Strong market with higher prices
Sales growth of 11% vs Q1 2017
  • Price/mix +13%, volumes -3%, currency 1%

EBITDA up 47% vs Q1 2017
  • Higher prices
  • Positive currency effects
  • Harsh winter conditions

Östrand project progressing according to plan
  • Planned start-up in June 2018
  • SEK 6.1bn invested up to Q1, out of SEK 7.8bn in total

Stable wood supply despite harsh winter conditions

Improved product and market mix
SCA’s performance Q1 2018

EBITDA (SEKm)  
1,175

Industrial ROCE 1)  
12% / 17%*

EBITDA margin  
26.7%

Net debt/EBITDA  
1.8x

EBITDA development (SEKm)

Q1 '17  | 797  | 20%
Q2 '17  | 724  | 17%
Q3 '17  | 1,049 | 25%
Q4 '17  | 1,078 | 25%
Q1 '18  | 1,175 | 27%

Note: 1) ROCE for the industrial segments; Wood, Pulp and Paper (* Industrial ROCE adjusted for capex invested in the Östrand project).
Investment in profitable growth

- The world’s fastest saw line in full production in Tunadal
- Start-up of a 1 million tonnes pulp mill in June 2018
- Pilot facility for biofuel production in operations since Q2 2017
- Wind power target of 5 TWh 2020 will be achieved
- Investment in increased production of White-top Kraftliner
- Environmental permit applications for a possible production increase at Obbola Kraftliner mill and a bio refinery at Östrand initiated
Management changes

Jerry Larsson, President Wood  
April 1, 2018

Kristina Enander, President Pulp  
November 1, 2018

Jonas Mårtensson, President Forest  
April 1, 2018
Forest Q1 2018 vs. Q1 2017

Stable wood supply despite harsh winter conditions

Slight increase in prices, especially higher prices for imported wood

Sales down 1%
- Lower volumes
- Minor price increases

EBITDA down 6%
- Harsh winter conditions affecting transportation and harvesting costs
Wood Q1 2018 vs. Q1 2017

Strong market with continued price increases

Low inventory levels

Sales up 10%
- Higher prices

EBITDA up 19%
- Higher prices
- Increased raw material costs
- Extra costs related to the harsh winter conditions
Pulp Q1 2018 vs. Q1 2017

Net sales (SEKm) EBITDA (SEKm) EBITDA margin

-8% 104 16.2%
641 178 30.2%
589

Q1 2017 Q1 2018 Q1 2017 Q1 2018

Price development – NBSK Pulp

Price index SEK

Strong pulp market with increased prices
Östrand project on plan
  • Planned start-up in June 2018
  • SEK 6.1bn invested up to Q1, out of SEK 7.8bn in total
Sales down 8%
  • Higher prices
  • Lower deliveries due to inventory build up ahead of the Q2 stop
EBITDA up 71%
  • Higher prices
  • Lower deliveries
  • Direct costs affected by project
  • Negative currency effects – mainly USD
Pulp – Start-up of the world’s largest NBSK pulp line in June

Start-up in June according to plan

Sequential start-up mitigates risk
- Wood handling unit – Q3 2017
- Control center – Q3 2017
- Evaporation plant – Q4 2017
- Water treatment – Q4 2017
- Drying and packaging – Q1 2018

Extended stop initiated in April
- Extension of recovery boiler
- Fiber line

7.8 SEKbn investment
Wood handling unit – Q3 2017
Evaporation plant – Q4 2017

Availability

- December: 89.3%
- January: 99.2%
- February: 99.9%
- March: 100%
Drying and packaging – Q1 2018
Fiber line – Q2 2018
Recovery boiler – Q2 2018
Paper Q1 2018 vs. Q1 2017

Strong Kraftliner market with higher prices
Improved market for publication paper
Sales up 16%
  • Higher Kraftliner prices
EBITDA up 119%
  • Higher Kraftliner prices
  • Positive currency effects
  • Improved product and market mix
  • Stable cost development
Toby Lawton, CFO
## Income statement

<table>
<thead>
<tr>
<th>SEKm</th>
<th>Q1 2018</th>
<th>Q1 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>4,400</td>
<td>3,972</td>
<td>11%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,175</td>
<td>797</td>
<td>47%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>26.7%</td>
<td>20.1%</td>
<td>6.6 p.p.</td>
</tr>
<tr>
<td>EBIT</td>
<td>889</td>
<td>498</td>
<td>79%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>20.2%</td>
<td>12.5%</td>
<td>7.7 p.p.</td>
</tr>
<tr>
<td>Financial items</td>
<td>1</td>
<td>-36</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>890</td>
<td>462</td>
<td>93%</td>
</tr>
<tr>
<td>Tax</td>
<td>-191</td>
<td>-99</td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>699</td>
<td>363</td>
<td>93%</td>
</tr>
<tr>
<td>Earnings per share, SEK</td>
<td>1.00</td>
<td>0.52</td>
<td></td>
</tr>
</tbody>
</table>
Contribution by segment and quarter

