 (SEKm)</th>
<th>2017 (SEKm)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attributable to owners of the parent</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance, January 1</td>
<td>73,142</td>
<td>70,401</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>141,009</td>
<td>7,108</td>
</tr>
<tr>
<td>Cash dividend</td>
<td>-4,214</td>
<td>-4,038</td>
</tr>
<tr>
<td>Dividend of Essity shares</td>
<td>-174,448</td>
<td>0</td>
</tr>
<tr>
<td>Private placement to non-controlling interest</td>
<td>499</td>
<td>240</td>
</tr>
<tr>
<td>Private placement to non-controlling interest, dilution</td>
<td>-288</td>
<td>-110</td>
</tr>
<tr>
<td>Issuing costs for private placement</td>
<td>0</td>
<td>-4</td>
</tr>
<tr>
<td>Acquisition of non-controlling interests</td>
<td>15</td>
<td>-799</td>
</tr>
<tr>
<td>Acquisition of non-controlling interests, dilution</td>
<td>0</td>
<td>348</td>
</tr>
<tr>
<td>Change in Group composition</td>
<td>0</td>
<td>-4</td>
</tr>
<tr>
<td>Remeasurement effect upon acquisition of non-controlling interests</td>
<td>-2</td>
<td>0</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>35,713</td>
<td>73,142</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance, January 1</td>
<td>6,377</td>
<td>5,290</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>168</td>
<td>677</td>
</tr>
<tr>
<td>Cash dividend</td>
<td>-130</td>
<td>-190</td>
</tr>
<tr>
<td>Dividend of Essity shares</td>
<td>-7,242</td>
<td>0</td>
</tr>
<tr>
<td>Private placement to non-controlling interest</td>
<td>461</td>
<td>199</td>
</tr>
<tr>
<td>Private placement to non-controlling interest, dilution</td>
<td>288</td>
<td>110</td>
</tr>
<tr>
<td>Issuing costs for private placement</td>
<td>0</td>
<td>-4</td>
</tr>
<tr>
<td>Acquisition of non-controlling interests</td>
<td>80</td>
<td>643</td>
</tr>
<tr>
<td>Acquisition of non-controlling interests, dilution</td>
<td>0</td>
<td>-348</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>2</td>
<td>6,377</td>
</tr>
<tr>
<td><strong>Total equity, closing balance</strong></td>
<td>35,715</td>
<td>79,519</td>
</tr>
</tbody>
</table>

**Equity per share, SEK**

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>51</td>
</tr>
<tr>
<td>2017</td>
<td>113</td>
</tr>
</tbody>
</table>
## CONSOLIDATED CASH FLOW STATEMENT

