

Q1 2021



- SCA decided in September 2020 to discontinue its publication paper operations in line with the communicated strategy for profitable growth. During the quarter, SCA closed the three remaining publication paper machines at the Ortviken site.
- Measures continue to be taken to avoid the spread of Covid-19. The pandemic has not had any significant effects on production.

January–March 2021 compared with January–March 2020

- Net sales amounted to SEK 4,172m (4,793). The lower sales level was related to the discontinued publication paper operations and the divestment of Wood Supply UK, excluding this effect net sales increased with 8%.
- EBITDA improved 32% to SEK 1,359m (1,030), the increase was mainly attributable to higher selling prices in all product areas. EBITDA margin increased to 32.6% (21.5), the higher level was mainly related to the discontinued publication paper operations.
- Operating profit increased to SEK 1,046m (628)
- Operating cash flow amounted to SEK 475m (341)
- Earnings per share improved to SEK 1.14 (0.69)

January–March 2021 compared with October–December 2020

- Net sales decreased by 9% to SEK 4,172m (4,592). The change was mainly attributable to the discontinued publication paper operations and the divestment of Wood Supply UK.
- EBITDA amounted to SEK 1,359m (1,451) and EBITDA margin rose to 32.6% (31.6)

KEY FIGURES

SEKm	Quarter				
	2021:1	2020:1	%	2020:4	%
Net sales	4,172	4,793	-13	4,592	-9
EBITDA	1,359	1,030	32	1,451	-6
<i>EBITDA margin (%)</i>	32.6	21.5		31.6	
Operating profit	1,046	628	67	1,084	-4
Net Profit	802	483	66	783	2
<i>Earnings per share SEK</i>	1.14	0.69		1.11	
Operating cash flow	475	341		957	
Net Debt / EBITDA (LTM)	1.5x	1.9x		1.7x	



SUMMARY OF THE FIRST QUARTER OF 2021

Earnings for the first quarter of 2021 were in line with the preceding quarter and represent a significant improvement on the year-earlier quarter. Higher selling prices in all product areas had a positive impact on earnings.

During the quarter, SCA discontinued its remaining publication paper operations consisting of three paper machines at the Ortviken site. Following the discontinuation of publication paper operations, SCA is focused on growth in all product areas.

The supply of wood to SCA's industries was stable during the quarter. The price of pulpwood fell slightly while the price of sawlogs remained stable compared with the preceding period.

The market situation for solid-wood products continued to strengthen during the quarter, driven by high global demand in the building materials trade and an increased level of new construction. Sustained strong demand has led to low inventory levels and higher market prices in all regional markets.

During the quarter, the market for pulp strengthened further and selling prices increased. Delivery volumes rose slightly compared with the preceding quarter. Global inventory levels were normal.

Demand for kraftliner was highly favorable during the quarter, driven by higher box demand. The average selling price was also higher than the preceding quarter.

SCA's ongoing investment projects – to expand kraftliner manufacturing in Obbola and increase production of chemically pre-treated mechanical pulp (CTMP) at the Ortviken industrial site – are progressing on time and on budget.

GROUP

SALES AND OPERATING PROFIT

January–March 2021 compared with January–March 2020

Net sales amounted to SEK 4,172m (4,793), a decrease of 13%, of which discontinuations accounted for -14%, divestments for -7%, price/mix for 7%, volume for 4% and currency for -3%. After excluding the negative effect from the discontinuation of publication paper operations and the divestment of Wood Supply UK in the fourth quarter of 2020, sales increased with 8%. Higher selling prices for all product categories and higher delivery volumes had a positive effect on sales, partly offset by negative exchange rate effects.

EBITDA increased to SEK 1,359m (1,030), corresponding to an EBITDA margin of 32.6% (21.5). The change was mainly attributable to higher selling prices in all product categories, which was offset by negative exchange rate effects. The cost of planned maintenance stops amounted to SEK 0m (0).

Operating profit amounted to SEK 1,046m (628).

January–March 2021 compared with October–December 2020

Net sales decreased 9%, of which discontinuations accounted for -9%, divestments for -7%, price/mix for 6%, volume for 2% and currency for -1%, and amounted to SEK 4,172m (4,592). The decrease was mainly attributable to the discontinuation of publication paper operations, divestment of Wood Supply UK in the fourth quarter of 2020 and negative exchange rate effects. Higher selling prices in all product categories and higher delivery volumes had a positive effect on sales.

EBITDA amounted to SEK 1,359m (1,451), corresponding to an EBITDA margin of 32.6% (31.6). The change relates to a seasonally lower share of harvesting from SCA-owned forest and the discontinuation of publication paper operations, which was offset by higher selling prices in all product categories and lower costs for planned maintenance stops of SEK 0m (130).

Operating profit amounted to SEK 1,046m (1,084).

CASH FLOW

January–March 2021 compared with January–March 2020

The operating cash surplus amounted to SEK 1,039m (690). The cash flow effect of changes in working capital was SEK -290m (-146). Restructuring costs amounted to SEK -123m (0) and were related to the discontinuation of publication paper operations. Current capital expenditures, net, totaled SEK -209m (-175). Operating cash flow was SEK 475m (341) (see Note 9, page 18).

