

SCA Year-end report 2006



Jan Åström, CEO
Lennart Persson, CFO



Highlights

- Strong development FY06 vs. FY05
 - ◆ Good organic growth +5%
 - ◆ Pre-tax profit up 18%⁽¹⁾ to SEK 6,833m
 - ◆ Net earnings up 23%⁽¹⁾ to SEK 5,467m
- Continued upward trend in Q4
 - ◆ Positive volume and price development
 - ◆ Higher energy and raw material costs

1) Excluding items affecting comparability



Financial Summary

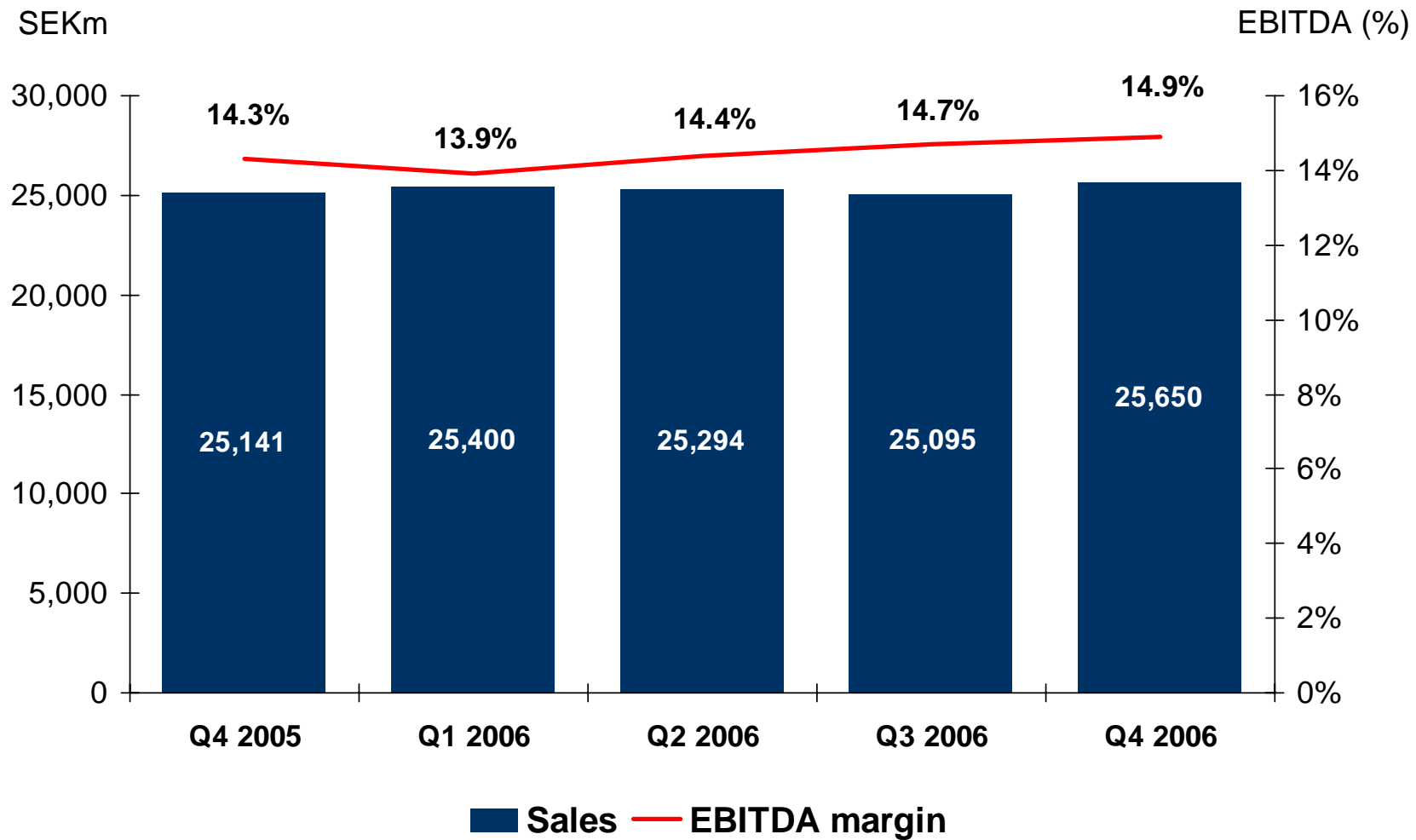
	Q4 2006	Change Q4/Q3 (%)	FY 2006	Change Y06/Y05⁽¹⁾ (%)
Net sales, SEKm	25,650	+2%	101,439	+5%
Earnings after financial items, SEKm	1,803	+3%	6,833	+18%
Earnings per share, SEK	6:16	-5%	23:25	+23%
Dividend per share, SEK			12:00⁽²⁾	+9%
Split 3:1⁽²⁾				