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>875</td>
<td>1 117</td>
</tr>
<tr>
<td>Adjustment for non-cash items(^1)</td>
<td>202</td>
<td>23</td>
</tr>
<tr>
<td>Paid tax</td>
<td>-19</td>
<td>-7</td>
</tr>
<tr>
<td><strong>Cash flow from continuing operations</strong></td>
<td>1 058</td>
<td>1 133</td>
</tr>
<tr>
<td>Cash flow from discontinued operations</td>
<td>5 651</td>
<td>5 936</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities before changes in working capital</strong></td>
<td>6 709</td>
<td>7 069</td>
</tr>
<tr>
<td>Change in inventories</td>
<td>127</td>
<td>229</td>
</tr>
<tr>
<td>Change in operating receivables</td>
<td>-256</td>
<td>-131</td>
</tr>
<tr>
<td>Change in operating liabilities</td>
<td>170</td>
<td>332</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities, continuing operations</strong></td>
<td>1 099</td>
<td>1 563</td>
</tr>
<tr>
<td>Cash flow from operating activities, discontinued operations</td>
<td>4 517</td>
<td>4 788</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>5 616</td>
<td>6 351</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divestments</td>
<td>0</td>
<td>120</td>
</tr>
<tr>
<td>Investment in tangible and intangible assets</td>
<td>-1 771</td>
<td>-1 216</td>
</tr>
<tr>
<td>Sale of tangible assets</td>
<td>6</td>
<td>64</td>
</tr>
<tr>
<td>Repayment of loans from external parties</td>
<td>216</td>
<td>-43</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities, continuing operations</strong></td>
<td>-1 549</td>
<td>-1 075</td>
</tr>
<tr>
<td>Dividend of Essity shares(^2)</td>
<td>-4 170</td>
<td>0</td>
</tr>
<tr>
<td>Cash flow from investing activities, discontinued operations</td>
<td>-15 591</td>
<td>-6 422</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td>-21 310</td>
<td>-7 497</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New issue</td>
<td>0</td>
<td>419</td>
</tr>
<tr>
<td>Loans raised</td>
<td>7 754</td>
<td>13 589</td>
</tr>
<tr>
<td>Amortization of loans</td>
<td>-2 064</td>
<td>-9 651</td>
</tr>
<tr>
<td>Listing costs</td>
<td>-121</td>
<td>0</td>
</tr>
<tr>
<td>Dividend</td>
<td>-4 214</td>
<td>-4 107</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities, remaining operations</strong></td>
<td>1 355</td>
<td>-452</td>
</tr>
<tr>
<td>Cash flow from financing activities, discontinued operations</td>
<td>11 022</td>
<td>702</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td>12 377</td>
<td>250</td>
</tr>
<tr>
<td><strong>Net cash flow for the period</strong></td>
<td>-3 317</td>
<td>-896</td>
</tr>
<tr>
<td>Translation differences in cash and cash equivalents</td>
<td>-26</td>
<td>77</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>4 482</td>
<td>5 042</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td>1 139</td>
<td>4 223</td>
</tr>
<tr>
<td>Cash flow from operating activities per share SEK, continuing operations</td>
<td>1,56</td>
<td>2,22</td>
</tr>
</tbody>
</table>

\(^1\) Depreciation/amortization and impairment of non-current assets

\(^2\) Corresponds to the cash and cash equivalents in Essity on the listing day
## CONSOLIDATED OPERATING CASH FLOW STATEMENT

The discontinued operation is recognized on separate rows in both periods.

<table>
<thead>
<tr>
<th></th>
<th>1706</th>
<th>1606</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash surplus</td>
<td>1,300</td>
<td>1,197</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>41</td>
<td>430</td>
</tr>
<tr>
<td>Current capital expenditures, net</td>
<td>-289</td>
<td>-269</td>
</tr>
<tr>
<td>Restructuring costs, etc.</td>
<td>-146</td>
<td>-18</td>
</tr>
<tr>
<td><strong>Operating cash flow, continuing operations</strong></td>
<td><strong>906</strong></td>
<td><strong>1,340</strong></td>
</tr>
<tr>
<td>Operating cash flow, discontinued operations</td>
<td>4,649</td>
<td>4,937</td>
</tr>
<tr>
<td><strong>Operating cash flow</strong></td>
<td><strong>5,555</strong></td>
<td><strong>6,277</strong></td>
</tr>
<tr>
<td>Financial items</td>
<td>-75</td>
<td>-41</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-19</td>
<td>-7</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Cash flow from current operations, continuing operations</strong></td>
<td><strong>814</strong></td>
<td><strong>1,294</strong></td>
</tr>
<tr>
<td>Cash flow from current operations, discontinued operations</td>
<td>3,040</td>
<td>3,261</td>
</tr>
<tr>
<td><strong>Cash flow from current operations</strong></td>
<td><strong>3,854</strong></td>
<td><strong>4,555</strong></td>
</tr>
<tr>
<td>Strategic capital expenditures in non-current assets</td>
<td>-1,476</td>
<td>-882</td>
</tr>
<tr>
<td>Divestments</td>
<td>0</td>
<td>119</td>
</tr>
<tr>
<td><strong>Cash flow before dividend, continuing operations</strong></td>
<td><strong>-662</strong></td>
<td><strong>531</strong></td>
</tr>
<tr>
<td>Cash flow before dividend, discontinued operations</td>
<td>-22,257</td>
<td>-3,961</td>
</tr>
<tr>
<td><strong>Cash flow before dividend</strong></td>
<td><strong>-22,919</strong></td>
<td><strong>-3,430</strong></td>
</tr>
<tr>
<td>Private placement to non-controlling interest</td>
<td>0</td>
<td>419</td>
</tr>
<tr>
<td>Dividend</td>
<td>-4,214</td>
<td>-4,107</td>
</tr>
<tr>
<td><strong>Net cash flow from continuing and discontinued operations</strong></td>
<td><strong>-27,133</strong></td>
<td><strong>-7,118</strong></td>
</tr>
<tr>
<td><strong>Net debt at the start of the period</strong></td>
<td><strong>-35,361</strong></td>
<td><strong>-29,478</strong></td>
</tr>
<tr>
<td>Net cash flow</td>
<td>-27,133</td>
<td>-7,118</td>
</tr>
<tr>
<td>Net debt, discontinued operations, on the listing day(^1)</td>
<td>56,015</td>
<td>0</td>
</tr>
<tr>
<td>Remeasurement to equity</td>
<td>1,319</td>
<td>-3,425</td>
</tr>
<tr>
<td>Translation differences</td>
<td>-424</td>
<td>-14</td>
</tr>
<tr>
<td><strong>Net debt at the end of the period</strong></td>
<td><strong>-5,584</strong></td>
<td><strong>-40,035</strong></td>
</tr>
<tr>
<td>Debt/equity ratio</td>
<td>0.16</td>
<td>0.55</td>
</tr>
</tbody>
</table>

