



January-September 2019 compared with January-September 2018

- Net sales increased 10% to SEK 15,279m (13,829), mainly related to higher delivery volumes due to the continued ramp-up of the expanded Östrand pulp mill
- EBITDA increased 13% to SEK 4,264m (3,758). The improvement was mainly related to higher delivery volumes from the expanded Östrand pulp mill and positive exchange rate effects, which was offset by lower selling prices.
- EBITDA margin was 27.9% (27.2)
- Operating cash flow increased to SEK 2,339m (2,007)
- Earnings per share amounted to SEK 3.37 (3.99). Adjusted for a non-recurring item related to deferred tax in 2018, earnings per share increased 5%.

July-September 2019 compared with April-June 2019

- Net sales decreased 5% to SEK 4,975m (5,228), mainly related to lower selling prices in Pulp, Paper and Wood
- EBITDA amounted to SEK 1,364m (1,340). Adjusted for a positive non-recurring item of SEK 78m (0) from the sale of the terminal in Rotterdam, earnings declined 4%. The decrease was mainly explained by lower selling prices.
- Operating cash flow increased 77% to SEK 1,094m (619) and net debt declined SEK 1,566m to SEK 8,169m.

- SCA invests in a new paper machine for the production of kraftliner at its Obbola paper mill in Umeå. Production in Obbola will increase from today's 450,000 tonnes to 725,000 tonnes per year (see page 5).
- SCA plans at year-end to change the accounting method for valuing the company's forest holdings so that it is based on the market value calculated on the basis of transactions in areas where SCA owns forest. Currently available transaction prices and estimated standing volume indicate a market value of SEK 63-67 billion, compared with the current book value of SEK 34 billion (see page 6).

SEKm	Quarter				Jan-Sep			
	2019:3	2018:3	%	2019:2	%	2019	2018	%
Net sales	4,975	4,759	5	5,228	-5	15,279	13,829	10
EBITDA	1,364	1,549	-12	1,340	2	4,264	3,758	13
<i>EBITDA margin</i>	<i>27.4</i>	<i>32.5</i>		<i>25.6</i>		<i>27.9</i>	<i>27.2</i>	
Operating profit	955	1,226	-22	943	1	3,066	2,859	7
Net Profit	757	991	-24	704	8	2,369	2,799	-15
<i>Earnings per share SEK</i>	<i>1.08</i>	<i>1.41</i>		<i>1.00</i>		<i>3.37</i>	<i>3.99</i>	
Operating cash flow	1,094	742		619		2,339	2,007	
Industrial ROCE (%) ¹						15.5	15.4	
Net Debt / EBITDA (LTM)	1.4x	1.4x		1.6x		1.4x	1.4x	

¹ Rolling 12 months



COMMENTS ON THE FINANCIAL STATEMENTS

Operating profit for the third quarter of 2019 improved compared with the preceding quarter. Compared to the same quarter last year earnings declined.

Demand for SCA's products in the quarter was generally weaker than in the preceding quarter and market prices declined in all product areas. SCA has a continued strong focus on cost control and cash flow. For the first nine months of 2019, operating cash flow rose 17% while net debt declined 16% during the quarter.

SCA's wood consumption continued to increase due to the continued ramp-up of the Östrand pulp mill. Prices for pulpwood and timber remained stable during the quarter.

Wood reported stable consumption, although a high level of supply led to a further fall in selling prices.

Within Pulp, work continues to trim the mill toward full capacity. The average price was lower compared with the preceding quarter. Demand for long-fiber pulp improved slightly during the quarter and inventory levels declined. However, inventory levels for short fiber pulp remains high.

After a period of falling prices, kraftliner prices have remained stable during the third quarter, although lower than the second quarter. Demand for publication paper declined during the quarter and prices fell.

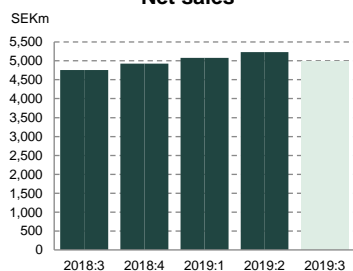
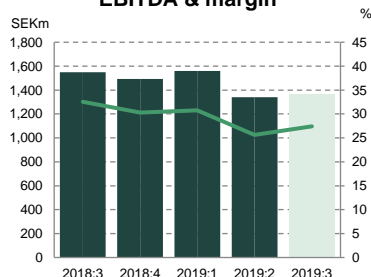
New transaction based accounting method for valuation of the forest holdings

In light of the price level of forest land in a number of large and recently completed forest land transactions, SCA has reviewed the method and assumptions for valuation of the company's forest land in its balance sheet. The review shows that a large number of forest transactions take place in areas where SCA owns land, that the value of larger forest transactions is generally in line with the values of smaller and mid-sized forest transactions, and that the value is significantly higher than the current book value.

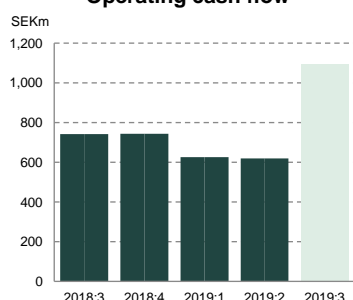
SCA plans at year-end to change the accounting method for valuing the company's forest holdings so that it is based on the market value calculated on the basis of transactions in areas where SCA owns forest. Currently available transaction prices and estimated standing volume indicate a market value of SEK 63-67 billion, compared with the current book value of SEK 34 billion (see page 6).

