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

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1) Excluding items affecting comparability
## Financial Summary

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

1) Excluding items affecting comparability  
2) Board proposal
Group – Quarterly Development

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales (SEKm)</th>
<th>EBITDA Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2005</td>
<td>25,141</td>
<td>14.3%</td>
</tr>
<tr>
<td>Q1 2006</td>
<td>25,400</td>
<td>13.9%</td>
</tr>
<tr>
<td>Q2 2006</td>
<td>25,294</td>
<td>14.4%</td>
</tr>
<tr>
<td>Q3 2006</td>
<td>25,095</td>
<td>14.7%</td>
</tr>
<tr>
<td>Q4 2006</td>
<td>25,650</td>
<td>14.9%</td>
</tr>
</tbody>
</table>
SCA Group Sales and EBIT
FY 2006 compared with FY 2005\(^{(1)}\)

**Sales**

- Sales FY 2005: SEK 96,385
- Personal Care: SEK 19,210
- Tissue: SEK 6,385
- Packaging: SEK 9,940
- Forest Products: SEK 1,716
- Other: SEK -212
- Sales FY 2006: SEK 101,439

**EBIT**

- EBIT FY 2005: SEK 7,293
- Personal Care: SEK 325
- Tissue: SEK -87
- Packaging: SEK 297
- Forest Products: SEK 589
- Other: SEK 88
- EBIT FY 2006: SEK 8,505

**Key Points**

- 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

Sales

<table>
<thead>
<tr>
<th>Segment</th>
<th>SEKm</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 Sales</td>
<td>25,095</td>
<td>+183</td>
</tr>
<tr>
<td>Personal Care</td>
<td>25,095</td>
<td>+101</td>
</tr>
<tr>
<td>Tissue</td>
<td>25,095</td>
<td>+157</td>
</tr>
<tr>
<td>Packaging</td>
<td>25,095</td>
<td>+141</td>
</tr>
<tr>
<td>Other</td>
<td>25,095</td>
<td>-27</td>
</tr>
<tr>
<td>Q4 Sales</td>
<td>25,650</td>
<td></td>
</tr>
</tbody>
</table>

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

EBIT

<table>
<thead>
<tr>
<th>Segment</th>
<th>SEKm</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 EBIT</td>
<td>2,176</td>
<td>+45</td>
</tr>
<tr>
<td>Personal Care</td>
<td>2,176</td>
<td>-73</td>
</tr>
<tr>
<td>Tissue</td>
<td>2,176</td>
<td>+38</td>
</tr>
<tr>
<td>Packaging</td>
<td>2,176</td>
<td>+85</td>
</tr>
<tr>
<td>Other</td>
<td>2,176</td>
<td>-10</td>
</tr>
<tr>
<td>Q4 EBIT</td>
<td>2,261</td>
<td></td>
</tr>
</tbody>
</table>

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

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\(^{(1)}\) 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
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