\(^1\) Essity’s cash and cash equivalents on the listing day were 4 170m SEK

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

<table>
<thead>
<tr>
<th></th>
<th>1706</th>
<th>1606</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash flow for the period, continuing and discontinued operations</td>
<td>-3,317</td>
<td>-896</td>
</tr>
<tr>
<td>Repayment of loans from external parties</td>
<td>-216</td>
<td>-156</td>
</tr>
<tr>
<td>Loans raised</td>
<td>-7,754</td>
<td>-13,589</td>
</tr>
<tr>
<td>Amortization of borrowing</td>
<td>2,064</td>
<td>9,651</td>
</tr>
<tr>
<td>Adjustment discontinued operations</td>
<td>-17,915</td>
<td>-2,127</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>5</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Net cash flow according to consolidated operating cash flow statement</strong></td>
<td><strong>-27,133</strong></td>
<td><strong>-7,118</strong></td>
</tr>
</tbody>
</table>
INCOME STATEMENT PARENT COMPANY
At the end of 2016, the Parent Company’s former Group-wide operations were transferred to Essity AB, which led to lower operating expenses and personnel costs. The related current assets and current liabilities were adjusted after the end of the year, which explains the lower balance-sheet items.

<table>
<thead>
<tr>
<th>SEKm</th>
<th>1706</th>
<th>1606</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other operating income</td>
<td>106</td>
<td>128</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-510</td>
<td>-231</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>-18</td>
<td>-177</td>
</tr>
<tr>
<td>Operating profit before depreciations and write-downs (EBITDA)</td>
<td>-422</td>
<td>-280</td>
</tr>
<tr>
<td>Depreciations and write-downs</td>
<td>-37</td>
<td>-33</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-459</td>
<td>-313</td>
</tr>
<tr>
<td>Financial items</td>
<td>-30</td>
<td>37,329</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>-489</td>
<td>37,016</td>
</tr>
<tr>
<td>Untaxed reserve and Tax</td>
<td>256</td>
<td>147</td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>-233</td>
<td>37,163</td>
</tr>
</tbody>
</table>

Other operating income pertained 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