1) Excluding items affecting comparability

2) Board proposal

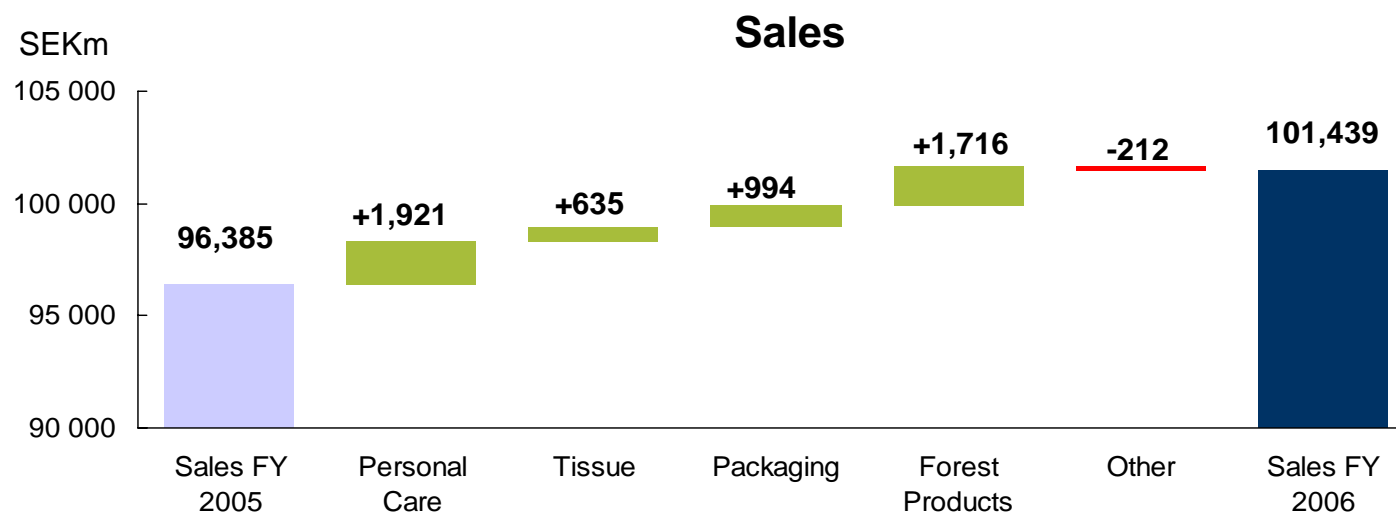


Group – Quarterly Development

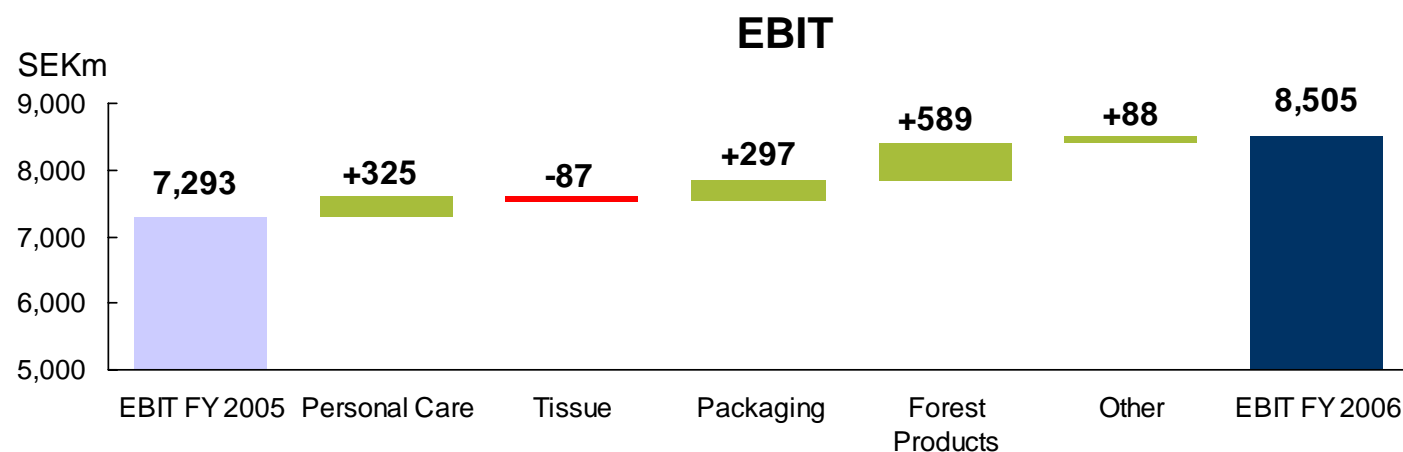