Investment in kraftliner mill in Obbola

SCA announced in September 2019 that the company is building a new paper machine for the production of kraftliner at its Obbola paper mill in Umeå. Production in Obbola will increase from the current 450,000 tonnes of kraftliner to 725,000 tonnes per year to meet an expected increase in demand for renewable packaging. The total investment totals approximately SEK 7.5bn over a five-year period.

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

	1909 vs 1809	2019:3 vs 2018:3	2019:3 vs 2019:2
Total	10	5	-5
Price/mix	-5	-15	-6
Volume	14	20	1
Currency	2	2	0
Acq. and divestments	-1	-2	0

Operating cash flow**GROUP****SALES AND OPERATING PROFIT****January-September 2019 compared with January-September 2018**

Net sales amounted to SEK 15,279m (13,829), an increase of 10%, of which price/mix accounted for -5%, volume for 14%, currency for 2% and acquisitions/divestments for -1%. The growth was mainly related to higher delivery volumes in Pulp from the expanded Östrand pulp mill. The merger with Groupe ISB, within Wood, had a negative effect on net sales, since the merged company is not consolidated in SCA.

EBITDA increased 13% to SEK 4,264m (3,758), which corresponds to an EBITDA margin of 27.9% (27.2). The increase was mainly attributable to higher delivery volumes in Pulp, positive exchange rate effects and lower costs for planned maintenance and expansion stops of SEK 63m (270). Lower selling prices had a negative impact on earnings.

Operating profit increased 7% to SEK 3,066m (2,859).

July-September 2019 compared with July-September 2018

Net sales for the third quarter grew by 5%, of which price/mix accounted for -15%, volume for 20%, currency for 2%, and acquisitions/divestments for -2%, and amounted to SEK 4,975m (4,759). The growth was mainly related to higher delivery volumes from the expanded Östrand pulp mill, which were offset by lower selling prices in Pulp, Wood and Kraftliner.

EBITDA amounted to SEK 1,364m (1,549), a decrease of 12%. The decrease was mainly attributable to lower selling prices, which was somewhat offset by higher delivery volumes in Pulp and positive exchange rate effects. The cost of planned maintenance stops amounted to SEK 0m (0).

Operating profit decreased by 22% to SEK 955m (1,226).

July-September 2019 compared with April-June 2019

Net sales decreased 5%, of which price/mix accounted for -6%, volume for 1%, currency for 0% and acquisitions/divestments for 0%, and amounted to SEK 4,975m (5,228). The decrease was mainly attributable to lower selling prices in Pulp, Paper and Wood.

EBITDA amounted to SEK 1,364m (1,340). Adjusted for a positive non-recurring item of SEK 78m (0) from the sale of the terminal in Rotterdam, earnings declined 4%. The decrease was mainly explained by lower selling prices, which was somewhat offset by higher deliveries of kraftliner and publication paper as well as lower costs for planned maintenance stops of SEK 0m (63). The positive result of SEK 78m from the sale of the Rotterdam terminal was divided between the segments: Wood about 20%, Pulp 20% and Paper 60%.

Operating profit increased 1% to SEK 955m (943).

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

The operating cash surplus amounted to SEK 3,650m (3,192). The cash flow effect of changes in working capital was SEK -326m (-626). Net current capital expenditures totaled SEK -762m (-530). Operating cash flow was SEK 2,339m (2,007) See page 21.

Strategic capital expenditures amounted to SEK -362m (-1,705). The cash flow effect of acquisitions amounted to SEK -857m (0) and relate to the acquisition of forest assets in Latvia and Estonia totaling SEK -699m and shares in Groupe ISB totaling SEK -158m. The cash flow effect from the divestment of the terminal in Rotterdam was SEK 370m. Dividends amounted to SEK -1,229m (-1,054). Cash flow for the period totaled SEK -157m (-8). See page 17.

FINANCING

At September 30, 2019, net debt totaled SEK 8,169m, a decrease during the quarter of SEK 1,566m. The decrease is mainly due to a strong cash flow from operating activities and the divestment of the logistics terminal in Rotterdam. Net debt in relation to EBITDA amounted to 1.4x (1.6x in the previous quarter).

At September 30, 2019, gross debt amounted to SEK 9,446m, with an average maturity of approximately five years (also five years including the lease liability). The debt structure consists of short-term commercial paper as well as long-term bonds and bilateral bank loans. The lease liability amounted to SEK 857m, a decrease by SEK 333m compared with the preceding quarter mainly related to the sale of the terminal in Rotterdam. Unutilized credit facilities amounted to SEK 5,000m. Cash and cash equivalents amounted to SEK 507m at the end of the period.

In the January-September 2019 period, financial items totaled SEK -101m compared with SEK -11m in the same period last year.

TAX

January-September 2019 compared with January-September 2018

Tax amounted to SEK 596m (49), corresponding to an effective tax rate of 20.1%. A positive non-recurring item totaling SEK 544m was reported in 2018 as a result of a reduction in the Swedish corporate tax rate. Excluding the non-recurring item, the tax expense for the first nine months of 2018 amounted to SEK 593m.

EQUITY

January-September 2019

Total equity increased by SEK 1,025m during the period, to SEK 40,087m at September 30, 2019. Equity increased due to comprehensive income for the period of SEK 2,272m, and decreased due to the dividend of SEK 1,229m. Other items reduced equity by SEK 18m.

CURRENCY EXPOSURE AND CURRENCY HEDGING

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 other currencies.