**Net sales (SEKm)**

- **Forest**
  - Q2 '16: 1,234
  - Q3 '16: 1,261
  - Q4 '16: 1,296
  - Q1 '17: 1,312
  - Q2 '17: 1,312
  - Q3 '17: 1,261
  - Q4 '17: 1,287
  - Q1 '18: 1,298

- **Wood**
  - Q2 '16: 1,496
  - Q3 '16: 1,320
  - Q4 '16: 1,361
  - Q1 '17: 1,364
  - Q2 '17: 1,637
  - Q3 '17: 1,567
  - Q4 '17: 1,426
  - Q1 '18: 1,503

- **Pulp**
  - Q2 '16: 556
  - Q3 '16: 668
  - Q4 '16: 668
  - Q1 '17: 641
  - Q2 '17: 585
  - Q3 '17: 644
  - Q4 '17: 672
  - Q1 '18: 589

- **Paper**
  - Q2 '16: 1,889
  - Q3 '16: 1,859
  - Q4 '16: 1,998
  - Q1 '17: 2,049
  - Q2 '17: 2,069
  - Q3 '17: 2,096
  - Q4 '17: 2,220
  - Q1 '18: 2,383

**EBITDA (SEKm) and EBITDA margin**

- **Forest**
  - Q2 '16: 140
  - Q3 '16: 143
  - Q4 '16: 161
  - Q1 '17: 145
  - Q2 '17: 154
  - Q3 '17: 187
  - Q4 '17: 184
  - Q1 '18: 172

- **Wood**
  - Q2 '16: 105
  - Q3 '16: 160
  - Q4 '16: 15
  - Q1 '17: 104
  - Q2 '17: 71
  - Q3 '17: 158
  - Q4 '17: 149
  - Q1 '18: 178

- **Pulp**
  - Q2 '16: 19
  - Q3 '16: 24%
  - Q4 '16: 15%
  - Q1 '17: 16%
  - Q2 '17: 12%
  - Q3 '17: 25%
  - Q4 '17: 30%
  - Q1 '18: 23%

- **Paper**
  - Q2 '16: 20%
  - Q3 '16: 16%
  - Q4 '16: 14%
  - Q1 '17: 13%
  - Q2 '17: 14%
  - Q3 '17: 21%
  - Q4 '17: 22%
  - Q1 '18: 25%
Net sales Q1 2018 vs. Q1 2017

Positive for all segments: 13%
Negative for Pulp and Kraftliner: -3%
Currency: +1%
EUR positive, USD negative

Net sales Q1 2017: SEK 3,972m
Price/Mix: +11%
Volume: Net sales Q1 2018: SEK 4,400m
Currency: Net sales Q1 2017: SEK 3,972m
EBITDA Q1 2018 vs. Q1 2017

Higher prices for all segments. Focus on improving mix.

Higher costs for wood raw material and chemicals.

EUR positive, USD negative.

SEK 797m

EBITDA Q1 2017

Price/Mix

Volume

Raw material

Energy

Currency

Other

EBITDA Q1 2018

SEK +482m

SEK -25m

SEK -65m

SEK +4m

SEK +45m

SEK -63m

SEK 1,175m

EBITDA margin 20.1%

EBITDA margin 26.7%

+ 47%
## Cash flow

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEKm</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,175</td>
<td>797</td>
</tr>
<tr>
<td>Revaluation of biological assets and other non cash flow items</td>
<td>-253</td>
<td>-223</td>
</tr>
<tr>
<td><strong>Operating cash surplus</strong></td>
<td>922</td>
<td>574</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-159</td>
<td>-354</td>
</tr>
<tr>
<td>Current capital expenditures</td>
<td>-76</td>
<td>-126</td>
</tr>
<tr>
<td>Other operating cash flow</td>
<td>-96</td>
<td>-9</td>
</tr>
<tr>
<td><strong>Operating cash flow</strong></td>
<td>591</td>
<td>85</td>
</tr>
<tr>
<td>Strategic capital expenditures</td>
<td>-634</td>
<td>-515</td>
</tr>
</tbody>
</table>
Start-up in June according to plan

Ramp-up period of 12-18 months
- 2018 – volumes in-line with 2017
- 2020 – first full year at full capacity

World-class competitiveness
- Doubled NBSK capacity
- Fixed cost reduction of SEK 350 per tonnes compared to pre project level
- Improved energy balance – from a net consumer of 0.1 TWh to a net producer of 0.5 TWh
- Potentially higher wood costs as wood has to be sourced further away
## Project related costs (indirect)
- Project related costs of SEK 60m (150), of which SEK 10m (50) depreciation
- Primarily during the first 9 months of 2018