SCA Group Sales and EBIT

FY 2006 compared with FY 2005⁽¹⁾



- Volume: +4%
- Price: +2%



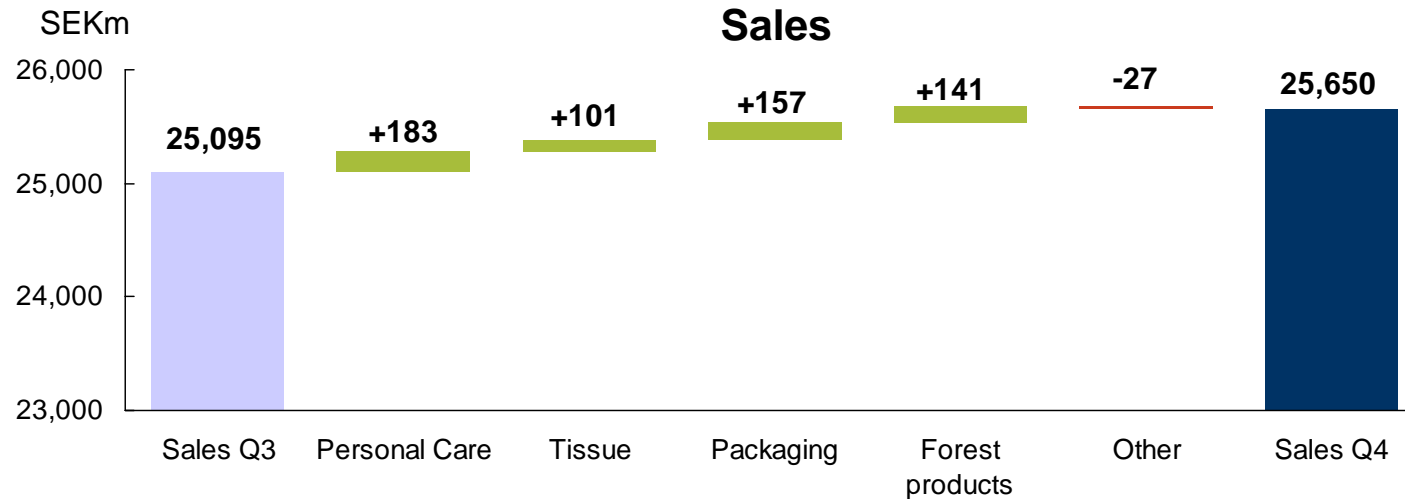
- Price/mix: +21%
- Volume: +15%
- Energy and raw materials: -23%

