

Q1 2019

JANUARY 1 – MARCH 31, 2019

(compared with the year-earlier period)

- Net sales increased 15% to SEK 5,076m (4,400), mainly related to higher volumes in Pulp and higher selling prices
- EBITDA rose 33% to SEK 1,560m (1,175). The improvement was mainly related to higher selling prices.
- SCA Wood France and the French company ISB merged their wood operations in France, creating a leading supplier of wood products to the French building material sector. In addition to expected long-term synergies, earnings have been positively impacted by approximately SEK 90m from the restructuring in the first quarter.
- EBITDA margin increased to 30.7% (26.7)
- Operating cash flow increased to SEK 626m (591)
- Earnings per share increased to SEK 1.29 (1.00)

SEKm	Quarter				
	2019:1	2018:1	%	2018:4	%
Net sales	5,076	4,400	15	4,926	3
EBITDA	1,560	1,175	33	1,494	4
<i>EBITDA margin</i>	30.7	26.7		30.3	
Operating profit	1,168	889	31	1,143	2
Net Profit	908	699	30	860	6
<i>Earnings per share SEK</i>	1.29	1.00		1.22	
Operating cash flow	626	591		744	
Industrial ROCE (%) ¹	17.2	12.4		16.4	
Net Debt / EBITDA (LTM) ²	1.6x	1.8x		1.3x	

¹ Rolling 12 months

² Changed accounting principles related to IFRS 16 (lease) have had a SEK 1.2 billion impact on net debt and a 0.2x impact on net debt / EBITDA as of January 1, 2019



COMMENTS ON THE FINANCIAL STATEMENTS

Earnings for the first quarter 2019 improved compared with the preceding quarter as well as the same quarter last year. The improvement in earnings was driven mainly from Paper and Wood. Higher pulp volumes due to the continued ramp up of the expanded pulp mill Östrand also made a positive contribution to earnings.

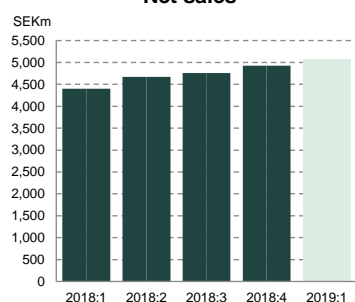
SCA Wood France and the French company Groupe ISB merged their operations in wood processing and distribution of wood products in France. The merger will result in a leading supplier of wood products to the French building material sector. The combined company will have net sales of approximately SEK 2.7 billion. In addition to expected long-term synergies, earnings have been positively impacted by approximately SEK 90m from the restructuring in the first quarter. SCA's shareholding in the combined company amounts to 38.5%. See page 5 for more information.

Demand during the quarter was generally stable, but with lower market prices compared with the preceding quarter. After an extended period of price increases, market prices for solid-wood products, pulp and kraftliner decreased somewhat. Prices remain at a relatively good level.

Deliveries of wood increased during the quarter due to the continued ramp up of the expanded pulp mill Östrand. The price of pulpwood increased slightly while the price of timber was unchanged. After the end of the quarter, SCA completed the acquisition of Latvian Forest Company's forest assets in Latvia comprising some 10,000 hectares. The purchase price was approximately EUR 26m (approximately SEK 270m) on a debt-free basis.

In the Pulp segment, work is continuing to gradually trim the expanded pulp mill Östrand to reach full capacity. Both production and deliveries increased compared with the preceding quarter. Following a strong pulp market in 2018 with several price increases, pulp prices fell in Europe during the first quarter of 2019. The pulp market in China improved after a weaker fourth quarter.

Kraftliner prices fell in the first quarter following several price increases in 2017 and 2018, but remain at a favorable level. Capacity reductions in publication papers have, for the time being, created a better balance between supply and demand. The improved balance resulted in price increases for both uncoated and coated paper during the quarter.

Net sales**GROUP****SALES AND OPERATING PROFIT****January-March 2019 compared with January-March 2018**

Net sales amounted to SEK 5,076m (4,400), an increase of 15%, of which price/mix accounted for 5%, volume for 5%, and currency for 5%. The growth was mainly related to Wood and higher delivery volumes in Pulp.

EBITDA increased 33% to SEK 1,560m (1,175), which corresponds to an EBITDA margin of 30.7% (26.7). The increase was mainly attributable to higher selling prices, positive exchange rate effects and higher delivery volumes in Pulp. Higher raw material costs had a negative impact on earnings. The cost of planned maintenance stops amounted to SEK 0m (0).

Operating profit increased 31% to SEK 1,168m (889).

January-March 2019 compared with October-December 2018

Net sales for the first quarter grew by 3%, of which price/mix accounted for -2%, volume for 5% and currency for 0%, and amounted to SEK 5,076m (4,926). The sales growth was mainly related to higher delivery volumes in Pulp and Wood.

EBITDA amounted to SEK 1,560m (1,494), an increase of 4%. The increase was primarily related to lower costs for planned maintenance stops of SEK 0m (97). Restructuring effects in SCA Wood France (Wood) had a positive impact on earnings of approximately SEK 90m, and relate to insurance proceeds for costs related to the fire and the effect on earnings from the merger with Groupe ISB. Earnings were positively impacted by higher delivery volumes, but adversely impacted by lower selling prices and higher raw material costs.

Operating profit increased 2% to SEK 1,168m (1,143).