Strategic capital expenditures totaled SEK -511m (-189) and mainly relate to the expansion project in Obbola (see page 5). Cash flow for the period was SEK -92m (406) (see page 15).

FINANCING

At March 31, 2021, net debt totaled SEK 7,043m, a decrease during the quarter of SEK 628m. The decrease is mainly due to strong cash flow and the revaluation of pension assets. Net debt in relation to EBITDA, excluding one-off items related to the discontinuation of publication paper operations, amounted to 1.5x compared with 1.7x in the preceding quarter.

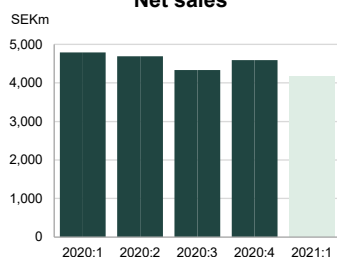
At March 31, 2021, gross debt amounted to SEK 10,298m with an average maturity of 4.2 years (including the lease liability). The loan structure consists of bonds and bilateral bank loans. Unutilized credit facilities amounted to approximately SEK 8.9bn at March 31, 2021, of which the largest portion falls due in 2024. In the January–March 2021 period, financial items totaled SEK -28m compared with SEK -24m in the year-earlier period.

TAX

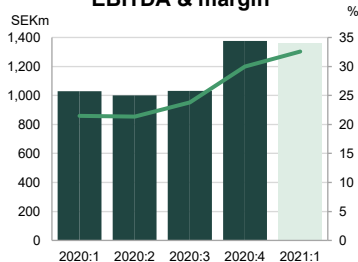
January–March 2021 compared with January–March 2020

The Group's tax expense amounted to SEK 216m (121), corresponding to an effective tax rate of 21.2% (20.1).

Net sales



EBITDA & margin

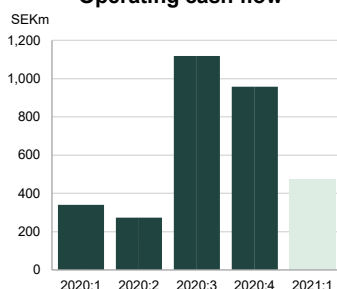


Note: EBITDA 2020:3 and 2020:4 excluding the discontinuation of publication paper

Change in net sales (%)

	2021:1 vs 2020:1	2021:1 vs 2020:4
Total	-13	-9
Price/mix	7	6
Volume	4	2
Currency	-3	-1
Divestment	-7	-7
Discontinuation	-14	-9

Operating cash flow



EQUITY

January–March 2021

Total consolidated equity increased by SEK 1,268m during the period, to SEK 73,431m at March 31, 2021. Equity increased due to comprehensive income for the period of SEK 1,267m and other items of SEK 1m.

CURRENCY EXPOSURE AND CURRENCY HEDGING

About 85% of SCA's 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.

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. In addition, a share of expected future net flows in the main currencies is hedged and, in some cases, for special order flows.

The company has hedged about 55% of the expected net EUR exposure until the end of the third quarter of 2021, as well as approximately 25% for the fourth quarter of 2021 and 10% for the first quarter of 2022, at the average EUR/SEK exchange rate of 10.44. The company has hedged about 55% of the expected net USD exposure until the end of the third quarter of 2021, as well as approximately 25% for the fourth quarter of 2021 and 10% for the first quarter of 2022, at the average USD/SEK exchange rate of 8.80. The company has hedged about 20% of the expected net GBP exposure until the end of the third quarter of 2021, as well as approximately 15% for the fourth quarter of 2021 and 5% for the first quarter of 2022, at the average GBP/SEK exchange rate of 11.74.

PLANNED MAINTENANCE STOPS

No planned maintenance stops were carried out in the first quarter of 2021.

The estimated effect of the planned maintenance stops on earnings, 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 2020				Total
	2020:1	2020:2	2020:3	2020:4	
Pulp	0	0	20	130	150
Containerboard	0	68	42	0	110
Total	0	68	62	130	260

SEKm	Actual	Forecast 2021			Total
	2021:1	2021:2	2021:3	2021:4	
Pulp	0	0	20	130	150
Containerboard	0	0	150	0	150
Total	0	0	170	130	300

KEY EVENTS

Changes at the Ortviken site

The publication paper market has been structurally declining for a long time and has had an accelerated negative trend since the outbreak of Covid-19. SCA decided in September 2020 to discontinue publication paper operations consisting of three paper machines at the Ortviken site. The paper machines were permanently closed in January and February of this year.

From the first quarter of 2021, the Paper segment consists only of kraftliner and has changed name to the Containerboard segment. The sale of the remaining inventory of publication paper following the discontinuation is recognized in Other as of January 1, 2021. Costs related to the maintenance of the Ortviken site between the discontinuation of the publication paper production and the start of CTMP production (see below) are expected to be SEK 20–30m per quarter and will be recognized in Other.

INVESTMENTS

SCA invests in increased CTMP capacity

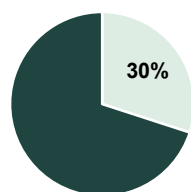
SCA is investing SEK 1.45bn to achieve an annual production volume of 300,000 tonnes of chemically pre-treated mechanical pulp (CTMP) at the Ortviken site, where some existing infrastructure and mechanical equipment will be utilized. The investment is recognized as a strategic investment and will begin in 2021. Production is expected to start at the new facility at the beginning of 2023.