1) Excluding items affecting comparability

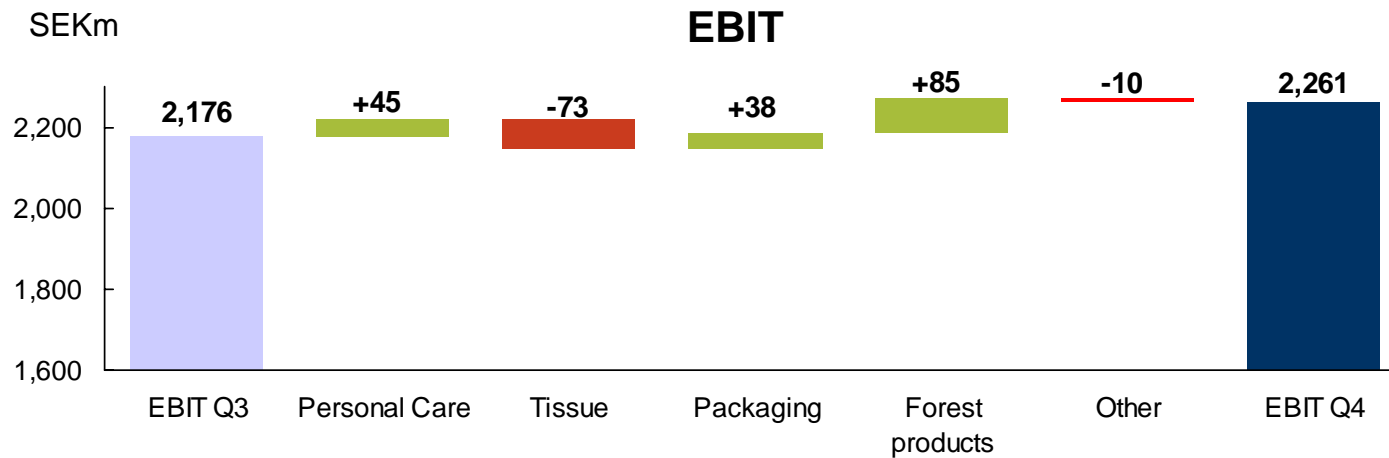


SCA Group Sales and EBIT

Q4 2006 compared with Q3 2006



- Volume: +2%
- Price: +1%
- Currency: -1%



- Price/mix: +10%
- Volume: +9%
- Energy and raw materials: -8%
- Depreciation: -4%