CASH FLOW**January-March 2019 compared with January-March 2018**

The operating cash surplus amounted to SEK 1,314m (922). The cash flow effect of changes in working capital was SEK -246m (-253). Net current capital expenditures amounted to SEK -168m (-76). Operating cash flow was SEK 626m (591). See page 19.

Strategic capital expenditures amounted to SEK -143m (-634). The cash flow effect of acquisitions amounted to SEK -158m (-19) and related to the acquisition of shares in Groupe ISB in connection with the merger. Operating cash flow was not affected by the merger with Groupe ISB. The dividend amounted to SEK -1,229m (0). Cash flow for the period totaled SEK -172m (-45). See page 15.

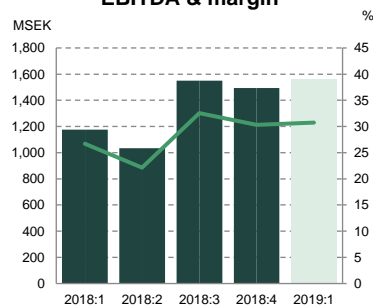
FINANCING

At March 31, 2019, net debt totaled SEK 9,150m, an increase during the quarter of SEK 2,130m. The increase was primarily related to increased borrowing and changed accounting principles on existing lease obligations in accordance with IFRS 16 totaling SEK 1,211m.

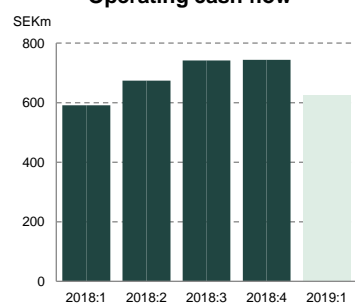
Net debt in relation to EBITDA amounted to 1.6x (1.3x), of which 0.2x related to changed accounting principles in accordance with IFRS 16 Lease.

At March 31, 2019, gross debt amounted to SEK 10,439m with an average maturity of 3.6 years. The loan structure consists of short-term commercial paper as well as long-term bonds and bilateral bank loans. Unused credit facilities amounted to SEK 6,000m. Cash and cash equivalents amounted to SEK 488m at the end of the period.

In the January-March 2019 period, financial items totaled SEK -30m compared with SEK 1m in the same period last year.

EBITDA & margin**Change in net sales (%)**

	2019:1 vs 2018:1	2019:1 vs 2018:4
Total	15	3
Price/mix	5	-2
Volume	5	5
Currency	5	0

Operating cash flow

TAX

January-March 2019 compared with January-March 2018

The tax expense amounted to SEK 230m (191), corresponding to an effective tax rate of 20.2% (21.5).

EQUITY

January-March 2019

Total consolidated equity decreased by SEK 438m during the period to SEK 38,624m at March 31, 2019. Equity increased due to comprehensive income for the period of SEK 791m, and decreased due to the dividend of SEK 1,229m. Other items impacted equity by SEK 0m.

CURRENCY EXPOSURE AND CURRENCY HEDGING

Due to a high level of exports, SCA's operations are sensitive to currency fluctuations. About 85% of sales are priced in currencies other than SEK, primarily EUR, USD and GBP. Most purchasing is conducted in SEK, but some purchasing is carried out in foreign currencies.

At March 31, 2019, SCA had hedged about 70% of the expected net exposure from sales minus purchases in each currency respectively until the end of the third quarter of 2019, as well as approximately 50% for the fourth quarter of 2019 and 25% for the first quarter 2020, at the average EUR/SEK exchange rate of 10.36 and average USD/SEK exchange rate of 8.75. All balance sheet items in foreign currency are hedged, as well as major decided and contracted expenses in foreign currency for investments in fixed assets.

PLANNED MAINTENANCE STOPS

No maintenance stops were carried out in the first quarter of 2019.

The estimated effect of maintenance stops on earnings in 2019, calculated as the total of the direct cost of the maintenance and the effect from lower fixed cost coverage from reduced production during the stops, is shown in the table below.

SEKm	Actual				Total
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	
Pulp	0	236	0	15	251
Paper	0	34	0	82	116
Total	0	270	0	97	367

SEKm	Actual	Forecast			Total
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	
Pulp	0	0	0	115	115
Paper	0	55	0	45	100
Total	0	55	0	160	215

INVESTMENTS

Investment in expanded pulp capacity at Östrand

SCA has invested approximately SEK 8 billion in doubling production capacity at the Östrand pulp mill, an investment financed from operating cash flow. The expanded pulp mill began operating, as planned, in June 2018. Following the start-up curve, production is expected to gradually increase until the end of 2019. 2020 is therefore expected to be the first year with full production, corresponding to 900,000 tonnes. The Östrand mill also has a chemical thermomechanical pulp (CTMP) production capacity of 100,000 tonnes per year, which remains unchanged after the investment.

Merger of SCA Wood France and Groupe ISB

SCA Wood France and the French company Innovation Solutions Bois, ISB, merged their operations in wood processing and the distribution of wood products in France. The merger will result in a leading supplier of wood products to the French building materials sector.

SCA's contribution to the merged company included SCA's wood operations in France and a cash consideration of EUR 15m. SCA's shareholding in the combined company amounts to 38.5%.

SCA will not consolidate the merged company, and therefore net sales for the Wood segment will decrease by approximately SEK 300m on an annual basis. The merger is only expected to have a minor impact on SCA's Group earnings going forward.

The combined company is France's largest supplier of wood products to the building materials market. The company has sales throughout France and products includes wood paneling, flooring, decking and construction timber. The combined company will have net sales of approximately SEK 2.7 billion.