The company has hedged about 70% of the expected EUR net exposure from sales minus purchases until the end of the first quarter of 2020, as well as approximately 50% for the second quarter of 2020 and 25% for the third quarter 2020, at the average EUR/SEK exchange rate of 10.60. The company has hedged about 65% of the expected USD net exposure from sales minus purchases until the end of the first quarter of 2020, as well as approximately 40% for the second quarter of 2020 and 15% for the third quarter 2020, at the average USD/SEK exchange rate of 9.18. In order to reduce the risk of a weaker SEK, 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 third 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	
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Total
Pulp	0	0	0	120	120
Paper	0	63	0	50	113
Total	0	63	0	170	233

INVESTMENTS

SCA invests in Obbola kraftliner mill

SCA announced in September 2019 that the company is building a new paper machine for the production of kraftliner at its Obbola paper mill in Umeå. Production in Obbola will increase from the current 450,000 tonnes of kraftliner to 725,000 tonnes per year to meet an expected increase in demand for renewable packaging.

The total investment is approximately SEK 7.5bn over a five-year period and will be reported as a strategic investment. The investment will replace necessary reinvestments in Obbola of about SEK 2.5bn. The investment will mainly be financed using operating cash flow, complemented with the Group's normal financing sources.

The new paper machine is being constructed in a new building, parallel to the current paper machine. This means the plant will be in full operation during the construction period before switching over from the old machine to the new one ahead of its start-up in 2023. The new mill's ramp-up to full capacity is expected to take three years.

The investment of SEK 7.5bn includes environmental investments of approximately SEK 1bn, which include the reduction in oil consumption of 8,000 cubic meters per year and improves the water treatment capacity. Following the investment, SCA's own industrial processes will be 97% fossil-free.

New dry sorting line in Bollsta

SCA is constructing a new dry sorting line at the sawmill in Bollsta that will replace two old lines. The total investment will amount to about SEK 600m over a three-year period and is part of the company's existing framework for current capital expenditure. The reinvestments will concentrate operations to a single location, reduce production costs, increase efficiency and create a foundation for continued expansion.

ACQUISITIONS

Acquisition of 30,000 hectares of forest land in Baltic states

Through three transactions, SCA has acquired approximately 30,000 hectares of forest in Estonia and Latvia at a price of about SEK 950m. The standing timber volume amounts to approximately 3.2 million cubic meters. The acquisitions strengthen SCA's opportunities to sustainably source timber in the region. Forests are an asset that offer stable growth and form the basis for value creation in SCA's integrated value chain. Two of the acquisitions were closed during the second quarter and closure of the final transaction is expected in the fourth quarter.

DIVESTMENTS

SCA sells logistics terminal in Rotterdam

SCA sold its subsidiary SCA Logistics B.V. (Rotterdam) to the Dutch company Matrants Holdings B.V. The transaction reduced SCA's net debt by approximately SEK 660m and was closed in the third quarter of 2019.

The divestment is expected to reduce SCA's EBITDA by about SEK 30m on an annual basis.

FOREST VALUATION

Total return from forest land

Forest assets are becoming increasingly important. Demand for products based on renewable fiber is growing faster than the harvesting potential.

The forest creates value in several ways. The forest has a crucial role in efforts to combat climate change, partly because growing forests bind carbon dioxide, and partly because renewable raw materials from the forest replace fossil based alternatives. Harvesting and other returns produce cash flow. The forest is actively managed to provide growth and thereby increases in volume and value over time. Lastly, the value of forest land as an asset is increasing. These value streams together have resulted in an average total return from Swedish forest assets of approximately 10% per year since 1956.

As there is a limited supply of forest land, SCA expects the value of forest as a strategic resource to continue to grow due to the need to shift from finite to renewable resources. SCA will therefore continue to invest in forest land, both to increase growth in existing holdings and to increase the area.

New transaction based accounting method for valuation of the forest

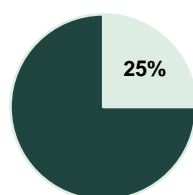
In light of the price level of forest land in a number of large and recently completed forest land transactions, SCA has reviewed the method and assumptions for valuation of the company's forest land in its balance sheet. The review shows that a large number of forest transactions take place in areas where SCA owns land, that the value of larger forest transactions is generally in line with the values of smaller and mid-sized forest transactions, and that the value is significantly higher than the current book value.

From December 31, 2019, SCA plans to change the accounting method for valuing the company's forest holdings so that it is based on the market value calculated on the basis of transactions in areas where SCA owns forest land. Currently available transaction prices and estimated standing volume indicate a market value of SEK 63-67 billion. The total value of the forest assets is expected to be allocated about 70% to biological assets (standings trees) and about 30% to land. This compares with the book value of the forest assets at September 30, 2019 of approximately SEK 33bn for the biological assets and about SEK 1bn for forest land.

The revaluation, after allowing for provisions for deferred tax, is expected to have a positive non-recurring item in the fourth quarter of 2019. The revaluation of biological assets will be recognized as a positive impact on earnings, while the revaluation of land will be reported in Other Comprehensive Income and will not have an impact on earnings.

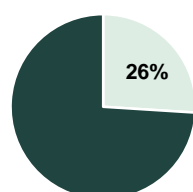
The review is expected to be completed in the fourth quarter.