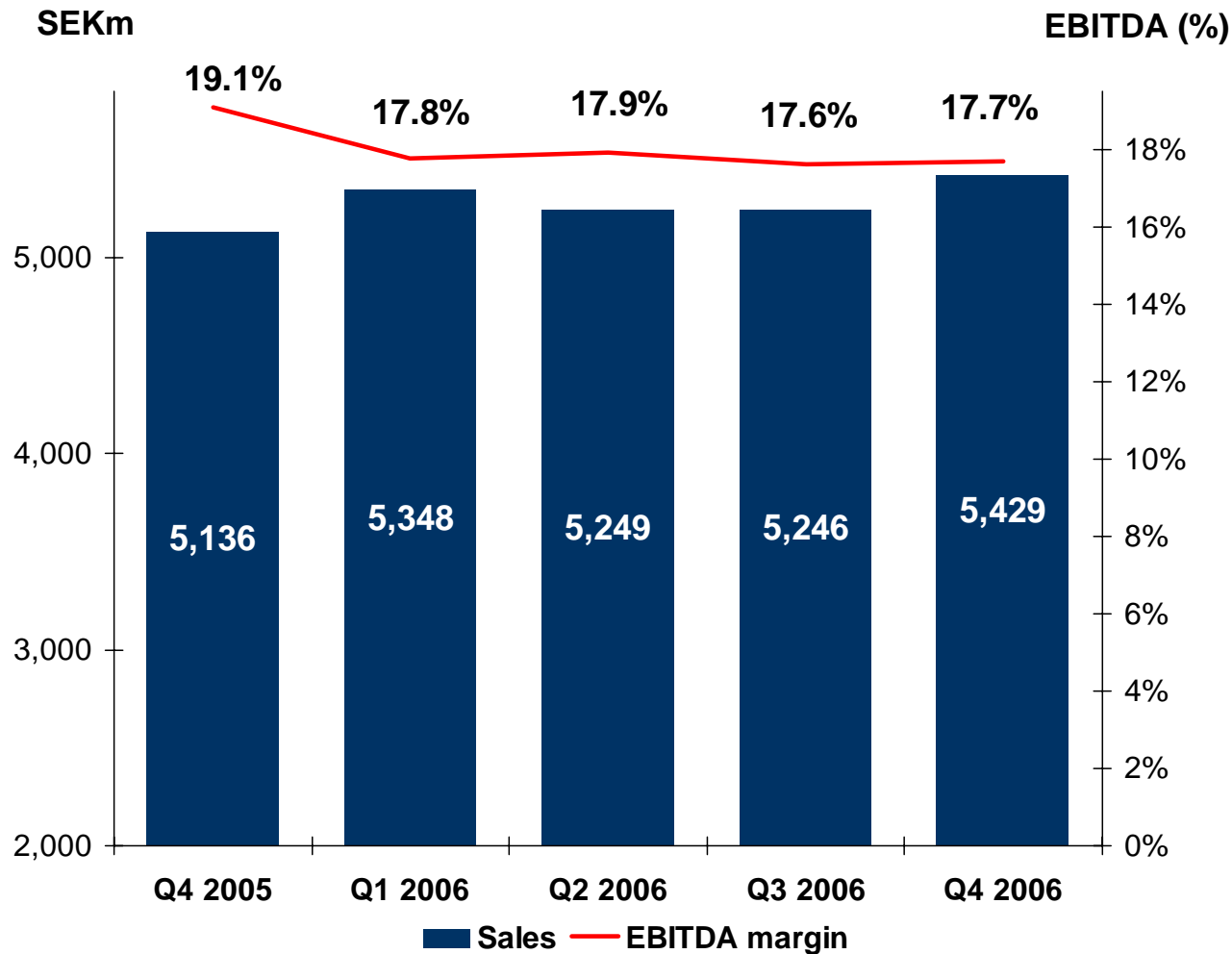
Cash-Flow Analysis

FY 2006 compared with FY 2005

- Operating cash surplus SEK 14,123 (13,113)
- Operating cash flow SEK 6,304m (7,471)
 - ◆ Higher current capex
 - ◆ Volume growth and higher prices resulted in higher working capital
 - ◆ Increased cash outflow related to structural costs
- Cash flow before dividend SEK 1,538m (1,768)
 - ◆ Lower strategic capex
- Debt/equity ratio: 0.62 (0.70)
 - ◆ Lower net pension liabilities



Personal Care – Quarterly Development



Q4/Q3 comments:

- Very strong volume development
- Maintained and increased market shares



Personal Care

■ Incontinence care

- ◆ Continued strong development within the institutional segment
- ◆ Strengthened positions of TENA in the retail segment
- ◆ Major product and service upgrades within Incontinence care for institutions in 2007