RENEWABLE ENERGY

SCA is now one of Europe's largest producers of forest-based bioenergy, with a total production of about 9 TWh per year. In Sweden, SCA has three pellets factories that have an annual production capacity of 300,000 tonnes.

SCA leases out forest land for wind power production. At the end of the first quarter 2019, 334 wind turbines were operating on SCA's land with a total annual production level of 2.7 TWh. Together with agreed but not yet completed projects, production on SCA's land is expected to increase to 6.7 TWh by 2021.

The expanded pulp mill in Östrand will produce 1.2 TWh of green electricity, which corresponds to approximately 1% of Sweden's total electricity consumption. The mill is self-sufficient in electricity and the surplus of 0.5 TWh is sold to the grid.

SCA also develops products for next-generation biofuels and green chemicals.

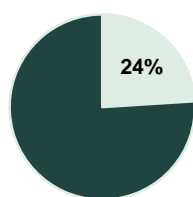
EVENTS AFTER THE QUARTER

SCA acquires 10,000 hectares of forest in Latvia

After the end of the quarter, SCA acquired Latvian Forest Company's forest and land assets in Latvia totaling some 10,000 hectares. The purchase price was approximately EUR 26m (approximately SEK 270m) on a debt-free basis.

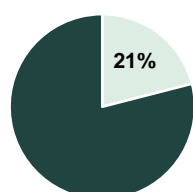
Latvian Forest Company owns and runs a number of forest holdings in Latvia. The assets comprise 7 600 hectares of productive forest land, 2 000 hectares of farmland and 800 hectares of other land. The standing timber volume amounts to approximately 1 million cubic meters.

Share of net sales Jan-Mar 2019*



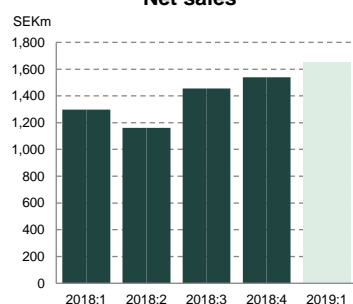
* before elimination of intra-Group sales

Share of EBITDA 1903**

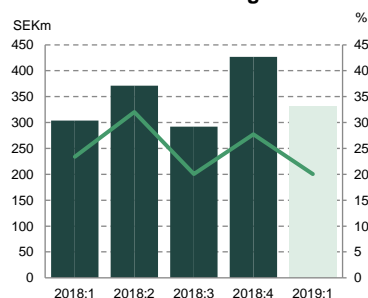


** share calculated of total EBITDA excluding central items

Net sales



EBITDA & margin



FOREST

SCA owns 2.6 million hectares of forest land in Northern Sweden, an area corresponding to 6% of Sweden's land area. SCA's unique forest holding is a growing resource that provides access to high-quality forest raw materials while absorbing a net of 8% of Sweden's fossil CO₂ emissions.

SEKm	Quarter				
	2019:1	2018:1	%	2018:4	%
Net sales	1,651	1,298	27	1,540	7
EBITDA	331	304	9	427	-22
Depreciation	-50	-28	79	-32	56
Operating profit	281	276	2	395	-29
EBITDA margin, %	20.0	23.4		27.7	
Operating margin, %	17.0	21.3		25.6	
Return on capital employed, %	4.1	4.1		5.7	
Harvesting of own forest, thousand m ³ sub	745	695	7	1,280	-42
Revaluation of biological assets ¹	232	226	3	164	41

Forest includes net sales from timber sourced from SCA's own forests, and from timber purchased from other forest owners, which is sold internally to SCA's forest industry operations. The pricing method is based on an average of Forest's externally sourced timber prices.

During the first three months of the year, the volume of timber harvested from SCA-owned forest was 745 thousand m³ sub. The current planned rate of timber harvested in SCA-owned forest is approximately 4.3 million m³ sub per year.

January-March 2019 compared with January-March 2018

Net sales increased 27% to SEK 1,651m (1,298). This increase was primarily attributable to higher selling prices and higher delivery volumes to the expanded pulp mill.

EBITDA improved 9% to SEK 331m (304). This increase was primarily attributable to higher prices and a slightly higher share of harvesting from SCA-owned forest. A higher share of imported wood related to increased delivery volumes had a negative impact on earnings.

EBITDA margin decreased to 20.0% (23.4). The decrease was related to an increase in externally sourced pulpwood to meet higher demand for delivery volumes to the expanded pulp mill. Externally sourced wood is sold to the industry at cost and thereby contributes to higher net sales, but not to increased profits, resulting in a lower margin.

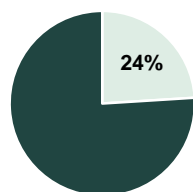
January-March 2019 compared with October-December 2018

Net sales increased 7% to SEK 1,651m (1,540). This increase was primarily attributable to higher selling prices and higher delivery volumes to the expanded pulp mill.

EBITDA amounted to SEK 331m (427), a decrease of 22%. The decrease is primarily related to the seasonally lower share of harvesting from SCA-owned forest, which was partly offset by higher earnings from the revaluation of biological assets.

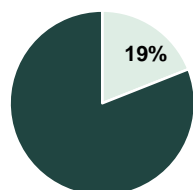
¹ The proportion of timber harvested from SCA-owned forest relative to deliveries from external suppliers varies between quarters. The expected annual change in value of the biological assets is distributed between the quarters in relation to seasonal variations in harvesting of SCA-owned forest. A higher share of harvesting from SCA-owned forest generally leads to a lower impact from the revaluation of biological assets.