Share of net sales Jan-Sep 2019*



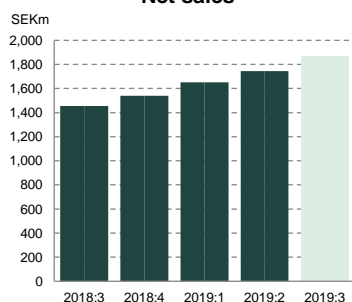
* before elimination of intra-Group sales

Share of EBITDA 1909**

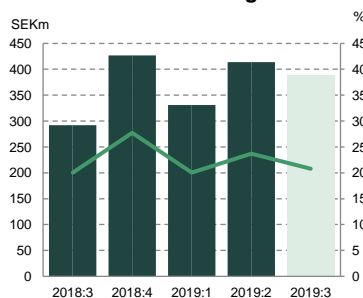


** share calculated of total EBITDA excluding central items

Net sales



EBITDA & margin



FOREST

SCA owns 2.6 million hectares of forest land in Northern Sweden and the Baltic region, 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					Jan-Sep		
	2019:3	2018:3	%	2019:2	%	2019	2018	%
Net sales	1,865	1,455	28	1,746	7	5,262	3,915	34
EBITDA	388	292	33	414	-6	1,133	967	17
Depreciation	-53	-29	83	-51	4	-154	-85	81
Operating profit	335	263	27	363	-8	979	882	11
EBITDA margin, %	20.8	20.1		23.7		21.5	24.7	
Operating margin, %	18.0	18.1		20.8		18.6	22.5	
Return on capital employed, %	4.6	3.8		5.0		4.8	4.4	
Harvesting of own forest, thousand m ³ sub	927	922	1	1,517	-39	3,189	3,031	5
Revaluation of biological assets ¹	208	197	6	54	285	494	515	-4

Management of SCA-owned forest

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

During the first nine months of the year, the volume of timber harvested from SCA-owned forest was about 3.2 million m³ sub. The current planned rate of timber harvested in SCA-owned forest is approximately 4.3 million m³ sub per year.

January-September 2019 compared with January-September 2018

Net sales increased 34% to SEK 5,262m (3,915). This increase was primarily attributable to higher delivery volumes to the expanded pulp mill and higher prices.

EBITDA improved 17% to SEK 1,133m (967). 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 resulting from increased delivery volumes had a negative impact on earnings.

The EBITDA margin decreased to 21.5% (24.7). The decrease was related to an increase in externally sourced pulpwood to meet higher demand for wood for 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.

July-September 2019 compared with July-September 2018

Net sales increased 28% to SEK 1,865m (1,455). This increase was primarily attributable to higher delivery volumes to the expanded pulp mill and higher prices.

EBITDA amounted to SEK 388m (292), an increase of 33%. This increase was primarily attributable to higher selling prices and a slight increase in harvesting from SCA-owned forest.

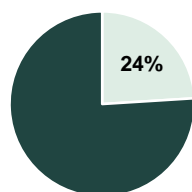
July-September 2019 compared with April-June 2019

Net sales increased 7% to SEK 1,865m (1,746). This increase was primarily attributable to higher delivery volumes.

EBITDA amounted to SEK 388m (414), a decrease of 6%. The decrease is primarily related to the seasonally lower share of harvesting from SCA-owned forest, which was somewhat offset by higher earnings from the revaluation of biological assets.

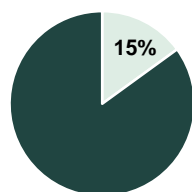
¹ The proportion of timber harvested from SCA-owned forest relative to deliveries from external suppliers varies between quarters. The expected annual change in value of the biological assets is distributed between the quarters in relation to seasonal variations in harvesting of SCA-owned forest. A higher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

Share of net sales Jan-Sep 2019*



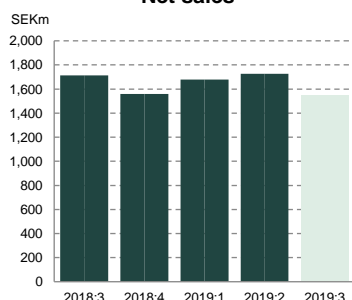
* before elimination of intra-Group sales

Share of EBITDA 1909**

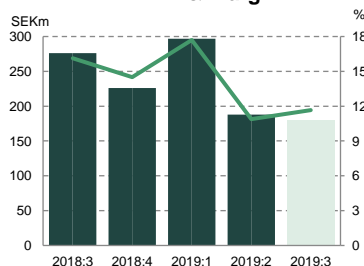


** share calculated of total EBITDA excluding central items

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					Jan-Sep		
	2019:3	2018:3	%	2019:2	%	2019	2018	%
Net sales	1,545	1,712	-10	1,727	-11	4,949	5,060	-2
EBITDA	180	276	-35	188	-4	664	678	-2
Depreciation	-68	-55	24	-66	3	-202	-163	24
Operating profit	111	222	-50	121	-8	462	515	-10
EBITDA margin, %	11.6	16.1		10.9		13.4	13.4	
Operating margin, %	7.2	13.0		7.0		9.3	10.2	
Return on capital employed, %	12.3	27.4		13.3		18.4	21.4	
Deliveries, wood products, thousand m ³	623	626	0	667	-7	1,928	1,930	0

January-September 2019 compared with January-September 2018

Net sales declined 2% to SEK 4,949m (5,060). The decrease is mainly related to the merger with Groupe ISB, which had a negative effect on net sales, since the merged company is not consolidated in SCA. Lower selling prices also had an adverse impact on net sales, which was offset by positive exchange rate effects.

EBITDA declined 2% to SEK 664m (678), which was mainly attributable to lower selling prices and higher raw material costs. Favorable exchange rate effects had a positive earnings effect.

July-September 2019 compared with July-September 2018

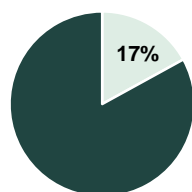
Net sales decreased 10% to SEK 1,545m (1,712). The decrease was mainly related to lower selling prices and the merger with Groupe ISB, which had a negative effect on net sales, since the merged company is not consolidated in SCA.

EBITDA amounted to SEK 180m (276), a decrease of 35%. The decrease was primarily attributable to lower selling prices. Higher raw material costs were offset by higher income from by-products from the integrated value chain.