<table>
<thead>
<tr>
<th>SEKm</th>
<th>June 30, 2017</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible assets</td>
<td>8,272</td>
<td>8,271</td>
</tr>
<tr>
<td>Financial assets</td>
<td>4,845</td>
<td>79,880</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>13,117</td>
<td>88,151</td>
</tr>
<tr>
<td>Total current assets</td>
<td>15,395</td>
<td>61,147</td>
</tr>
<tr>
<td>Total assets</td>
<td>28,512</td>
<td>149,298</td>
</tr>
<tr>
<td>Restricted equity</td>
<td>11,733</td>
<td>10,996</td>
</tr>
<tr>
<td>Unrestricted equity</td>
<td>6,817</td>
<td>87,390</td>
</tr>
<tr>
<td>Total equity</td>
<td>18,550</td>
<td>98,386</td>
</tr>
<tr>
<td>Untaxed reserves</td>
<td>0</td>
<td>242</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,425</td>
<td>1,330</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>1,497</td>
<td>2,272</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>7,040</td>
<td>47,068</td>
</tr>
<tr>
<td>Total equity, provisions and liabilities</td>
<td>28,512</td>
<td>149,298</td>
</tr>
</tbody>
</table>

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 of the corresponding raw material purchase. External sales of logistic services and by-products are now reported as other income (previously netted with other operating cost and energy cost, respectively).

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

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

No major changes have occurred in the judgement regarding new or amended accounting standards after 2017, compared to the judgement reported in SCA’s Annual Report 2016.

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 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.
- **Impact of political decisions.** The public sector is no longer a significant customer.
- **Dependence on major customers and distributors.** The description of SCA’s dependence on retail trade as the largest single customer group no longer applies to SCAs continuing operations. In 2016, SCA’s ten largest customers accounted for about 26% of SCA’s net sales. 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 an input, but a product for sale. SCA does not purchase pulp from other suppliers, but produces all of its own pulp need.
- **Energy price risk.** In 2016, SCA purchased 2.3 TWh of electricity and no natural gas.
- **Currency risk.** As 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 June 30, 2017, credit exposure in accounts receivables amounted to SEK 2,469m and financial credit exposure, in which the counterparty is a financial player or a pension administrator, to SEK 2,437m. This exposure includes credit risk of SEK 1,139m for cash and cash equivalents. The credit exposure of derivative instruments was SEK 87m.
• **Liquidity and refinancing risk.** The Group’s financing mainly consists of bank loans from a group of four banks with good credit ratings and a bilateral loan from Svensk Exportkredit. The total amount of these credits and committed credit facilities is SEK 9,500m with maturities of three to seven years. At the end of the quarter, the average maturity of the gross debt was 3.9 years. At June 30, 2017, SCA’s gross debt totaled SEK 7,750m. On the same date, unutilized credit facilities amounted to SEK 1,800m, and cash and cash equivalents to SEK 1,139m.

• **Interest rate risk.** At June 30, 2017, the average fixed-interest rate period for gross debt, including derivative instruments, was 5.1 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, 2016 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 a profit effect 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 below.

### EARNINGS TREND

<table>
<thead>
<tr>
<th>SEKm</th>
<th>2017:2</th>
<th>2016:2</th>
<th>1706</th>
<th>1606</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>22 586</td>
<td>24 983</td>
<td>47 854</td>
<td>49 231</td>
</tr>
<tr>
<td>Operating profit</td>
<td>2 478</td>
<td>1 668</td>
<td>4 965</td>
<td>4 190</td>
</tr>
<tr>
<td>Financial items</td>
<td>-221</td>
<td>-111</td>
<td>-487</td>
<td>-414</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>2 257</td>
<td>1 557</td>
<td>4 478</td>
<td>3 776</td>
</tr>
<tr>
<td>Tax</td>
<td>-546</td>
<td>-1 982</td>
<td>-1 111</td>
<td>-2 576</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>1 711</td>
<td>-425</td>
<td>3 367</td>
<td>1 200</td>
</tr>
</tbody>
</table>

### CASH FLOW STATEMENT DISCONTINUED OPERATION

<table>
<thead>
<tr>
<th>SEKm</th>
<th>1706</th>
<th>1606</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>4,517</td>
<td>4,788</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-15,591</td>
<td>-6,422</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>11,022</td>
<td>702</td>
</tr>
<tr>
<td>Cash flow for the period, discontinued operations</td>
<td>-52</td>
<td>-932</td>
</tr>
</tbody>
</table>