SCA invests in the Obbola kraftliner mill

SCA is building a new paper machine for the production of kraftliner at the 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.

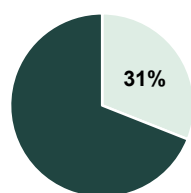
The total investment will be approximately SEK 7.5bn over a five-year period and is recognized as a strategic investment. The investment includes environmental investments of approximately SEK 1bn, which, for example, will reduce oil consumption by 8,000 cubic meters per year and improve the water treatment capacity. The project is progressing on time and on budget. Production is expected to start at the new facility at the beginning of 2023.

Share of net sales Jan–Mar 2021*



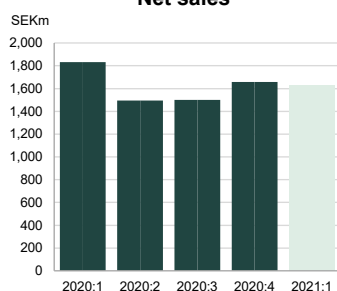
* before elimination of intra-Group sales

Share of EBITDA Jan–Mar 2021**

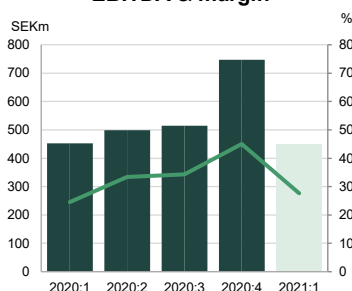


** share calculated of total EBITDA excluding central costs

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 more than 10% of Sweden's fossil CO₂ emissions.

SEKm	Quarter				
	2021:1	2020:1	%	2020:4	%
Net sales	1,627	1,833	-11	1,659	-2
EBITDA	449	452	-1	747	-40
Depreciation	-55	-54	2	-58	-5
Operating profit	394	398	-1	689	-43
EBITDA margin, %	27.6	24.6		45.0	
Operating margin, %	24.2	21.7		41.5	
Return on capital employed, %	2.6	2.8		4.6	
Harvesting of own forest, thousand m ³ sub	767	751	2	1,629	-53
Revaluation of biological assets	316	333	-5	383	-17

Management of SCA-owned forest

The Forest segment 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 is set based on an average of Forest's externally sourced timber prices.

During the first quarter, the volume of timber harvested from SCA-owned forest was 0.8 million m³ sub. The planned annual level of timber harvested in SCA-owned forest is expected to gradually increase from approximately 4.3 m³sub previously to approximately 5.4 million m³sub in 2025.

Revaluation of forest assets

The revaluation is determined by the annual increase in standing volume (net growth) and the change in market price of forest land.

January–March 2021 compared with January–March 2020

Net sales declined 11% to SEK 1,627m (1,833), mainly related to lower selling prices for pulpwood and lower delivery volumes to SCA's industries due to the discontinuation of publication paper operations.

EBITDA was in line with the year-earlier quarter and amounted to SEK 449m (452).

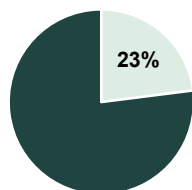
EBITDA margin increased to 27.6% (24.6). A decrease in externally sourced pulpwood due to weaker demand for wood for the discontinued publication paper operations had a positive impact on the EBITDA margin. Externally sourced wood is sold to the industry at cost and thereby contributes to higher net sales, but not to increased profits, resulting in a lower margin.

January–March 2021 compared with October–December 2020

Net sales were in line with the preceding quarter and amounted to SEK 1,627m (1,659).

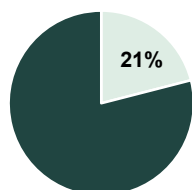
EBITDA amounted to SEK 449m (747), a decrease of 40%. Earnings were negatively impacted by a seasonally lower share of harvesting from SCA-owned forest and lower earnings from the revaluation of biological assets.

Share of net sales Jan–Mar 2021*



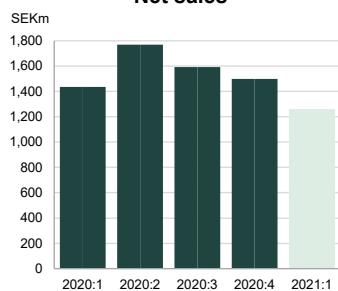
* before elimination of intra-Group sales

Share of EBITDA Jan–Mar 2021**

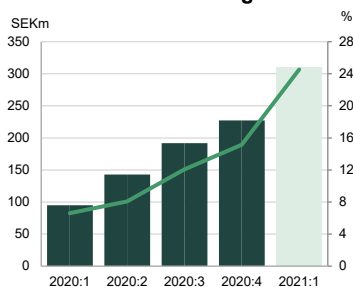


** share calculated of total EBITDA excluding central costs

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 and France.