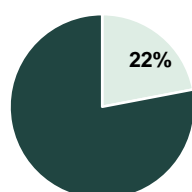
July-September 2019 compared with April-June 2019

Net sales decreased 11% to SEK 1,545m (1,727). The decrease was primarily attributable to lower delivery volumes and lower selling prices.

EBITDA declined 4% to SEK 180m (188). The decrease was primarily attributable to lower selling prices and lower deliveries volumes. Higher income from by-product and seasonally higher earnings from pellets production had a positive impact on earnings.

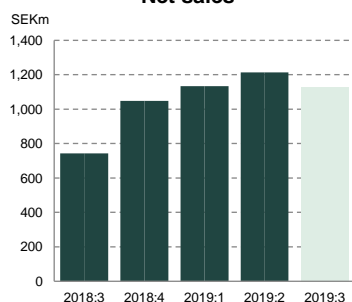
Share of net sales
Jan-Sep 2019*

* before elimination of intra-Group sales

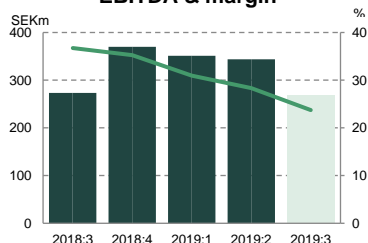
Share of
EBITDA 1909**

** share calculated of total EBITDA excluding central items

Net sales



EBITDA & margin



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					Jan-Sep		
	2019:3	2018:3	%	2019:2	%	2019	2018	%
Net sales	1,129	743	52	1,214	-7	3,477	1,817	91
EBITDA	268	273	-2	344	-22	963	339	184
Depreciation	-141	-96	47	-132	7	-402	-224	79
Operating profit	128	177	-28	213	-40	562	115	389
EBITDA margin, %	23.8	36.7		28.4		27.7	18.7	
Operating margin, %	11.3	23.8		17.5		16.2	6.3	
Return on capital employed, %	5.4	8.4		8.9		8.8	2.6	
Deliveries, pulp, thousand tonnes	205	105	95	201	2	574	280	105

The expanded pulp mill was put into operation in June 2018 following an expansion stop in the second quarter of 2018. Production during the third quarter of 2019 was about 215,000 tonnes. Following the start-up curve, production is expected to gradually increase until the end of 2019.

January-September 2019 compared with January-September 2018

Net sales increased 91% to SEK 3,477m (1,817). This increase was primarily attributable to higher delivery volumes due to the ramp-up of the expanded pulp mill. The expansion stop in Östrand in the comparative period had a negative impact on delivery volumes for the second quarter of 2018. Lower selling prices had an adverse impact on net sales.

EBITDA improved 184% to SEK 963m (339), which is mainly related to higher delivery volumes due to the ramp-up of the expanded pulp mill and lower costs for the expansion stop of SEK 0m (236). In addition, earnings were positively impacted by a better energy balance in the expanded mill and favorable exchange rate effects. Lower selling prices and higher raw material costs had a negative impact on earnings.

July-September 2019 compared with July-September 2018

Net sales increased 52% to SEK 1,129m (743). This increase was primarily attributable to higher delivery volumes due to the ramp-up of the expanded pulp mill. Lower selling prices had an adverse impact on net sales.

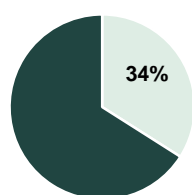
EBITDA totaled SEK 268m (273). Lower selling prices and higher raw material costs had an adverse impact on earnings, which was offset by higher delivery volumes due to the ramp-up of the expanded pulp mill and a better energy balance.

July-September 2019 compared with April-June 2019

Net sales declined 7% to SEK 1,129m (1,214). The decrease was related to lower selling prices.

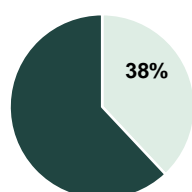
EBITDA declined 22% to SEK 268m (344), which was mainly due to lower selling prices and slightly higher raw material costs. Positive exchange rate effects had a positive earnings effect.

Share of net sales Jan-Sep 2019*



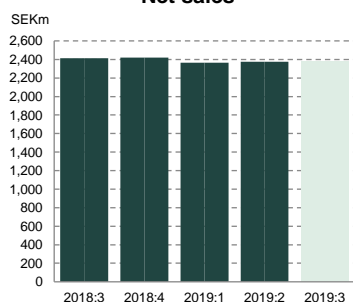
* before elimination of intra-Group sales

Share of EBITDA 1909**

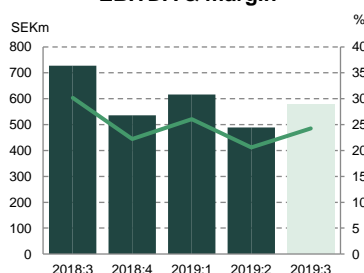


** share calculated of total EBITDA excluding central items

Net sales



EBITDA & margin



PAPER

SCA produces kraftliner – paper for corrugated transport packaging – and publication paper for magazines, catalogs 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				Jan-Sep			
	2019:3	2018:3	%	2019:2	%	2019	2018	%
Net sales	2,380	2,413	-1	2,375	0	7,121	7,222	-1
EBITDA	577	728	-21	489	18	1,682	1,932	-13
Depreciation	-140	-137	2	-140	0	-417	-408	2
Operating profit	436	592	-26	350	25	1,265	1,524	-17
EBITDA margin, %	24.2	30.2		20.6		23.6	26.7	
Operating margin, %	18.3	24.5		14.7		17.8	21.1	
Return on capital employed, %	24.7	37.4		19.2		24.3	30.4	
Deliveries, kraftliner, thousand tonnes	221	198	12	212	4	626	608	3
Deliveries, publication paper, thousand tonnes	181	173	5	170	6	525	545	-4

January-September 2019 compared with January-September 2018

Net sales declined 1% to SEK 7,121m (7,222). Lower selling prices for kraftliner had an adverse impact on net sales, which was offset by higher selling prices for publication paper and positive exchange rate effects.