### CONTINUING OPERATIONS’ TRANSACTIONS WITH DISCONTINUED OPERATIONS

<table>
<thead>
<tr>
<th>SEKm</th>
<th>1706</th>
<th>1606</th>
<th>1612</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>214</td>
<td>242</td>
<td>511</td>
</tr>
<tr>
<td>Procured</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other costs</td>
<td>0</td>
<td>-29</td>
<td>-56</td>
</tr>
<tr>
<td>Financial income</td>
<td>9</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Financial cost</td>
<td>-70</td>
<td>-56</td>
<td>-108</td>
</tr>
</tbody>
</table>

1 From January 1 until June 13, 2017
5. FINANCIAL INSTRUMENTS PER CATEGORY

At June 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
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivatives</td>
<td>121</td>
<td>34</td>
<td>87</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>8</td>
<td>0</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total assets</td>
<td>129</td>
<td>34</td>
<td>87</td>
<td>8</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Derivatives</td>
<td>34</td>
<td>18</td>
<td>16</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Current financial liabilities</td>
<td>6 209</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6 209</td>
<td>0</td>
</tr>
<tr>
<td>Non-current financial liabilities</td>
<td>1 532</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1 532</td>
<td>0</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>7 775</td>
<td>18</td>
<td>16</td>
<td>0</td>
<td>7 741</td>
<td>0</td>
</tr>
</tbody>
</table>

| 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
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivatives</td>
<td>1 259</td>
<td>313</td>
<td>946</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>90</td>
<td>0</td>
<td>90</td>
<td>0</td>
<td>82</td>
<td>8</td>
</tr>
<tr>
<td>Total assets</td>
<td>1 349</td>
<td>313</td>
<td>946</td>
<td>90</td>
<td>0</td>
<td>82</td>
</tr>
<tr>
<td>Derivatives</td>
<td>705</td>
<td>567</td>
<td>138</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Current financial liabilities</td>
<td>4 656</td>
<td>425</td>
<td>0</td>
<td>0</td>
<td>4 231</td>
<td>0</td>
</tr>
<tr>
<td>Non-current financial liabilities</td>
<td>31 338</td>
<td>16 021</td>
<td>0</td>
<td>0</td>
<td>15 317</td>
<td>0</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>36 699</td>
<td>17 013</td>
<td>138</td>
<td>0</td>
<td>19 548</td>
<td>0</td>
</tr>
</tbody>
</table>

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 is SEK 7 756 (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

<table>
<thead>
<tr>
<th>SEKm</th>
<th>June 30, 2017</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantees for subsidiaries</td>
<td>651</td>
<td>76 476</td>
</tr>
<tr>
<td>Other contingent liabilities</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>651</td>
<td>76 493</td>
</tr>
</tbody>
</table>

Pledged assets

<table>
<thead>
<tr>
<th>SEKm</th>
<th>June 30, 2017</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chattel mortgages</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>130</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>150</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Non-IFRS performance measure</th>
<th>Description</th>
<th>Reason for use of the measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>Operating profit before depreciation, amortization and impairment of tangible and intangible assets</td>
<td>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</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>Operating profit before depreciation, amortization and impairment of tangible and intangible assets, excluding items affecting comparability</td>
<td>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</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>Operating profit before depreciation, amortization and impairment of tangible and intangible assets as a percentage of net sales for the year</td>
<td>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</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>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</td>
<td>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</td>
</tr>
<tr>
<td>Adjusted operating margin</td>
<td>Operating profit, excluding items affecting comparability, as a percentage of net sales for the year</td>
<td>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</td>
</tr>
<tr>
<td>Adjusted return on capital employed, ROCE</td>
<td>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.</td>
<td>This is the central ratio for measuring return on all capital tied up in operations, adjusted for the impact of items affecting comparability.</td>
</tr>
<tr>
<td>Earnings per share, continuing operations</td>
<td>Net profit for the period from continuing operations divided by the number of listed shares</td>
<td>The measure shows the amount of earnings per share generated by the continuing operations</td>
</tr>
<tr>
<td>Earnings per share, continuing and discontinued operations</td>
<td>Net profit for the period from continuing and discontinued operations divided by the number of listed shares</td>
<td>The measure shows the amount of earnings per share generated by the continuing and discontinued operations</td>
</tr>
<tr>
<td>Working capital as a percentage of sales</td>
<td>Working capital divided by rolling 12-month net sales</td>
<td>Shows the amount of the sales that is tied-up in working capital</td>
</tr>
</tbody>
</table>
### CALCULATION OF FINANCIAL PERFORMANCE MEASURES NOT DEFINED IN IFRS