SEKm	Quarter				
	2021:1	2020:1	%	2020:4	%
Net sales	1,264	1,436	-12	1,498	-16
EBITDA	310	95	226	227	37
Depreciation	-56	-64	-13	-59	-5
Operating profit	254	31	719	168	51
EBITDA margin, %	24.5	6.6		15.2	
Operating margin, %	20.1	2.1		11.2	
Return on capital employed, %	30.0	3.5		20.4	
Deliveries, wood products, thousand m ³	493	610	-19	610	-19

During the fourth quarter of 2020, SCA divested Wood Supply UK, which manufactures and distributes wood and wood-based products for the building materials trade in the UK. The sale is expected to reduce net sales by about SEK 1,400m per year and EBITDA by approximately SEK 25m per year. The UK remains a core market for the sale of solid-wood and processed wood products.

January–March 2021 compared with January–March 2020

Net sales declined 12% to SEK 1,264m (1,436). The decrease primarily relates to the divestment of Wood Supply UK, which was offset by higher selling prices.

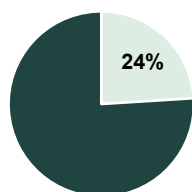
EBITDA improved to SEK 310m (95), which was primarily due to higher selling prices.

January–March 2021 compared with October–December 2020

Net sales declined 16% to SEK 1,264m (1,498). The decrease primarily relates to the divestment of Wood Supply UK. Higher selling prices had a positive effect on net sales.

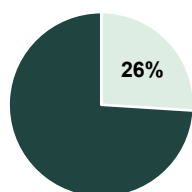
EBITDA amounted to SEK 310m (227), an increase of 37%. This increase was mainly attributable to higher selling prices.

Share of net sales Jan–Mar 2021*



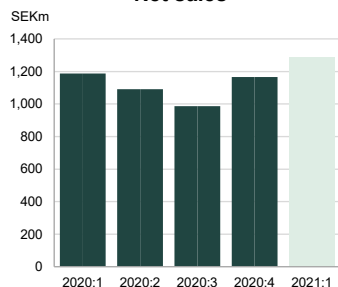
* before elimination of intra-Group sales

Share of EBITDA Jan–Mar 2021**

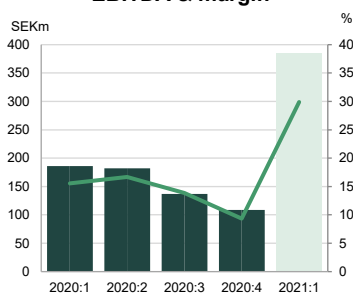


** share calculated of total EBITDA
excluding central costs

Net sales



EBITDA & margin



PULP

SCA produces market pulp at Östrand pulp mill. Östrand is 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				
	2021:1	2020:1	%	2020:4	%
Net sales	1,288	1,188	8	1,166	10
EBITDA	385	186	107	109	253
Depreciation	-142	-131	8	-140	1
Operating profit	243	55	342	-31	n.a.
EBITDA margin, %	29.9	15.6		9.3	
Operating margin, %	18.9	4.6		-2.7	
Return on capital employed, %	10.9	2.4		-1.4	
Deliveries, pulp, thousand tonnes	232	226	3	223	4

January–March 2021 compared with January–March 2020

Net sales increased 8% to SEK 1,288m (1,188). The change was mainly attributable to higher selling prices, which was partly offset by negative exchange rate effects.

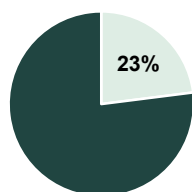
EBITDA increased by 107% to SEK 385m (186). The increase mainly relates to higher selling prices and lower raw material costs, which was partly offset by negative exchange rate effects.

January–March 2021 compared with October–December 2020

Net sales increased 10% to SEK 1,288m (1,166). The increase relates to higher selling prices and higher delivery volumes, which was partly offset by negative exchange rate effects.

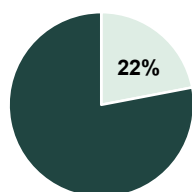
EBITDA increased to SEK 385m (109). The increase was primarily due to lower costs for planned maintenance stops of SEK 0m (130) and higher selling prices.

Share of net sales Jan–Mar 2021*



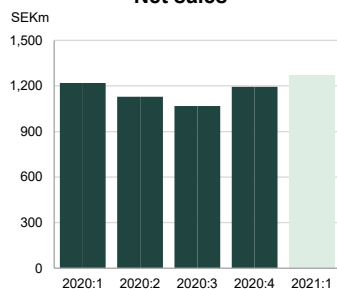
* before elimination of intra-Group sales

Share of EBITDA Jan–Mar 2021**

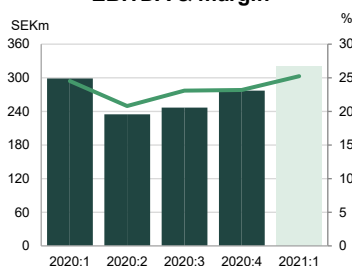


** share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



CONTAINERBOARD

SCA produces kraftliner – paper for corrugated transport packaging. 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.

SEKm	Quarter ¹⁾				
	2021:1	2020:1	%	2020:4	%
Net sales	1,272	1,219	4	1,195	6
EBITDA	321	299	7	277	16
Depreciation	-106	-111	-5	-109	-3
Operating profit	215	188	14	167	29
EBITDA margin, %	25.2	24.5		23.2	
Operating margin, %	16.9	15.4		14.0	
Return on capital employed, %	18.5	14.2		15.5	
Deliveries, kraftliner, thousand tonnes	226	220	3	229	-1

¹ Figures for 2020 refer only to Containerboard. Note 10 contains comparative figures for segment Paper including publication paper.