Share of net sales Jan-Mar 2019*



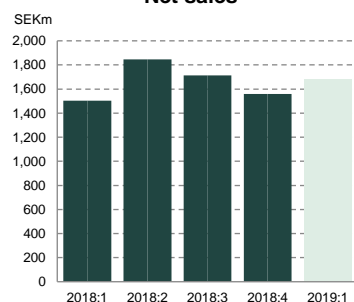
** before elimination of intra-Group sales

Share of EBITDA 1903**

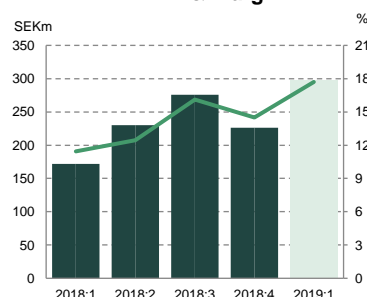


** share calculated of total EBITDA excluding central items

Net sales



EBITDA & margin



WOOD

SCA is one of Europe's leading suppliers of wood-based products for the wood industry and building materials trade, with an annual production capacity of 2.2 m³ of solid-wood products. SCA has five cost-efficient sawmills located close to its forest holdings in Northern Sweden, as well as wood processing and distribution to the building materials trade in Scandinavia, the UK and France.

SEKm	Quarter					
	2019:1	2018:1	%	2018:4	%	
Net sales	1,678	1,503	12	1,558	8	
EBITDA	297	172	73	226	31	
Depreciation	-68	-56	21	-56	21	
Operating profit	230	116	98	170	35	
EBITDA margin, %	17.7	11.4		14.5		
Operating margin, %	13.7	7.7		10.9		
Return on capital employed, %	28.3	15.8		21.3		
Deliveries, wood products, thousand m ³	638	607	5	590	8	

January-March 2019 compared with January-March 2018

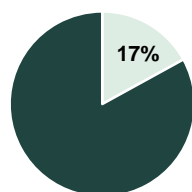
Net sales increased 12% to SEK 1,678m (1,503). The increase was attributable to higher selling prices, higher delivery volumes and positive exchange rate effects.

EBITDA improved 73% to SEK 297m (172). Restructuring effects in SCA Wood France had a positive impact on earnings of approximately SEK 90m, and relate to insurance compensation for costs related to a fire and the impact on earnings from the merger with Groupe ISB. Higher selling prices, favorable exchange rate effects and higher delivery volumes had a positive impact on earnings, but higher raw material costs had an adverse impact.

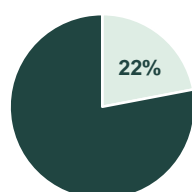
January-March 2019 compared with October-December 2018

Net sales increased 8% to SEK 1,678m (1,558). This increase was primarily attributable to higher delivery volumes, which was partly offset by lower selling prices.

EBITDA improved 31% to SEK 297m (226). Earnings were positively impacted by approximately SEK 90m from the restructuring effects in SCA Wood France. Lower selling prices had an adverse impact on earnings, which was partly offset by higher delivery volumes.

Share of net sales
Jan-Mar 2019*

* before elimination of intra-Group sales

Share of
EBITDA 1903**

** share calculated of total EBITDA excluding central items

PULP

SCA produces market pulp at Östrand pulp mill. The expansion of the mill was completed in the summer of 2018. Östrand is now one of the largest and most cost-efficient production lines for softwood kraft pulp in the world. Together with thermomechanical pulp production, Östrand's annual capacity amounts to 1 million tonnes. SCA's pulp has high-strength properties, suitable for tissue and specialty paper.

SEKm	Quarter					
	2019:1	2018:1	%	2018:4	%	
Net sales	1,134	589	93	1,049	8	
EBITDA	351	178	97	370	-5	
Depreciation	-129	-65	98	-121	7	
Operating profit	221	113	96	249	-11	
EBITDA margin, %	31.0	30.2		35.3		
Operating margin, %	19.5	19.2		23.7		
Return on capital employed, %	12.2	6.1		11.2		
Deliveries, pulp, thousand tonnes	168	101	66	145	16	

The expanded pulp mill was put into operation in June 2018 following an expansion stop in the second quarter of 2018. Production during the first quarter of 2019 was about 172,000 tonnes. Following the start-up curve, production is expected to gradually increase until the end of 2019.

January-March 2019 compared with January-March 2018

Net sales increased by 93% to SEK 1,134m (589). This increase was primarily attributable to higher delivery volumes due to the ramp up of the expanded pulp mill. Higher selling prices and positive exchange rate effects also had a positive impact on net sales.

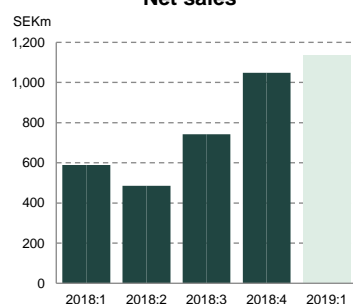
EBITDA improved 97% to SEK 351m (178), which is mainly related to higher delivery volumes due to the ramp up of the expanded pulp mill. In addition, earnings were positively impacted by higher selling prices, positive exchange rate effects and a better energy balance in the expanded mill. Higher raw material costs had a negative impact on earnings. In 2018, EBITDA was impacted by project related costs. The cost of planned maintenance stops amounted to SEK 0m (0).