EBITDA decreased 13% to SEK 1,682m (1,932). The decrease was primarily attributable to lower selling prices for kraftliner and higher raw material costs. Higher selling prices for publication paper and positive exchange rate effects had a positive impact on earnings. The cost of planned maintenance stops amounted to SEK 63m (34).

July-September 2019 compared with July-September 2018

Net sales declined 1% to SEK 2,380m (2,413). The decrease was primarily attributable to lower selling prices for kraftliner, which was offset by positive exchange rate effects and higher prices for publication paper.

EBITDA amounted to SEK 577m (728), a decrease of 21%. The decrease was mainly explained by lower selling prices for kraftliner and higher raw material costs. Higher delivery volumes for kraftliner and favorable exchange rate effects had a positive earnings effect.

July-September 2019 compared with April-June 2019

Net sales were in line with the preceding quarter and amounted to SEK 2,380m (2,375). Lower selling prices for kraftliner and publication paper were offset by higher delivery volumes for both kraftliner and publication paper.

EBITDA improved 18% to SEK 577m (489). The increase was primarily related to lower costs for planned maintenance stops of SEK 0m (63), higher delivery volumes and a positive non-recurring effect from the divestment of the terminal in Rotterdam. Lower selling prices for both kraftliner and publication paper had an adverse impact on earnings.

RENEWABLE ENERGY

SCA's forest assets and industrial operations provide the company with significant potential to develop new business opportunities in the field of renewable energy. Greater value creation from by-products from the forest and industry create conditions for profitable and sustainable growth.

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 third quarter of 2019, 359 wind turbines were operating on SCA's land with an annual production of 2.9 TWh, which corresponds to approximately 15% of the total wind power production in Sweden.

During the third quarter, agreements were signed for two new wind power projects with a total of 83 turbines and an annual production of 1.3 TWh. Together with previously agreed, but not yet completed, projects, production on SCA's land is expected to increase to 8.0 TWh by 2022.

The expanded pulp mill in Östrand will produce 1.2 TWh of green electricity, corresponding to almost 1% of Sweden's total electricity production. The mill is self-sufficient in electricity and the surplus of 0.5 TWh is sold on the electricity market.

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

SHARE DISTRIBUTION

September 30, 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 third quarter. The total number of votes in the company amounts to 1,283,631,537.

FUTURE REPORTS

- The year-end report will be published on January 30, 2020.

INVITATION TO PRESS CONFERENCE ON INTERIM REPORT FOR THE THIRD 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: Wednesday, October 30, 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 928000
 US: +1 631 510 7495

Specify "SCA" or the conference ID: 9166467.

Sundsvall, October 30, 2019

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Ulf Larsson
 President and CEO

For further information, please contact

Toby Lawton, CFO, +46 (0)60 19 31 09
 Andreas Ewertz, Investor Relations Director, +46 (0)60 19 31 97

Please note:

This is information that SCA is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. The information was submitted for publication, through the agency of the contact person set out below, on October 30, 2019 at 08:00 a.m. CET. 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					Jan-Sep		
	2019:3	2018:3	%	2019:2	%	2019	2018	%
Net sales	4,975	4,759	5	5,228	-5	15,279	13,829	10
Other income	570	372	53	453	26	1,593	1,333	20
Change in inventories	-54	289		48		190	352	
Change in value in biological assets	208	197	6	54	285	494	515	-4
Raw materials and consumables	-1,905	-1,800	6	-1,869	2	-5,799	-5,078	14
Personnel costs	-685	-696	-2	-807	-15	-2,259	-2,214	2
Other external costs	-1,746	-1,573	11	-1,767	-1	-5,237	-4,981	5
Share of profits of associates	1	0		0		2	1	
EBITDA	1,364	1,549	-12	1,340	2	4,264	3,758	13
Depreciation	-409	-323	27	-397	3	-1,198	-899	33
Operating profit	955	1,226	-22	943	1	3,066	2,859	7
Financial items	-26	-8		-45		-101	-11	
Profit before tax	929	1,218	-24	898	3	2,965	2,848	4
Tax	-172	-227		-194		-596	-49	
Net Profit for the period from continuing operations	757	991	-24	704	8	2,369	2,799	-15
<i>Earnings per share SEK</i>	<i>1.08</i>	<i>1.41</i>		<i>1.00</i>		<i>3.37</i>	<i>3.99</i>	
Earnings attributable to:								
Owners of the parent	757	991		704		2,369	2,799	
Average no. of shares, millions	702.3	702.3		702.3		702.3	702.3	
Margins (%)								
EBITDA margin	27.4	32.5		25.6		27.9	27.2	
Operating margin	19.2	25.8		18.0		20.1	20.7	
Net margin	15.2	20.8		13.5		15.5	20.2	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Jan-Sep	
	2019:3	2018:3	2019:2	2019	2018
Profit for the period, continuing operations	757	991	704	2,369	2,799
Other comprehensive income for the period:					
Items that may not be reclassified to the income statement					
Transitional effect on on the introduction of new accounting standards	-	-	-	-	-
Result from Equity investments recognized at fair value	-	-	-2	-2	0
Revaluation of defined benefit pension plans	55	286	1	91	-137
Income tax attributable to components of other comprehensive income	-13	-59	-1	-18	36
Total	42	227	-2	71	-101
Items that have been or may be reclassified subsequently to the income statement					
Available-for-sale financial assets	-	0	-	0	0
Cash flow hedges	-51	54	-1	-256	5
Translation differences in foreign operations	16	-7	5	35	19
Income tax attributable to components of other comprehensive income	11	-4	0	53	9
Total	-24	43	4	-168	33
Other comprehensive income for the period, net of tax	18	270	2	-97	-68
Total comprehensive income for the period	775	1,261	706	2,272	2,731
Total comprehensive income attributable to:					
Owners of the parent	775	1,261	706	2,272	2,731
Non-controlling interests	0	0	0	0	0