From the first quarter of 2021, the Paper segment consists only of kraftliner and has changed name to the Containerboard segment.

January–March 2021 compared with January–March 2020

Net sales increased 4% to SEK 1,272m (1,219). The increase mainly relates to higher selling prices, which were offset by negative exchange rate effects.

EBITDA improved 7% to SEK 321m (299), which was mainly due to higher selling prices. Increased raw material costs and negative exchange rate effects had an adverse impact on profit.

January–March 2021 compared with October–December 2020

Net sales increased 6% to SEK 1,272m (1,195). The increase was attributable to higher selling prices. Unfavorable exchange rate effects had an adverse impact on net sales.

EBITDA amounted to SEK 321m (277), an increase of 16%. This increase was primarily attributable to higher selling prices, which were offset by higher raw material costs.

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 11 TWh per year. SCA's pellets factories have an annual production capacity of 300,000 tonnes.

The expanded pulp mill in Östrand has the capacity to 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 leases out land for wind power production. At the end of the first quarter of 2021, 560 wind turbines were operating on SCA's land with an annual production capacity of 5.4 TWh, equivalent to about 20% of Sweden's total wind power production. Together with previously agreed but not yet completed projects, operating capacity on SCA's land is expected to increase to 9.0 TWh by 2023.

SCA also develops products for the next-generation of biofuels and green chemicals including a collaboration with St1 to develop, produce and sell biofuel based on tall oil.

SHARE DISTRIBUTION

March 31, 2021	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 of 2021. The total number of votes in the company amounts to 1,283,631,537.

FUTURE EVENTS

- The half-year report will be published on July 23, 2021.
- The interim report for the third quarter will be published on October 29, 2021.
- The year-end report will be published on January 28, 2022.

INVITATION TO PRESS CONFERENCE ON INTERIM REPORT FOR THE FIRST QUARTER OF 2021

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: Friday, April 30, 2021 at 10:00 a.m.

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: 9291168.

Sundsvall, April 30, 2021

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

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 President and CEO

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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 30, 2021 at 08:00 a.m. CEST. The report has not been reviewed by the company's auditors.

Anders Edholm, Senior Vice President, Communications, +46 (0)60 19 32 12

GROUP**CONSOLIDATED INCOME STATEMENT**

SEKm	Quarter				
	2021:1	2020:1	%	2020:4	%
Net sales	4,172	4,793	-13	4,592	-9
Other income	543	511	6	362	50
Change in inventories	-311	-256		-167	
Change in value in biological assets	316	333	-5	383	-17
Raw materials and consumables	-1,167	-1,726	-32	-1,298	-10
Personnel costs	-645	-787	-18	-552	17
Other external costs	-1,558	-1,843	-15	-1,880	-17
Share of profits of associates	9	5		11	
EBITDA	1,359	1,030	32	1,451	-6
Depreciation and impairment	-313	-402	-22	-367	-15
Operating profit	1,046	628	67	1,084	-4
Financial items	-28	-24		-34	
Profit before tax	1,018	604	69	1,050	-3
Tax	-216	-121		-267	
Net Profit for the period	802	483	66	783	2
<i>Earnings per share SEK¹</i>	<i>1.14</i>	<i>0.69</i>		<i>1.11</i>	
Earnings attributable to:					
Owners of the parent	802	483		783	
Average no. of shares, millions	702.3	702.3		702.3	
Margins (%)					
EBITDA margin	32.6	21.5		31.6	
Operating margin	25.1	13.1		23.6	
Net margin	19.2	10.1		17.1	

¹ There are no dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter		
	2021:1	2020:1	2020:4
Profit for the period	802	483	783
Other comprehensive income for the period:			
Items that may not be reclassified to the income statement			
Change of value land assets	-	-	2,600
Revaluation of defined benefit pension plans	708	-572	435
Income tax attributable to components of other comprehensive income	-146	118	-621
Total	562	-454	2,414
Items that have been or may be reclassified subsequently to the income statement			
Cash flow hedges	-138	-445	102
Hedge cost	-23	-7	-13
Translation differences in foreign operations	31	72	-78
Income tax attributable to components of other comprehensive income	33	93	-18
Total	-97	-287	-7
Other comprehensive income for the period, net of tax	465	-741	2,407
Total comprehensive income for the period	1,267	-258	3,190
Total comprehensive income attributable to:			
Owners of the parent	1,267	-258	3,190
Non-controlling interests	-	0	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Mar	
	2021	2020
Attributable to owners of the parent		
Value, January 1	72,163	68,510
Total comprehensive income for the period	1,267	-258
Cash flow hedge transferred at cost of hedged investments	1	-1
Tax on cash flow hedge transferred at cost of hedged investments	0	0
Acquisition of non-controlling interests	-	0
Remeasurement effect upon acquisition of non-controlling interests	-	0
Value, March 31	73,431	68,251
Non-controlling interests		
Value, January 1	-	0
Total comprehensive income for the period	-	0
Acquisition of non-controlling interests	-	0
Value, March 31	-	0
Total equity, value March 31	73,431	68,251