January-March 2019 compared with October-December 2018

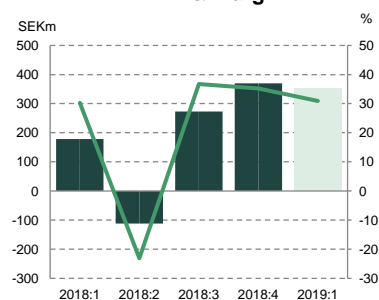
Net sales increased 8% to SEK 1,134m (1,049). This increase was attributable to higher delivery volumes due to the continued ramp up, which was offset by lower selling prices.

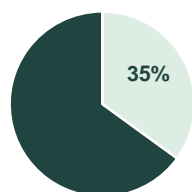
EBITDA declined 5% to SEK 351m (370), which was mainly due to lower selling prices and higher raw material costs. Higher delivery volumes and a better energy balance had a positive impact on earnings. The cost of planned maintenance stops amounted to SEK 0m (15).

Net sales

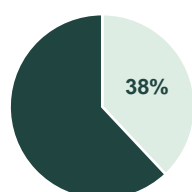


EBITDA & margin



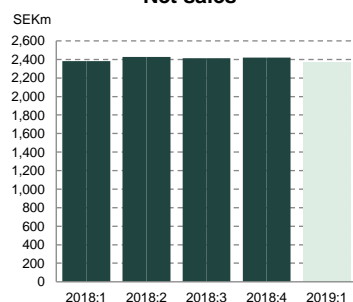
Share of net sales
Jan-Mar 2019*

* before elimination of intra-Group sales

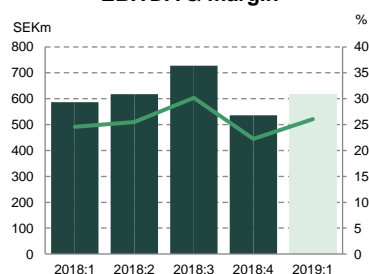
Share of
EBITDA 1903**

** share calculated of total EBITDA excluding central items

Net sales



EBITDA & margin



PAPER

SCA produces kraftliner – paper for corrugated transport packaging – and publication paper for magazines, catalogues and commercial print. SCA is Europe's largest independent producer of kraftliner, with a total capacity of 865,000 tonnes per year. Kraftliner is produced at the paper mills in Munksund, Piteå, and in Obbola, Umeå. Publication paper is produced at the Ortviken paper mill in Sundsvall, with a capacity of 775,000 tonnes per year.

SEKm	Quarter				
	2019:1	2018:1	%	2018:4	%
Net sales	2,366	2,383	-1	2,421	-2
EBITDA	616	586	5	536	15
Depreciation	-137	-131	5	-136	1
Operating profit	479	455	5	401	19
EBITDA margin, %	26.0	24.6		22.2	
Operating margin, %	20.2	19.1		16.6	
Return on capital employed, %	28.7	30.1		24.9	
Deliveries, kraftliner, thousand tonnes	193	207	-7	197	-2
Deliveries, publication paper, thousand tonnes	174	195	-11	177	-2

January-March 2019 compared with January-March 2018

Net sales decreased 1% to SEK 2,366m (2,383). Lower delivery volumes had an adverse impact on net sales, which was offset by positive exchange rate effects and higher selling prices for publication paper.

EBITDA improved 5% to SEK 616m (586). This increase was primarily attributable to higher selling prices for publication paper and positive exchange rate effects. Higher raw material costs and lower delivery volumes had an adverse impact on earnings. The cost of planned maintenance stops amounted to SEK 0m (0).

January-March 2019 compared with October-December 2018

Net sales decreased 2% to SEK 2,366m (2,421). The decrease was primarily attributable to lower deliveries volumes and lower selling prices for kraftliner. Higher selling prices for publication paper had a positive impact on net sales.

EBITDA improved 15% to SEK 616m (536). The increase was primarily related to lower costs for planned maintenance stops of SEK 0m (82). Higher selling prices for publication paper had a positive impact on earnings, which was offset by lower selling prices for kraftliner.

SHARE DISTRIBUTION

March 31, 2019	Class A	Class B	Total
Registered number of shares	64,587,672	637,754,817	702,342,489

At the end of the period, the proportion of Class A shares was 9.2%. No change was made to Class A and Class B shares during the first quarter. The total number of votes in the company amounts to 1,283,631,537.

FUTURE REPORTS

- Financial statements for the second quarter will be published on July 26, 2019
- Financial statements for the third quarter will be published on October 30, 2019
- The year-end report will be published on January 30, 2020

INVITATION TO PRESS CONFERENCE ON INTERIM REPORT FOR THE FIRST QUARTER OF 2019

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

Time: April 26, 2019 at 10:00 a.m.

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

The press conference will be webcast live at www.sca.com. It is also possible to participate by telephone by calling:

Sweden: +46 (0)8 5069 2180
 UK: +44 (0)2071 928 000
 USA: +1 631 510 7495

Specify "SCA" or the conference ID. 8184739.