#### CAPITAL EMPLOYED

<table>
<thead>
<tr>
<th></th>
<th>SEKm 1706</th>
<th>SEKm 1612</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>56 242</td>
<td>52 958</td>
</tr>
<tr>
<td>- Financial receivables</td>
<td>-2 436</td>
<td>-1 421</td>
</tr>
<tr>
<td>- Non-current non-interest bearing liabilities</td>
<td>-8 281</td>
<td>-7 961</td>
</tr>
<tr>
<td>- Current non-interest bearing liabilities</td>
<td>-4 226</td>
<td>-3 699</td>
</tr>
<tr>
<td>Assets</td>
<td>0</td>
<td>307</td>
</tr>
<tr>
<td>Liabilities</td>
<td>0</td>
<td>-57</td>
</tr>
<tr>
<td>Capital employed</td>
<td>41 299</td>
<td>40 127</td>
</tr>
</tbody>
</table>

Return on capital employed<sup>1</sup>  
5.1% 5.8%

Return on capital employed<sup>1</sup>, excluding items affecting comparability  
5.4% 5.5%

#### WORKING CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>SEKm 1706</th>
<th>SEKm 1612</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>3 273</td>
<td>3 402</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>2 469</td>
<td>1 968</td>
</tr>
<tr>
<td>Other current receivables</td>
<td>651</td>
<td>566</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>-2 938</td>
<td>-2 778</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>-1 242</td>
<td>-863</td>
</tr>
<tr>
<td>Adjustments&lt;sup&gt;2&lt;/sup&gt;</td>
<td>460</td>
<td>243</td>
</tr>
<tr>
<td>Assets for transfer to discontinued operations</td>
<td>0</td>
<td>259</td>
</tr>
<tr>
<td>Liabilities for transfer to discontinued operations</td>
<td>0</td>
<td>-57</td>
</tr>
<tr>
<td>Working capital</td>
<td>2 673</td>
<td>2 740</td>
</tr>
</tbody>
</table>

Working capital / net sales %  
17% 18%

#### NET DEBT

<table>
<thead>
<tr>
<th></th>
<th>SEKm 1706</th>
<th>SEKm 1612</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus in funded pension plans</td>
<td>1 203</td>
<td>851</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Current financial assets</td>
<td>87</td>
<td>809</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1 139</td>
<td>238</td>
</tr>
<tr>
<td>Financial receivables</td>
<td>2 437</td>
<td>1 906</td>
</tr>
<tr>
<td>Non-current financial liabilities</td>
<td>1 532</td>
<td>63</td>
</tr>
<tr>
<td>Provisions for pensions</td>
<td>271</td>
<td>329</td>
</tr>
<tr>
<td>Current financial liabilities</td>
<td>6 218</td>
<td>1 702</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>8 021</td>
<td>2 094</td>
</tr>
<tr>
<td>Net debt</td>
<td>-5 584</td>
<td>-188</td>
</tr>
</tbody>
</table>

<sup>1</sup> Rolling 12 månader

<sup>2</sup> Adjustments

- Other current receivables, green certificates | -12       | -34       |
- Accounts payable, strategic capital expenditures | 442       | 274       |
- Other current liabilities, emission rights | 30        | 3         |

460 243
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, France and the UK, 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 paper manufactured in Ortviken, and used for magazines, catalogues and commercial print.