■ Baby diapers

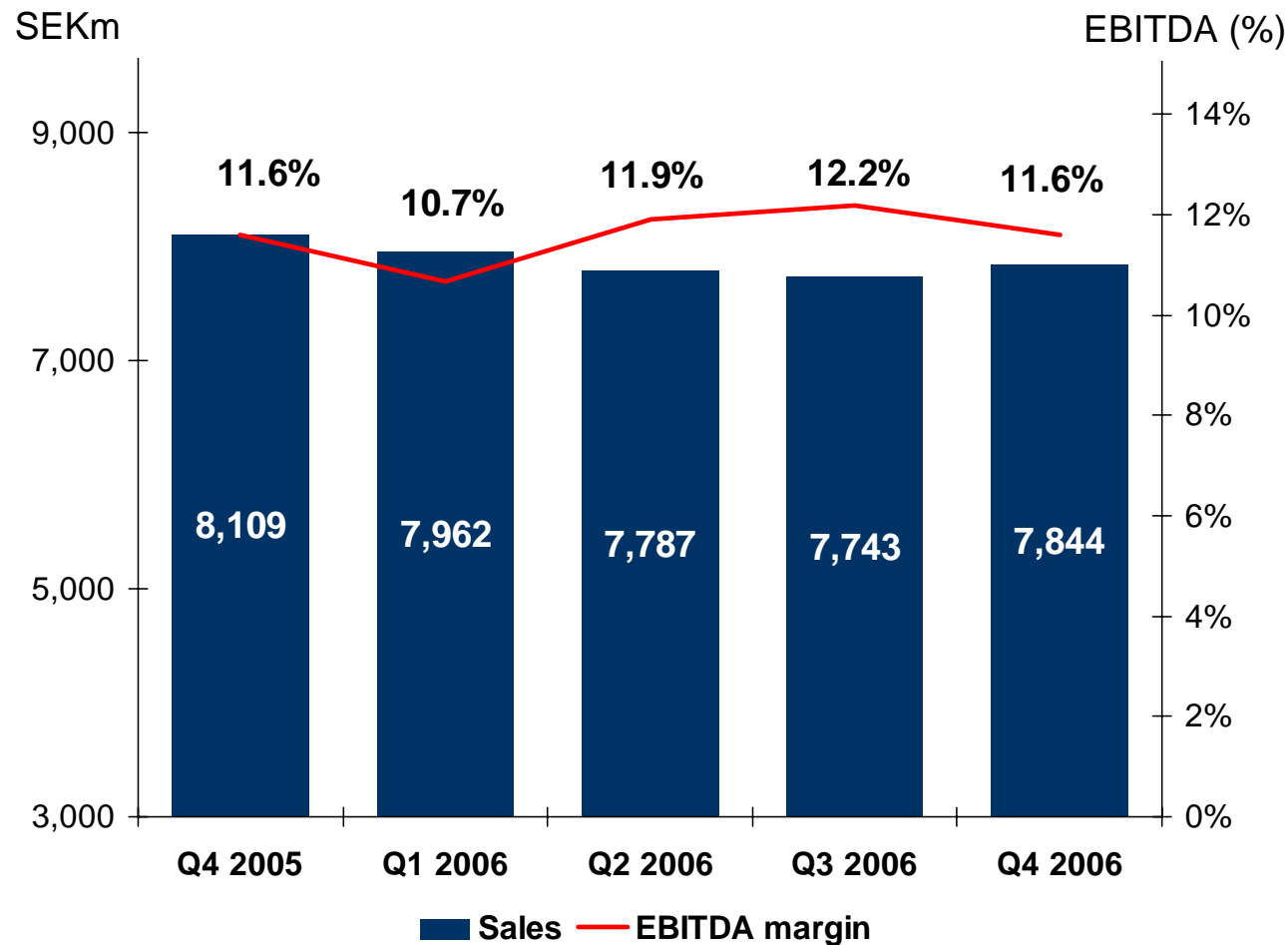
- ◆ Increased market shares for Libero
- ◆ Good growth in retailers' brands segment

■ Feminine care

- ◆ Strengthened market positions through SecureFit
- ◆ Strong development in Latin America



Tissue – Quarterly Development



Q4/Q3 comments:

- Improved prices and volumes in Europe
- Higher energy and raw material costs
- Seasonal weak volumes in North America