Sundsvall, April 26, 2019

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Please note:

This is information that SCA is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. The information was submitted for publication, through the agency of the contact person set out below, on April 26, 2019 at 08:00 a.m. CEST. The report has not been reviewed by the company's auditors.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

SEKm	Quarter				
	2019:1	2018:1	%	2018:4	%
Net sales	5,076	4,400	15	4,926	3
Other income	570	542	5	594	-4
Change in inventories	196	52		236	
Change in value in biological assets	232	226	3	164	41
Raw materials and consumables	-2,025	-1,654	22	-1,721	18
Personnel costs	-767	-732	5	-827	-7
Other external costs	-1,723	-1,660	4	-1,877	-8
Share of profits of associates	1	1		0	
EBITDA	1,560	1,175	33	1,494	4
Depreciation	-392	-286	37	-351	12
Operating profit	1,168	889	31	1,143	2
Financial items	-30	1		-18	
Profit before tax	1,138	890	28	1,125	1
Tax	-230	-191		-265	
Net Profit for the period from continuing operations	908	699	30	860	6
<i>Earnings per share SEK</i>	<i>1.29</i>	<i>1.00</i>		<i>1.22</i>	
Earnings attributable to:					
Owners of the parent	908	699		860	
Average no. of shares, millions	702.3	702.3		702.3	
Margins (%)					
EBITDA margin	30.7	26.7		30.3	
Operating margin	23.0	20.2		23.2	
Net margin	17.9	15.9		17.5	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter		
	2019:1	2018:1	2018:4
Profit for the period, continuing operations	908	699	860
Other comprehensive income for the period:			
Items that may not be reclassified to the income statement			
Transitional effect on the introduction of new accounting standards	-	-	-3
Result from Equity investments recognized at fair value	-	-	-1
Revaluation of defined benefit pension plans	35	-159	-367
Income tax attributable to components of other comprehensive income	-4	35	75
Total	31	-124	-296
Items that have been or may be reclassified subsequently to the income statement			
Available-for-sale financial assets	-	-2	-
Cash flow hedges	-204	-97	135
Translation differences in foreign operations	14	46	0
Income tax attributable to components of other comprehensive income	42	22	-35
Total	-148	-29	100
Other comprehensive income for the period, net of tax	-117	-153	-196
Total comprehensive income for the period	791	546	664
Total comprehensive income attributable to:			
Owners of the parent	791	546	666
Non-controlling interests	-	-	-2

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	Mar 31, 2019	Dec 31, 2018
ASSETS		
Non-current assets		
Goodwill and other intangible assets	221	128
Buildings, land, machinery and equipment	18,551	18,713
Biological assets	32,298	32,065
Right-of-use assets	1,206	-
Other non-current assets	1,215	788
Total non-current assets	53,491	51,694
Current assets		
Inventories	4,872	4,499
Trade receivables	3,001	2,629
Other current receivables	952	1,079
Cash and cash equivalents	488	648
Total current assets	9,313	8,855
Total assets	62,804	60,549
EQUITY AND LIABILITIES		
Equity		
Owners of the Parent		
Share capital	2,350	2,350
Share premium	6,830	6,830
Reserves	-261	-113
Retained earnings	29,705	29,995
Total equity	38,624	39,062
Non-current liabilities		
Non-current financial liabilities	6,255	5,263
Provisions for pensions	612	528
Deferred tax liabilities	8,399	8,269
Other non-current liabilities & provisions	107	115
Total non-current liabilities	15,373	14,175
Current liabilities		
Current financial liabilities	3,572	2,562
Trade payables	3,534	3,368
Other current liabilities	1,701	1,382
Total current liabilities	8,807	7,312
Total liabilities	24,180	21,487
Total liabilities and equity	62,804	60,549

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Mar	Full year
	2019	2018
Attributable to owners of the parent		
Opening balance, January 1 st	39,062	36,751
Total comprehensive income for the period	791	3,397
Cash flow hedge transferred at cost of hedged investments	0	-34
Tax on cash flow hedge transferred at cost of hedged investments	0	7
Cash dividend	-1,229	-1,054
Remeasurement effect upon acquisition of non-controlling interests	0	-5
Closing balance	38,624	39,062
Non-controlling interests		
Opening balance, January 1 st	-	2
Total comprehensive income for the period	-	-2
Closing balance	-	-
Total equity, closing balance	38,624	39,062

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Jan-Mar	
	2019	2018
Operating activities		
Profit before tax	1,138	890
Adjustment for non-cash items ¹	-21	-65
Paid tax	-5	-6
Cash flow from operating activities before changes in working capital	1,112	819
Cash flow from changes in working capital		
Change in inventories	-466	-75
Change in operating receivables	-306	-380
Change in operating liabilities	420	289
Cash flow from operating activities	760	653
Investing activities		
Company acquisitions	-158	-19
Current capital expenditures in intangible assets and property, plant and equipment	-142	-76
Strategic capital expenditures in intangible assets and property, plant and equipment	-143	-634
Acquisition of financial assets	-19	-
Cash flow from investing activities	-462	-729
Financing activities		
Loans raised	759	5,626
Amortization of loans	-	-5,596
Dividend	-1,229	-
Cash flow from financing activities	-470	31
Cash flow for the period	-172	-45
Cash and cash equivalents at the beginning of the period	648	538
Exchange differences in cash and cash equivalents	13	13
Cash and cash equivalents at the end of the period	489	505
Cash flow from operating activities per share, SEK	1.08	0.93
¹ Depreciation/amortization and impairment of non-current assets	392	286
Change in value of biological assets	-232	-226
Gains/losses on asset sales and swaps of assets	0	-25
Other	-181	-100
Total	-21	-65

INCOME STATEMENT PARENT COMPANY

SEKm	Jan-Mar	
	2019	2018
Other operating income	64	62
Other operating expenses	-44	-42
Personnel costs	-23	-30
EBITDA	-3	-10
Depreciation	-22	-18
Operating profit	-25	-28
Financial items	30	38
Profit before tax	5	10
Appropriations and tax	148	6
Profit for the period	153	16

Other operating income was mainly related to remuneration for the granting of felling rights for the Parent Company's forest land.