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	Sep 30, 2019	Dec 31, 2018
ASSETS		
Non-current assets		
Goodwill and other intangible assets	197	128
Buildings, land, machinery and equipment	18,293	18,713
Biological assets	33,267	32,065
Right-of-use assets	850	-
Other non-current assets	1,184	788
Total non-current assets	53,791	51,694
Current assets		
Inventories	4,792	4,499
Trade receivables	2,987	2,629
Other current receivables	690	1,079
Cash and cash equivalents	507	648
Total current assets	8,976	8,855
Total assets	62,767	60,549
EQUITY AND LIABILITIES		
Equity		
Owners of the Parent		
Share capital	2,350	2,350
Share premium	6,830	6,830
Reserves	-299	-113
Retained earnings	31,206	29,995
Non-controlling interests	0	-
Total equity	40,087	39,062
Non-current liabilities		
Non-current financial liabilities	6,914	5,263
Provisions for pensions	560	528
Deferred tax liabilities	8,462	8,269
Other non-current liabilities & provisions	104	115
Total non-current liabilities	16,040	14,175
Current liabilities		
Current financial liabilities	1,972	2,562
Trade payables	3,304	3,368
Other current liabilities	1,364	1,382
Total current liabilities	6,640	7,312
Total liabilities	22,680	21,487
Total liabilities and equity	62,767	60,549

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Sep	Full year
	2019	2018
Attributable to owners of the parent		
Opening balance, January 1	39,062	36,751
Total comprehensive income for the period	2,272	3,397
Cash flow hedge transferred at cost of hedged investments	-21	-34
Tax on cash flow hedge transferred at cost of hedged investments	4	7
Cash dividend	-1,229	-1,054
Acquisition of non-controlling interests	0	0
Remeasurement effect upon acquisition of non-controlling interests	-1	-5
Closing balance	40,087	39,062
Non-controlling interests		
Opening balance, January 1	-	2
Total comprehensive income for the period	-	-2
Acquisition of non-controlling interests	0	-
Closing balance	0	-
Total equity, closing balance	40,087	39,062

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Jan-Sep	
	2019	2018
Operating activities		
Profit before tax	2,965	2,848
Adjustment for non-cash items ¹	362	307
Paid tax	-464	-15
Cash flow from operating activities before changes in working capital	2,863	3,140
Cash flow from changes in working capital		
Change in inventories	-386	-394
Change in operating receivables	-98	-710
Change in operating liabilities	159	478
Cash flow from operating activities	2,538	2,514
Investing activities		
Acquisitions	-857	0
Divestments	370	-
Current capital expenditures in non-current assets, net	-704	-530
Strategic capital expenditures in non-current assets	-362	-1,705
Acquisition of financial asset	-26	-
Cash flow from investing activities	-1,579	-2,235
Financing activities		
Loans raised	1,181	2,680
Amortization of loans	-1,068	-1,913
Dividend	-1,229	-1,054
Cash flow from financing activities	-1,116	-287
Net cash flow for the period	-157	-8
Cash and cash equivalents at the beginning of the period	648	538
Translation differences in cash and cash equivalents	16	12
Cash and cash equivalents at the end of the period	507	542
Cash flow from operating activities per share SEK	3.61	3.58
¹ Depreciation/amortization and impairment of non-current assets	1,199	899
Fair-value measurement of biological assets	-494	-515
Gains/loss on assets sales and swaps of assets	-26	-24
Other	-317	-53
Total	362	307

INCOME STATEMENT PARENT COMPANY

SEKm	Jan-Sep	
	2019	2018
Other operating income	194	186
Other operating expenses	-138	-131
Personnel costs	-66	-81
EBITDA	-10	-26
Depreciation	-65	-57
Operating profit	-75	-83
Result from participations in Group companies	0	850
Financial items	68	105
Profit before tax	-7	872
Appropriations and tax	1,259	1,088
Profit for the period	1,252	1,960

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	Sep 30, 2019	Dec 31, 2018
Tangible non-current assets	8,517	8,489
Financial non-current assets	4,780	4,838
Total non-current assets	13,297	13,327
Current assets	16,633	17,699
Total assets	29,930	31,026
Restricted equity	11,373	11,373
Non-restricted equity	8,404	8,381
Total equity	19,777	19,754
Provisions	1,582	1,575
Non-current liabilities	6,197	5,255
Current liabilities	2,374	4,442
Total equity, provisions and liabilities	29,930	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 the 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 857m. This represents a decrease of SEK 334m compared with the second quarter, primarily as a result of the divestment of the terminal in Rotterdam. The divestment of the terminal only had a limited impact on the lease effect on EBITDA due to a long duration on the lease liability. 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.

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 impairments were recognized in the third 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.