Tissue

- **Consumer tissue**

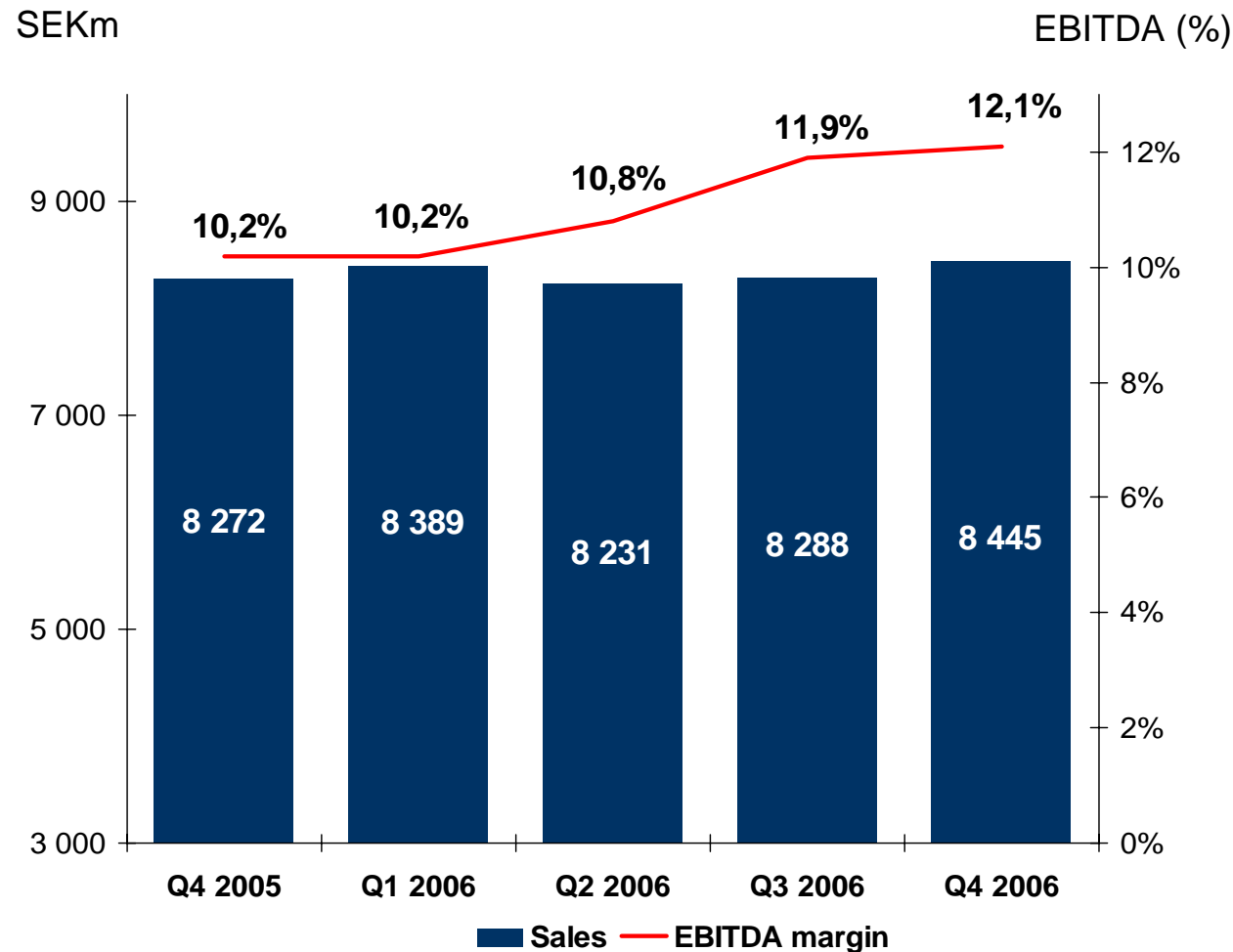
- ◆ Further price increases under implementation
- ◆ Focus on strengthening brand positions
- ◆ Strengthening the value chain in Russia

- **AFH tissue**

- ◆ Stable volume and earnings development in Europe
- ◆ Good progress in re-branding all products towards the global Tork brand



Packaging – Quarterly Development



Q4/Q3 comments:

- Average prices on corrugated +2%
- High costs in connection with maintenance stops



Packaging

■ Packaging solutions Europe

- ◆ Realized price increases from year-end 2005 to year-end 2006: ~8%⁽¹⁾
- ◆ Carry over of latest price increase to Q1
- ◆ Good sales development for total packaging solutions