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	Mar 31, 2021	Dec 31, 2020
ASSETS		
Non-current assets		
Goodwill and other intangible assets	338	320
Buildings, land, machinery and equipment	18,915	18,641
Forest assets	75,282	74,900
<i>whereof land assets</i>	23,643	23,624
<i>whereof biological assets</i>	51,639	51,276
Right-of-use assets	709	729
Other non-current assets	2,327	1,808
Total non-current assets	97,571	96,398
Current assets		
Inventories	3,795	4,044
Trade receivables	2,526	1,964
Other current receivables	858	988
Cash and cash equivalents	1,187	1,273
Total current assets	8,366	8,269
Total assets	105,937	104,667
EQUITY AND LIABILITIES		
Equity		
Owners of the Parent		
Share capital	2,350	2,350
Share premium	6,830	6,830
Reserves	17,223	17,320
Retained earnings	47,028	45,663
Total equity	73,431	72,163
Non-current liabilities		
Non-current financial liabilities	8,420	8,488
Provisions for pensions	366	530
Deferred tax liabilities	16,917	16,648
Other non-current liabilities	294	225
Total non-current liabilities	25,997	25,891
Current liabilities		
Current financial liabilities	1,512	1,336
Trade payables	3,158	3,319
Other current liabilities	1,839	1,958
Total current liabilities	6,509	6,613
Total liabilities and equity	105,937	104,667

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Jan-Mar	
	2021	2020
Operating activities		
Profit before tax	1,018	604
Adjustment for non-cash items ¹	82	43
Change in liabilities regarding restructuring costs	-123	-
Paid tax	-35	-42
Cash flow from operating activities before changes in working capital	942	605
Cash flow from changes in working capital		
Change in inventories	248	202
Change in operating receivables	-302	-267
Change in operating liabilities	-236	-80
Cash flow from operating activities	652	460
Investing activities		
Acquisitions	-	0
Current capital expenditures in non-current assets, net	-195	-158
Strategic capital expenditures in non-current assets	-511	-189
Acquisition of financial asset	-4	0
Cash flow from investing activities	-710	-347
Financing activities		
Loans raised	11	336
Amortization of loans, leasing	-45	-43
Cash flow from financing activities	-34	293
Net cash flow for the period	-92	406
Cash and cash equivalents at the beginning of the period	1,273	454
Translation differences in cash and cash equivalents	6	7
Cash and cash equivalents at the end of the period	1,187	867
Cash flow from operating activities per share SEK	0.93	0.65
¹ Depreciation/amortization and impairment of non-current assets	312	402
Fair-value measurement of biological assets	-316	-333
Gains/loss on assets sales and swaps of assets	-2	0
Unpaid related to costs due to discontinuation of publication paper operations	0	-
Other	88	-26
Total	82	43

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. Applied accounting principles are described in detail in SCA's 2020 Annual and Sustainability Report.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

SEKm	Jan-Mar	
	2021	2020
Sweden	750	599
EU excluding Sweden	2,029	2,863
Rest of Europe	329	317
Rest of world	1,064	1,014
Total Group	4,172	4,793

3. FOREST VALUATION

Accounting principles

The accounting principles for forest assets are described in detail on page 107, Note D3, of SCA's 2020 Annual Report.

Key assessments and assumptions

SCA has based its valuation of forest assets in Sweden on forest transactions in the areas where SCA owns forest assets. The calculated market prices comprise a weighted average based on forest transactions over the most recent three-year period. The market price on December 31, 2020, was SEK 291/m³fo. The market price on December 31, 2019, was SEK 276/m³fo. SCA has assumed unchanged market price on March 31, 2021.

At December 31, 2020, the expected total standing timber volume was estimated at approximately 257 million m³fo, of which about 5 million m³fo in the Baltic states. The estimated change in value for biological assets is accrued over the course of the year and is based on discounted cash flows. When establishing the change in value of biological assets, the same valuation model has been used as in the past, with a return requirement of 3.6% (3.6) after tax. The change in value of biological assets was SEK 316m in the first quarter of 2021. The change in value of land and growth in standing timber volume is updated when the market price is updated.

Forest assets

SEKm	Mar 31, 2021	Dec 31, 2020
Forest assets in Sweden	73,717	73,387
Forest assets in the Baltics	1,565	1,513
Totalt value of forest assets	75,282	74,900
Deferred tax on forest assets	15,052	14,977

4. OTHER CURRENT LIABILITIES AND PROVISIONS

Accounting principles

The accounting principles for other provisions are described in detail on page 111, Note D8, of SCA's 2020 Annual Report.

Other provisions

SEKm	Efficiency programs	Environment	Discontinuation publication paper	Other	Total
Value, January 1	3	54	756	21	834
Provisions	-	15	-	1	16
Utilization	0	-27	-144	-3	-174
Dissolutions	-	-	-4	0	-4
Translation differences	-	0	1	-	1
Value, March 31	3	42	609	19	673
Provision comprise:					
Long-term component					174
Short-term component					499

5. RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 66–70 of SCA's Annual and Sustainability Report 2020.

Health and safety are always a top priority at SCA, not least during this challenging time with Covid-19. So far, there has been limited impact on production and deliveries of SCA's products, which include the delivery of important input goods to hygiene products and packaging for food and medicines. The company is actively working to monitor inventory levels, secure the delivery and distribution chain and to ensure cash flow. The publication paper product category was hardest hit by Covid-19, a product area that SCA exited during the first quarter of 2021. There remains significant uncertainty about the future impact of the pandemic and this may affect SCA's future earnings.