### NET SALES

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017:2 SEKm</th>
<th>2017:1 SEKm</th>
<th>2016:4 SEKm</th>
<th>2016:3 SEKm</th>
<th>2016:2 SEKm</th>
<th>2016:1 SEKm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest</td>
<td>1,210</td>
<td>1,312</td>
<td>1,296</td>
<td>1,261</td>
<td>1,234</td>
<td>1,187</td>
</tr>
<tr>
<td>Wood</td>
<td>1,637</td>
<td>1,364</td>
<td>1,361</td>
<td>1,320</td>
<td>1,496</td>
<td>1,264</td>
</tr>
<tr>
<td>Pulp</td>
<td>585</td>
<td>641</td>
<td>668</td>
<td>668</td>
<td>556</td>
<td>600</td>
</tr>
<tr>
<td>Paper</td>
<td>2,072</td>
<td>2,046</td>
<td>1,998</td>
<td>1,859</td>
<td>1,889</td>
<td>1,998</td>
</tr>
<tr>
<td>Intra-group deliveries</td>
<td>-1,282</td>
<td>-1,394</td>
<td>-1,384</td>
<td>-1,339</td>
<td>-1,303</td>
<td>-1,256</td>
</tr>
<tr>
<td><strong>Total net sales</strong></td>
<td><strong>4,222</strong></td>
<td><strong>3,969</strong></td>
<td><strong>3,939</strong></td>
<td><strong>3,769</strong></td>
<td><strong>3,872</strong></td>
<td><strong>3,793</strong></td>
</tr>
</tbody>
</table>

### ADJUSTED EBITDA

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017:2 SEKm</th>
<th>2017:1 SEKm</th>
<th>2016:4 SEKm</th>
<th>2016:3 SEKm</th>
<th>2016:2 SEKm</th>
<th>2016:1 SEKm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest</td>
<td>364</td>
<td>325</td>
<td>338</td>
<td>295</td>
<td>312</td>
<td>293</td>
</tr>
<tr>
<td>Wood</td>
<td>154</td>
<td>145</td>
<td>161</td>
<td>143</td>
<td>140</td>
<td>87</td>
</tr>
<tr>
<td>Pulp</td>
<td>7</td>
<td>104</td>
<td>102</td>
<td>160</td>
<td>105</td>
<td>163</td>
</tr>
<tr>
<td>Paper</td>
<td>291</td>
<td>268</td>
<td>276</td>
<td>290</td>
<td>259</td>
<td>303</td>
</tr>
<tr>
<td>Other</td>
<td>-53</td>
<td>-35</td>
<td>-51</td>
<td>-47</td>
<td>-27</td>
<td>-33</td>
</tr>
<tr>
<td><strong>Total adjusted EBITDA</strong></td>
<td><strong>827</strong></td>
<td><strong>807</strong></td>
<td><strong>826</strong></td>
<td><strong>841</strong></td>
<td><strong>789</strong></td>
<td><strong>813</strong></td>
</tr>
</tbody>
</table>

### ADJUSTED EBITDA MARGIN

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017:2 %</th>
<th>2017:1 %</th>
<th>2016:4 %</th>
<th>2016:3 %</th>
<th>2016:2 %</th>
<th>2016:1 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest</td>
<td>30.1</td>
<td>24.7</td>
<td>26.1</td>
<td>23.4</td>
<td>25.3</td>
<td>24.7</td>
</tr>
<tr>
<td>Wood</td>
<td>9.4</td>
<td>10.6</td>
<td>11.8</td>
<td>10.8</td>
<td>9.4</td>
<td>6.9</td>
</tr>
<tr>
<td>Pulp</td>
<td>12.1</td>
<td>16.3</td>
<td>15.3</td>
<td>24.0</td>
<td>18.9</td>
<td>27.2</td>
</tr>
<tr>
<td>Paper</td>
<td>14.0</td>
<td>13.1</td>
<td>13.8</td>
<td>15.6</td>
<td>13.7</td>
<td>15.2</td>
</tr>
<tr>
<td><strong>Total adjusted EBITDA margin</strong></td>
<td><strong>19.6</strong></td>
<td><strong>20.3</strong></td>
<td><strong>21.0</strong></td>
<td><strong>22.3</strong></td>
<td><strong>20.4</strong></td>
<td><strong>21.4</strong></td>
</tr>
</tbody>
</table>