■ Containerboard

- ◆ Continued tight market situation
- ◆ Potential for further price increases

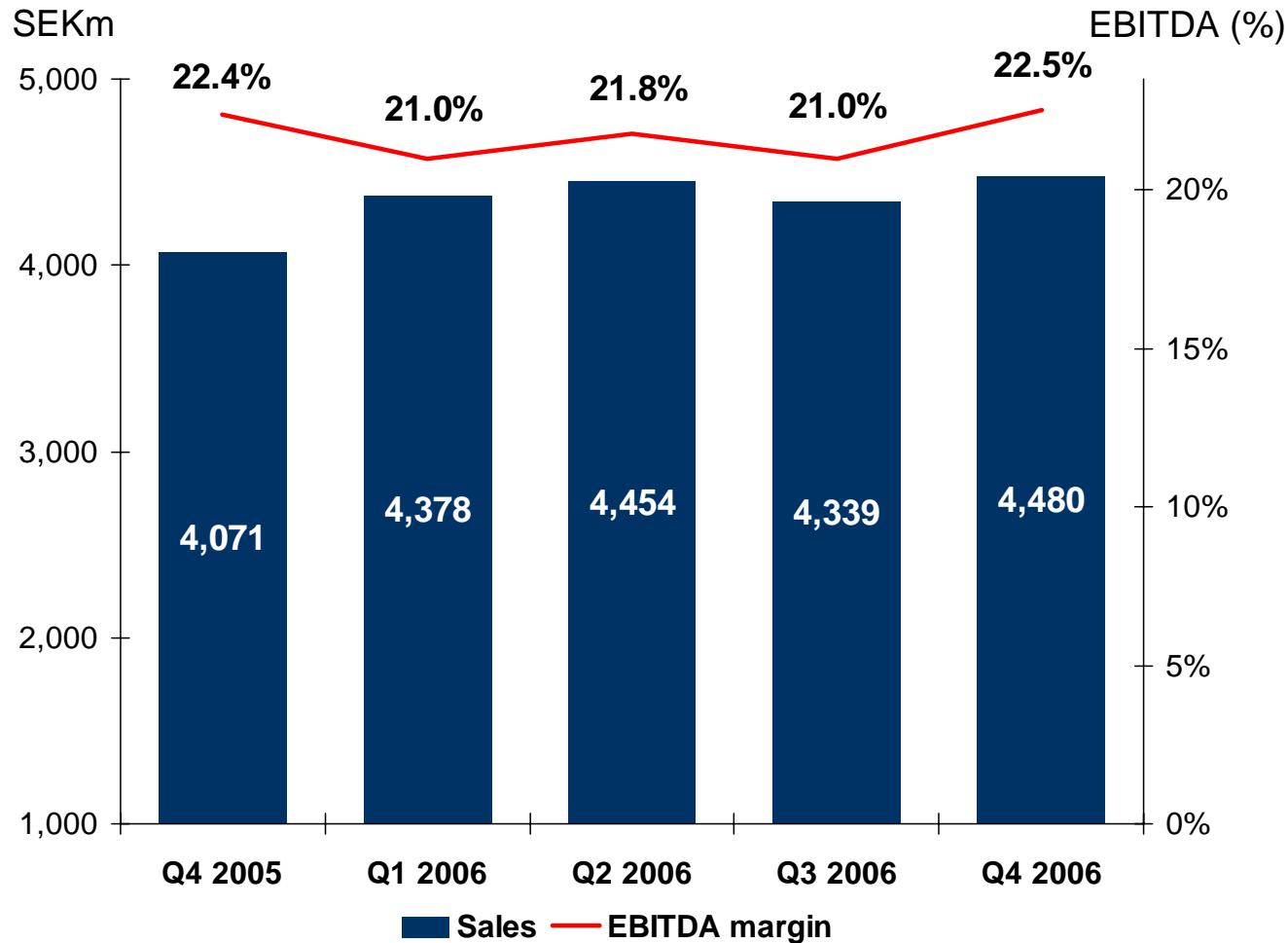
■ North America

- ◆ Divested in Q1 2007 in line with strategy to focus on Europe and Asia

1) Measured from year-end 2005



Forest Products – Quarterly Development



Q4/Q3 comments:

- High mill efficiency
- Strong volumes and increased prices within solid-wood products
- Lower energy costs



Forest Products

- **Publication papers**
 - ◆ Good cost control
 - ◆ Price increases for newsprint in 2007
 - ◆ Competitive European market for SC and LWC paper
- **Pulp, timber and solid-wood products**
 - ◆ Very tight market for solid-wood products
 - ◆ Successful start-up of new recovery boiler in Östrand pulp mill
 - ◆ Higher prices on wood



Outlook

- Continued good price development in Packaging
- Continued high raw material costs in Tissue but gradually higher prices in European consumer tissue
- Stable markets for personal care products
- Competitive markets for magazine papers
- Higher raw material costs



Summary 2006

- Improved main markets
- Continued focus on value added products
- Strong growth for the SCA group, + 5%
- Great progress in efficiency enhancement program
- + 18% in pre-tax profit



essentials
for everyday life™