6. RELATED PARTY TRANSACTIONS

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

7. FINANCIAL INSTRUMENTS BY CATEGORY

SEKm	Measure- ment level	Mar 31, 2021	Dec 31, 2020
Financial assets measured at fair value in the income statement			
Derivatives - Current financial assets	2	1	0
Derivatives - Other current receivables	2	56	101
Total		57	101
Financial liabilities measured at fair value in the income statement			
Derivatives - Current financial liabilities	2	1	3
Derivatives - Other current liabilities	2	83	89
Derivatives - Other non-current liabilities	2	13	17
Total		97	109
Financial assets measured at fair value through other comprehensive income			
Equity instruments	3	14	14
Total		14	14
Financial liabilities measured at amortized cost			
Non-current financial liabilities excluding leasing	-	7,826	7,866
Non-current financial liabilities, leasing	-	587	603
Current financial liabilities excluding leasing	-	1,364	1,176
Current financial liabilities, leasing	-	147	148
Total		9,924	9,793
Derivatives used for hedge accounting			
Non-current financial assets	2	-	-
Other non-current assets	2	1	3
Other current receivables	2	36	213
Total		37	216
Derivatives used for hedge accounting			
Non-current financial liabilities	2	7	19
Other non-current liabilities	2	31	43
Other current liabilities	2	100	96
Total		138	158

The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, and trade payables is estimated to be equal to their carrying amount. The total fair value of current and non-current financial liabilities, excluding lease liabilities, was SEK 9,194m (9,069). The value of electricity derivatives is based on published prices in an active market. Other financial instruments are marked 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.

8. CONTINGENT LIABILITIES AND COMMITMENTS

SEKm	Parent		Group	
	Mar 31, 2021	Dec 31, 2020	Mar 31, 2021	Dec 31, 2020
Contingent liabilities				
Guarantees for subsidiaries	745	724	-	-
associates	-	-	5	5
customers and others	-	-	28	28
Other contingent liabilities	339	333	18	19
Total	1,084	1,057	51	52

Commitments

SCA has a decided investment in Obbola totaling SEK 7.5bn over a five-year period. As of March 31, 2021, SEK 4.9bn remained, of which SEK 2.9bn was a contracted commitment. The commitment refers entirely to non-current assets.

9. ALTERNATIVE PERFORMANCE MEASURES

For definitions of alternative performance measures, refer to SCA's 2020 Annual Report, pages 91–93.

SEKm	Quarter		
	2021:1	2020:1	2020:4
EBITDA	1,359	1,030	1,451
Changes in biological assets and other non cash flow items	-320	-340	-510
Operating cash surplus	1,039	690	941
Change in working capital	-290	-146	275
Restructuring costs	-123	-	-
Current capital expenditures, net ¹	-209	-175	-298
Other operating cash flow	58	-28	39
Operating cash flow	475	341	957
²⁾ Including following values from new leasing contracts:	-15	17	-8

Capital structure

SEKm	Mar 31, 2021	Dec 31, 2020
Forest assets	75 282	74 900
Working capital	2 862	2 759
Deferred tax relating to forest assets	-15 052	-14 977
Other capital employed, net	17 382	17 152
Total capital employed	80 474	79 834
Net debt, SEKm	7 043	7 671
Net debt/EBITDA (LTM) ^{1,2}	1,5x	1,7x
Equity, SEKm	73 431	72 163
Net debt/Equity (%)	9,6	10,6

¹ Rolling 12 months.

² Excluding the effect of one-off items related to discontinuation publication paper operations in 2020:3 and 2020:4.

Return on capital employed %	Quarter	LTM	Full year
	2021:1	Mar 31, 2021	2020
Return on capital employed	5,2	4,1	3,6
Industrial return on capital employed	16,3	7,7	5,4

Working capital

SEKm	Mar 31, 2021	Dec 31, 2020
Inventories	3,795	4,044
Accounts receivable	2,526	1,964
Other current receivables	733	987
Accounts payable	-3,158	-3,319
Other current liabilities	-1,304	-1,200
Adjustments ¹	270	283
Working capital	2,862	2,759
Working capital in % of net sales ²	17.9	18.3
¹ Adjustments:		
Accounts payable, strategic capital expenditures	359	443
Other current provisions	-92	-174
Other current liabilities, emission rights	3	14
Sum adjustments	270	283

Net debt

SEKm	Mar 31, 2021	Dec 31, 2020
Surplus in funded pension plans	1,860	1,329
Non-current financial assets	85	81
Current financial assets	123	0
Cash and cash equivalents	1,187	1,273
Financial receivables	3,255	2,683
Non-current financial liabilities	8,420	8,488
Provisions for pensions	366	530
Current financial liabilities	1,512	1,336
Financial liabilities	10,298	10,354
Net debt	-7,043	-7,671