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. NET SALES PER REGION

MSEK	Jan-Sep	
	2019	2018
Sweden	1,914	1,975
EU excl. Sweden	9,154	8,927
Rest of Europe	1,037	768
Rest of world	3,174	2,159
Total Group	15,279	13,829

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	Measure- ment level	Sep 30, 2019	Dec 31, 2018
Financial assets measured at fair value in the income statement			
Derivatives - Current financial assets	2	1	9
Derivatives - Other current receivables	2	11	33
Total		12	42
Financial liabilities measured at fair value in the income statement			
Derivatives - Current financial liabilities	2	1	-
Derivatives - Other financial liabilities	2	69	37
Total		70	37
Financial assets measured at fair value through other comprehensive income			
Equity instruments	3	14	19
Total		14	19
Financial liabilities measured at amortized cost			
Current financial liabilities	-	6,200	5,263
Non-current financial liabilities	-	1,815	2,562
Total		8,015	7,825
Derivatives used for hedge accounting			
Other non-current assets	1.2	15	74
Other current receivables	1.2	87	259
Total		102	333
Derivatives used for hedge accounting			
Non-current financial liabilities	2	15	0
Other non-current financial liabilities	2	2	2
Other current financial liabilities	2	122	92
Total		139	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 8,009m (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

SEKm	Parent		Group	
	Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Dec 31, 2018
Contingent liabilities				
Guarantees for subsidiaries	764	704	-	-
associates	-	-	5	5
customers and others	-	-	32	39
Other contingent liabilities	270	231	17	23
Total	1,034	935	54	67
Pledged assets				
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-Sep	Full year
	2019:3	2018:3	2019:2	2019	2018
EBITDA	1,364	1,549	1,340	4,264	5,252
Changes in value biological assets and other non cash flow items	-312	-220	-56	-614	-749
Operating cash surplus	1,052	1,329	1,284	3,650	4,503
Change in working capital	325	-281	-298	-326	-843
Current capital expenditures, net ¹	-246	-254	-348	-762	-1,002
Other operating cash flow	-37	-52	-19	-223	93
Operating cash flow	1,094	742	619	2,339	2,751

¹ Including SEK 59m of new leasing contracts in 2019

CAPITAL STRUCTURE

SEKm	Sep 30, 2019	Dec 31, 2018
Biological assets	33,267	32,065
Deferred tax relating to biological assets	-6,704	-6,605
Biological assets, net of deferred tax	26,563	25,460
Working capital	3,893	3,735
Other capital employed, net	17,800	16,887
Total capital employed	48,256	46,082
<i>Return on capital employed (%) ¹</i>	8.9	9.0
<i>Industrial return on capital employed (%) ¹</i>	15.5	16.4
Net debt, SEKm	8,169	7,020
Net debt/EBITDA (LTM)	1.4x	1.3x
Equity, SEKm	40,087	39,062
Net debt/Equity (%)	20.4	18.0

¹ Rolling 12 months

WORKING CAPITAL

SEKm	Sep 30, 2019	Dec 31, 2018
Inventories	4,792	4,499
Accounts receivable	2,987	2,629
Other current receivables	688	1,060
Accounts payable	-3,304	-3,368
Other current liabilities	-1,238	-1,140
Adjustments ¹	-32	55
Working capital	3,893	3,735
Working capital / net sales ²	19.5	17.5
¹ Adjustments:		
Other current receivables, green certificates	-5	-16
Accounts payable, strategic capital expenditures	13	167
Other current provisions	-82	-100
Other current liabilities, emission rights	42	4
Sum adjustments	-32	55

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

NET DEBT

SEKm	Sep 30, 2019	Dec 31, 2018
Surplus in funded pension plans	703	630
Non-current financial assets	66	46
Current financial assets	1	9
Cash and cash equivalents	507	648
Financial receivables	1,277	1,333
Non-current financial liabilities	6,914	5,263
Provisions for pensions	560	528
Current financial liabilities	1,972	2,562
Financial liabilities	9,446	8,353
Net debt	-8,169	-7,020

8. QUARTERLY DATA BY SEGMENT

NET SALES

SEKm	Quarter								
	2019:3	2019:2	2019:1	2018:4	2018:3	2018:2	2018:1	2017:4	2017:3
Forest	1,865	1,746	1,651	1,540	1,455	1,162	1,298	1,287	1,261
Wood	1,545	1,727	1,678	1,558	1,712	1,846	1,503	1,426	1,567
Pulp	1,129	1,214	1,134	1,049	743	485	589	672	644
Paper	2,380	2,375	2,366	2,421	2,413	2,426	2,383	2,220	2,096
Intra-group deliveries	-1,944	-1,834	-1,753	-1,642	-1,564	-1,249	-1,373	-1,363	-1,337
Total net sales	4,975	5,228	5,076	4,926	4,759	4,670	4,400	4,242	4,231

EBITDA

SEKm	Quarter								
	2019:3	2019:2	2019:1	2018:4	2018:3	2018:2	2018:1	2017:4	2017:3
Forest	388	414	331	427	292	371	304	358	316
Wood	180	188	297	226	276	230	172	184	187
Pulp	268	344	351	370	273	-112	178	149	158
Paper	577	489	616	536	728	618	586	481	439
Other	-49	-95	-35	-65	-20	-73	-65	-94	-51
Total EBITDA	1,364	1,340	1,560	1,494	1,549	1,034	1,175	1,078	1,049

EBITDA MARGIN

Percent	Quarter								
	2019:3	2019:2	2019:1	2018:4	2018:3	2018:2	2018:1	2017:4	2017:3
Forest	20.8	23.7	20.0	27.7	20.1	31.9	23.4	27.8	25.1
Wood	11.6	10.8	17.7	14.5	16.1	12.5	11.4	12.9	11.9
Pulp	23.8	28.4	31.0	35.3	36.7	-23.1	30.2	22.2	24.5
Paper	24.2	20.6	26.0	22.2	30.2	25.5	24.6	21.7	20.9
EBITDA margin	27.4	25.6	30.7	30.3	32.5	22.1	26.7	25.4	24.8