### ADJUSTED OPERATING PROFIT

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017:2 SEKm</th>
<th>2017:1 SEKm</th>
<th>2016:4 SEKm</th>
<th>2016:3 SEKm</th>
<th>2016:2 SEKm</th>
<th>2016:1 SEKm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest</td>
<td>336</td>
<td>297</td>
<td>310</td>
<td>269</td>
<td>285</td>
<td>267</td>
</tr>
<tr>
<td>Wood</td>
<td>99</td>
<td>83</td>
<td>108</td>
<td>95</td>
<td>93</td>
<td>38</td>
</tr>
<tr>
<td>Pulp</td>
<td>16</td>
<td>31</td>
<td>37</td>
<td>97</td>
<td>39</td>
<td>99</td>
</tr>
<tr>
<td>Paper</td>
<td>156</td>
<td>141</td>
<td>139</td>
<td>165</td>
<td>118</td>
<td>164</td>
</tr>
<tr>
<td>Other</td>
<td>-53</td>
<td>-44</td>
<td>-55</td>
<td>-49</td>
<td>-29</td>
<td>-35</td>
</tr>
<tr>
<td><strong>Total adjusted operating profit</strong></td>
<td><strong>554</strong></td>
<td><strong>508</strong></td>
<td><strong>539</strong></td>
<td><strong>577</strong></td>
<td><strong>506</strong></td>
<td><strong>533</strong></td>
</tr>
</tbody>
</table>

### ADJUSTED OPERATING MARGIN

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017:2 %</th>
<th>2017:1 %</th>
<th>2016:4 %</th>
<th>2016:3 %</th>
<th>2016:2 %</th>
<th>2016:1 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest</td>
<td>27.8</td>
<td>22.6</td>
<td>23.9</td>
<td>21.3</td>
<td>23.1</td>
<td>22.5</td>
</tr>
<tr>
<td>Wood</td>
<td>6.0</td>
<td>6.1</td>
<td>7.9</td>
<td>7.2</td>
<td>6.2</td>
<td>3.0</td>
</tr>
<tr>
<td>Pulp</td>
<td>2.7</td>
<td>4.9</td>
<td>5.5</td>
<td>14.5</td>
<td>7.0</td>
<td>16.5</td>
</tr>
<tr>
<td>Paper</td>
<td>7.5</td>
<td>6.9</td>
<td>7.0</td>
<td>8.9</td>
<td>6.2</td>
<td>8.2</td>
</tr>
<tr>
<td><strong>Total adjusted operating margin</strong></td>
<td><strong>13.1</strong></td>
<td><strong>12.8</strong></td>
<td><strong>13.7</strong></td>
<td><strong>15.3</strong></td>
<td><strong>13.1</strong></td>
<td><strong>14.1</strong></td>
</tr>
</tbody>
</table>

1 Excluding items affecting comparability
The Board of Directors and the President and CEO certify that the six-month report gives a true and fair view of the Parent Company’s and the Group's operations, financial position and results, and describes material risks and uncertainties facing the company and the companies included in the Group.

Sundsvall, July 21, 2017
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Pär Boman
Chairman of the Board
Charlotte Bengtsson
Board Member
Lennart Evrell
Board member
Annemarie Gardshol
Board member

Martin Lindqvist
Board member
Lotta Lyrå
Board member
Barbara Milian
Thoralfsson
Board member
Bert Nordberg
Board member

Roger Boström
Board member, appointed by the employees
Johanna Viklund Lindén
Board member, appointed by the employees
Hans Wentjärv
Board member, appointed by the employees

Ulf Larsson
Board member
President and CEO

Review report
Svenska Cellulosa Aktiebolaget SCA (publ), org.nr 556012-6293

Introduction
We have reviewed the condensed interim report for Svenska Cellulosa Aktiebolaget SCA (publ) as at June 30, 2017 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review
We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Sundsvall July 21, 2017

Ernst & Young AB

Hamish Mabon
Authorized Public Accountant