BALANCE SHEET PARENT COMPANY

SEKm	Mar 31, 2019	Dec 31, 2018
Tangible non-current assets	8,477	8,489
Financial non-current assets	4,814	4,838
Total non-current assets	13,291	13,327
Current assets	16,518	17,699
Total assets	29,809	31,026
Restricted equity	11,373	11,373
Non-restricted equity	7,306	8,381
Total equity	18,679	19,754
Provisions	1,586	1,575
Non-current liabilities	5,218	5,255
Current liabilities	4,326	4,442
Total equity, provisions and liabilities	29,809	31,026

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. The accounting principles are described in detail in SCA's 2018 Annual Report.

IFRIC 23 Uncertainty over income tax treatments applies from January 1, 2019. This interpretation clarifies how the requirements on accounting and measurement in IAS 12 must be applied when there is uncertainty surrounding the treatment of income tax. The interpretation is to be applied either retrospectively or by applying the modified retrospective approach. SCA has elected to apply the modified retrospective approach, meaning comparative figures are not restated. Following an evaluation of the interpretation, SCA found that the interpretation does not entail any material impact on the Group's balance sheet.

IFRS 16 Leases applies from January 1, 2019 and replaces IAS 17 Leases and associated interpretations. On this date, SCA applied the modified retrospective approach, meaning that comparative figures were not restated.

The lease liability was measured at the present value of the outstanding lease payments and the right-of-use asset for all leases totaling an amount corresponding to the lease liability, adjusted for prepaid lease payments. The transition does not have any impact on equity. SCA has elected to utilize the available exemption for short-term leases and contracts for which the underlying asset has a low value. SCA has also chosen, on the first date of application, not to remeasure whether a contract is or contains a lease agreement.

On January 1, 2019, SCA recognized a lease liability of SEK 1,211m and a right-of-use asset of SEK 1,223m. The right-of-use asset includes prepaid leasing expenses of SEK 12m. The lease liability resulted in an increase of SEK 1,211m in net debt as of January 1, 2019. At the end of the quarter, the lease liability amounted to SEK 1,203m. Right-of-use assets are presented on the line item right-of-use assets in the Group's balance sheet and the lease liability is presented on the line items for non-current financial liabilities and current financial liabilities.

A summary of the opening lease liability is presented in the table below:

Leasing debt according to IFRS 16	
SEKm	
Operational leasing, future minimum lease payments December 31, 2018	1,629
Used relief rules	
short-term leases	-4
contract where the underlying asset is of low value	-9
Effect of present value calculation with incremental borrowing rate	-405
Opening lease liability January 1, 2019	1,211

The average incremental borrowing rate on January 1, 2019 was 3.5%.

After the standard came into effect, the right-of-use assets are measured at cost after deduction for accumulated depreciation and any impairment. No impairment losses were recognized in the first quarter. The measurement of right-of-use assets also encompasses any remeasurement of the lease liability. The liability increases by the interest on the lease liability but is reduced in line with paid lease payments. The measurement of the liability is also to reflect any change in lease fees and a remeasurement is recognized as an adjustment of the right-of-use. No such events that give rise to a revaluation of the lease liability occurred in the first quarter. An estimate of the anticipated full-year effects in 2019 on the Group in total and by segment is presented in the table below:

SEKm	EBITDA	Depreciations	EBIT	Interest	Result before tax
Forest	70	-70	0	-	-
Wood	50	-45	5	-	-
Pulp	25	-20	5	-	-
Paper	50	-40	10	-	-
Other	5	-5	0	-	-
Estimated effect on consolidated profit or loss	200	-180	20	-50	-30

A complete description of the transition to IFRS 16 was presented in SCA's 2018 Annual Report.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

MSEK	Jan-Mar	
	2019	2018
Sweden	638	582
EU excl. Sweden	3,152	2,869
Rest of Europe	306	223
Rest of world	980	726
Total Group	5,076	4,400

3. RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 51-54 of the 2018 Annual Report. No significant changes have taken place that have affected the reported risks.

4. RELATED PARTY TRANSACTIONS

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

5. FINANCIAL INSTRUMENTS BY CATEGORY

SEKm	Measurement level	Mar 31, 2019	Dec 31, 2018
Financial assets measured at fair value in the income statement			
Derivatives - Current financial assets	2	4	9
Derivatives - Other current receivables	2	15	33
Total		19	42
Financial liabilities measured at fair value in the income statement			
Derivatives - Current financial liabilities	2	1	-
Derivatives - Other financial liabilities	2	50	37
Total		51	37
Financial assets measured at fair value through other comprehensive income			
Equity instruments	3	19	19
Total		19	19
Financial liabilities measured at amortized cost			
Non-current financial liabilities	-	5,210	5,263
Current financial liabilities	-	3,410	2,562
Total		8,620	7,825
Derivatives used for hedge accounting			
Other non-current assets	1.2	34	74
Other current receivables	1.2	135	259
Total		169	333
Derivatives used for hedge accounting			
Non-current financial liabilities	2	4	-
Other non-current financial liabilities	2	4	2
Other current financial liabilities	2	127	92
Total		135	94

The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, and the fair value of trade payables is estimated to be equal to their carrying amount. The total fair value of current and non-current financial liabilities was SEK 8,613m (7,813). The value of electricity derivatives is based on published prices in an active market. Other financial instruments are market to market, based on prevailing currency and interest rates on the balance sheet date. 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

Contingent liabilities SEKm	Parent		Group	
	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018
Guarantees for subsidiaries	724	704	-	-
associates	-	-	5	5
customers and others	-	-	37	39
Other contingent liabilities	223	231	19	23
Total	947	935	61	67
Pledged assets				
SEKm	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018
Chattel mortgages	20	20	20	20
Total	20	20	20	20

7. ALTERNATIVE PERFORMANCE MEASURES

For definitions of alternative performance measures, refer to SCA's 2018 Annual Report, page 77.