10. QUARTERLY DATA CONTAINERBOARD/PAPER

SEKm	Quarter¹				
	2101:1	2020:1	%	2020:4	%
Net sales	1,272	2,242	-43	1,981	-36
EBITDA	321	379	-15	342	-6
Depreciations	-107	-143	-25	-125	-14
Operating profit	215	236	-9	217	-1
EBITDA margin, %	25.2	16.9		17.3	
Operating margin, %	16.9	10.5		10.9	
Return on capital employed, %	18.5	14.3		15.2	
Deliveries, kraftliner, thousand tonnes	226	220	3	229	-1
Deliveries, publication paper, thousand tonnes	-	175	-100	148	-100

¹ Segment Paper changed its name to Containerboard on January 1, 2021, in connection with the discontinuation of publication paper. The publication paper operations are included until 2020:4. Thereafter the result from the Ortviken site is reported in Other.

A summary of historical financial data for Containerboard is available in the year-end report for 2020 on page 23, Note 10.

11. QUARTERLY DATA BY SEGMENT

NET SALES

SEKm	Quarter								
	2021:1	2020:4	2020:3	2020:2	2020:1	2019:4	2019:3	2019:2	2019:1
Forest	1,627	1,659	1,500	1,494	1,833	1,694	1,865	1,746	1,651
Wood	1,264	1,498	1,592	1,770	1,436	1,376	1,545	1,727	1,678
Pulp	1,288	1,166	986	1,091	1,188	900	1,129	1,214	1,134
Containerboard/Paper ¹	1,272	1,981	1,817	1,876	2,242	2,108	2,380	2,375	2,366
Other ¹	374	-	-	-	-	-	-	-	-
Intra-group deliveries	-1,653	-1,712	-1,557	-1,544	-1,906	-1,766	-1,944	-1,834	-1,753
Total net sales	4,172	4,592	4,338	4,687	4,793	4,312	4,975	5,228	5,076

¹ Segment Paper changed its name to Containerboard on January 1, 2021, in connection with the discontinuation of publication paper. The publication paper operations are included in Containerboard/Paper until 2020:4. Thereafter the result from the Ortviken site is reported in Other.

EBITDA

SEKm	Quarter								
	2021:1	2020:4	2020:3	2020:2	2020:1	2019:4	2019:3	2019:2	2019:1
Forest	449	747	515	499	452	607	388	414	331
Wood	310	227	192	143	95	125	180	188	297
Pulp	385	109	137	182	186	20	268	344	351
Containerboard/Paper ¹	321	342	240	229	379	382	577	489	616
Other ¹	-106	-48	-52	-52	-82	-79	-49	-95	-35
Total EBITDA^{2,3}	1,359	1,377	1,032	1,001	1,030	1,055	1,364	1,340	1,560

¹ Segment Paper changed its name to Containerboard on January 1, 2021, in connection with the discontinuation of publication paper. The publication paper operations are included in Containerboard/Paper until 2020:4. Thereafter the result from the Ortviken site is reported in Other.

² Including the one-time effect of discontinuation of publication paper operations, EBITDA for the Group amounted to 1 451 SEKm in 2020:4 and to -88 SEKm in 2020:3.

³ Including the effect of changed accounting method of forests assets, EBITDA amounted to SEK 17,097m and for the Group in 2019:4.

EBITDA MARGIN

%	Quarter								
	2021:1	2020:4	2020:3	2020:2	2020:1	2019:4	2019:3	2019:2	2019:1
Forest	27.6	45.0	34.3	33.4	24.6	35.8	20.8	23.7	20.0
Wood	24.5	15.2	12.1	8.1	6.6	9.1	11.6	10.8	17.7
Pulp	29.9	9.3	13.9	16.7	15.6	2.2	23.8	28.4	31.0
Containerboard/Paper ¹	25.2	17.3	13.2	12.2	16.9	18.1	24.2	20.6	26.0
EBITDA margin^{1,2}	32.6	30.0	23.8	21.3	21.5	24.5	27.4	25.6	30.7

¹ Including the effect of discontinuation publication paper operations EBITDA margin was 31.6% in 2020:4 and -2.0% for the Group in 2020:3.

² Including effect of changed accounting method for valuation of forest assets, the EBITDA margin was 82,8% for Forest and 396,5% for the Group in 2019:4.

PARENT COMPANY

INCOME STATEMENT

SEKm	Jan-Mar	
	2021	2020
Other operating income	67	66
Other operating expenses	-41	-43
Personnel costs	-28	-27
EBITDA	-2	-4
Depreciation and impairment	-23	-22
Operating profit	-25	-26
Financial items	31	4
Profit before tax	6	-22
Appropriations and tax	153	250
Profit for the period	159	228

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

BALANCE SHEET

SEKm	Mar 31, 2021	Dec 31, 2020
Tangible non-current assets	8,727	8,723
Financial non-current assets	9,678	9,690
Total non-current assets	18,405	18,413
Current assets	13,574	14,270
Total assets	31,979	32,683
Restricted equity	11,373	11,373
Non-restricted equity	9,140	8,981
Total equity	20,513	20,354
Provisions	1,619	1,611
Non-current liabilities	7,858	7,928
Current liabilities	1,989	2,790
Total equity, provisions and liabilities	31,979	32,683