## Maintenance stops
- Start-up in June 2018, following an extended maintenance stop
- Expected EBITDA impact of maintenance stops (1)
  - Q1: SEK 0m (8)
  - Q2: SEK 220m (65)
  - Q3: SEK 0m (0)
  - Q4: SEK 20m (58)

## Ramp-up effects (direct)
- Increased direct costs for energy, chemicals and wood during ramp-up
- Higher share of B-grade pulp during ramp-up
- Expected earnings impact of SEK 100-250m, primarily in Q2 and Q3

## Working capital
- Increase due to higher production volumes, particularly raw material inventory

<table>
<thead>
<tr>
<th>EBITDA impact</th>
<th>Q1 2018</th>
<th>2018e</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project related costs</td>
<td>16</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Maintenance stops</td>
<td>0</td>
<td>240</td>
<td>131</td>
</tr>
<tr>
<td>Ramp-up effects</td>
<td>25</td>
<td>100-250</td>
<td>-</td>
</tr>
<tr>
<td>Total (SEKm)</td>
<td>41</td>
<td>390-540</td>
<td>231</td>
</tr>
</tbody>
</table>

Note: Figures in "(#)" refer to 2017.
(1) The estimated effect of maintenance stops on earnings in 2018, calculated as the total of the direct cost of the maintenance and the effect from lower fixed cost coverage from the reduced production during the stop.
## Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>Mar 31, 2018</th>
<th>Dec 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEKm</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forest assets according to IAS 41 1)</td>
<td>31,593</td>
<td>31,386</td>
</tr>
<tr>
<td>Deferred tax relating to Forest assets</td>
<td>-6,950</td>
<td>-6,905</td>
</tr>
<tr>
<td>Forest assets, net of deferred tax</td>
<td>24,643</td>
<td>24,481</td>
</tr>
<tr>
<td>Working capital</td>
<td>3,025</td>
<td>2,861</td>
</tr>
<tr>
<td>Working capital/Net sales 2)</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Other capital employed</td>
<td>15,832</td>
<td>15,377</td>
</tr>
<tr>
<td><strong>Total capital employed</strong></td>
<td>43,500</td>
<td>42,719</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>7,256</td>
<td>5,966</td>
</tr>
<tr>
<td>Net debt/EBITDA 3)</td>
<td>1.8x</td>
<td>1.6x</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>36,244</td>
<td>36,753</td>
</tr>
<tr>
<td>Net debt/Equity</td>
<td>20%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Note: 1) Gross value before deferred taxes. 2) Calculated as an average of working capital for 13 months as a percentage of 12-month rolling net sales. 3) 12-months EBITDA, up to end of each period.
Summary Q1 2018

Strong market with increased prices
Sales growth of 11% vs Q1 2017
EBITDA up 47% vs Q1 2017
Östrand project progressing according to plan
Stable wood supply despite harsh winter conditions
Improved product and market mix
Strong and stable performance

**Net sales (SEKm)**

- 2014: 15,412
- 2015: 16,152
- 2016: 15,373
- 2017: 16,664
- LTM: 17,092

**EBITDA (SEKm) and EBITDA margin**

- 2014: 3,300 (21%)
- 2015: 3,781 (23%)
- 2016: 3,385 (22%)
- 2017: 3,648 (22%)
- LTM: 4,026 (24%)
Contribution by segment

**Net sales (SEKm)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest</td>
<td>5,187</td>
<td>5,108</td>
<td>4,978</td>
<td>5,070</td>
<td>5,056</td>
</tr>
<tr>
<td>Wood</td>
<td>5,114</td>
<td>5,315</td>
<td>5,441</td>
<td>5,994</td>
<td>6,133</td>
</tr>
<tr>
<td>Pulp</td>
<td>2,518</td>
<td>2,760</td>
<td>2,492</td>
<td>2,542</td>
<td>2,490</td>
</tr>
<tr>
<td>Paper</td>
<td>8,226</td>
<td>8,548</td>
<td>7,744</td>
<td>8,434</td>
<td>8,768</td>
</tr>
</tbody>
</table>

**EBITDA (SEKm) and EBITDA margin**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest</td>
<td>1,232</td>
<td>1,213</td>
<td>1,238</td>
<td>1,363</td>
<td>1,342</td>
</tr>
<tr>
<td>Wood</td>
<td>603</td>
<td>478</td>
<td>531</td>
<td>670</td>
<td>697</td>
</tr>
<tr>
<td>Pulp</td>
<td>768</td>
<td>970</td>
<td>530</td>
<td>482</td>
<td>556</td>
</tr>
<tr>
<td>Paper</td>
<td>1,243</td>
<td>1,295</td>
<td>1,245</td>
<td>1,479</td>
<td>1,797</td>
</tr>
</tbody>
</table>

Note: 2014 and 2015 EBITDA refer to adjusted figures. 2016 and forward refer to unadjusted figures. For details please see the quarterly report.
This presentation may contain forward-looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read SCA’s most recent annual report for a better understanding of these risks and uncertainties.