OPERATING CASH FLOW SEKm	Quarter			Jan-Mar	Full year
	2019:1	2018:1	2018:4	2019	2018
EBITDA	1,560	1,175	1,494	1,560	5,252
Changes in value biological assets and other non cash flow items	-246	-253	-183	-246	-749
Operating cash surplus	1,314	922	1,311	1,314	4,503
Change in working capital	-353	-159	-217	-353	-843
Current capital expenditures, net ¹	-168	-76	-472	-168	-1,002
Other operating cash flow	-167	-96	122	-167	93
Operating cash flow	626	591	744	626	2,751

¹ Including SEK 26m of new leasing contracts in 2019

CAPITAL STRUCTURE

SEKm	Mar 31, 2019	Dec 31, 2018
Biological assets	32,298	32,065
Deferred tax relating to biological assets	-6,653	-6,605
Biological assets, net of deferred tax	25,645	25,460
Working capital	3,955	3,735
Other capital employed, net	18,174	16,887
Total capital employed	47,774	46,082
<i>Return on capital employed (%) ¹</i>	9.4	9.0
<i>Industrial return on capital employed (%) ¹</i>	17.2	16.4
Net debt, SEKm ²	9,150	7,020
Net debt/EBITDA (LTM)	1.6x	1.3x
Equity, SEKm	38,624	39,062
Net debt/Equity (%)	23.7	18.0

¹ Rolling 12 months

² Changed accounting principles related to IFRS 16 (lease) have had a SEK 1.2 billion impact on net debt as of January 1, 2019

WORKING CAPITAL

SEKm	Mar 31, 2019	Dec 31, 2018
Inventories	4,872	4,499
Accounts receivable	3,001	2,629
Other current receivables	939	1,060
Accounts payable	-3,534	-3,368
Other current liabilities	-1,438	-1,140
Adjustments ¹	115	55
Working capital	3,955	3,735
Working capital / net sales ²	18.2	17.5
¹ Adjustments:		
Other current receivables, green certificates	-8	-16
Accounts payable, strategic capital expenditures	93	167
Other current provisions	100	-100
Other current liabilities, emission rights	-70	4
Sum adjustments	115	55

² Calculated as an average of working capital for 13 months as a percentage of 12-month rolling net sales

NET DEBT

SEKm	Mar 31, 2019	Dec 31, 2018
Surplus in funded pension plans	731	630
Non-current financial assets	65	46
Current financial assets	5	9
Cash and cash equivalents	488	648
Financial receivables	1,289	1,333
Non-current financial liabilities	6,255	5,263
Provisions for pensions	612	528
Current financial liabilities	3,572	2,562
Financial liabilities	10,439	8,353
Net debt	-9,150	-7,020

8. QUARTERLY DATA BY SEGMENT

NET SALES

SEKm	Quarter								
	2019:1	2018:4	2018:3	2018:2	2018:1	2017:4	2017:3	2017:2	2017:1
Forest	1,651	1,540	1,455	1,162	1,298	1,287	1,261	1,210	1,312
Wood	1,678	1,558	1,712	1,846	1,503	1,426	1,567	1,637	1,364
Pulp	1,134	1,049	743	485	589	672	644	585	641
Paper	2,366	2,421	2,413	2,426	2,383	2,220	2,096	2,072	2,046
Intra-group deliveries	-1,753	-1,642	-1,564	-1,249	-1,373	-1,363	-1,337	-1,282	-1,394
Total net sales	5,076	4,926	4,759	4,670	4,400	4,242	4,231	4,222	3,969

EBITDA

SEKm	Quarter								
	2019:1	2018:4	2018:3	2018:2	2018:1	2017:4	2017:3	2017:2	2017:1
Forest	331	427	292	371	304	358	316	364	325
Wood	297	226	276	230	172	184	187	154	145
Pulp	351	370	273	-112	178	149	158	71	104
Paper	616	536	728	618	586	481	439	291	268
Other	-35	-65	-20	-73	-65	-94	-51	-156	-45
Total EBITDA	1,560	1,494	1,549	1,034	1,175	1,078	1,049	724	797

EBITDA MARGIN

Percent	Quarter								
	2019:1	2018:4	2018:3	2018:2	2018:1	2017:4	2017:3	2017:2	2017:1
Forest	20.0	27.7	20.1	31.9	23.4	27.8	25.1	30.1	24.8
Wood	17.7	14.5	16.1	12.5	11.4	12.9	11.9	9.4	10.6
Pulp	31.0	35.3	36.7	-23.1	30.2	22.2	24.5	12.1	16.2
Paper	26.0	22.2	30.2	25.5	24.6	21.7	20.9	14.1	13.1
EBITDA margin	30.7	30.3	32.5	22.1	26.7	25.4	24.8	17.1	20.1