Sales growth of 5% vs Q3 2018
- Price/mix -15%, volume 20%, currency 2%, acq/div -2%

Weaker market with lower prices

EBITDA down 12% vs Q3 2018
- Lower selling prices
- Higher pulp volumes
- Positive currency effects

Pulp volumes increased 2% vs Q2 2019
- Planned maintenance stop in Q4 – economizer to be replaced

SEK 7.5bn Kraftliner investment in Obbola

Forest total return analysis

Revaluation of forest asset to market value as of Dec 31, 2019
SCA’s performance Q3 2019

EBITDA (SEKm) 1,364

Industrial ROCE 1) 16%

EBITDA margin 27%

Net debt/EBITDA 1.4x

Note: 1) ROCE for the industrial segments; Wood, Pulp and Paper. ROCE calculated as LTM.
Prices have stabilized on a high level
- Prices on new contracts are starting to come down

Increased wood sourcing to meet higher pulpwood demand

Sales up 28%
- Increased volumes to the expanded pulp mill
- Higher prices

EBITDA up 33%
- Higher prices
- Larger import volumes
Wood Q3 2019 vs. Q3 2018

Over supply in continental Europe, leading to declining prices

Sales down 10%
- Lower prices
- Deconsolidation in Wood France following merger with Groupe ISB

EBITDA down 35%
- Lower prices and higher costs for wood raw material
+ Higher income from byproducts
Pulp – Q3 production update

Full NBSK capacity of 900kt/year

Ramp-up period of ~18 months

Production/deliveries on track

- Q3 '18 - 147kt / 105kt
- Q4 '18 - 160kt / 145kt
- Q1 '19 - 172kt / 168kt
- Q2 '19 - 210kt / 201kt
- Q3 '19 - 215kt / 205kt

Planned maintenance stop in Q4

- Economizer to be replaced

Note: 1) Including CTMP.
Pulp Q3 2019 vs. Q3 2018

Lower prices
NBSK inventories declined in Q3
Increased volumes due to the ramp-up of the expanded pulp-mill
Sales up 52%
  + Increased volumes
  - Lower prices

EBITDA down 2%
  - Lower prices and higher costs for wood raw material
  + Increased volumes and improved energy balance

Planned maintenance stop Q4 – 120 MSEK
Paper Q3 2019 vs. Q3 2018

Lower prices

Good kraftliner order inflow

Sales down 1%
- Lower kraftliner prices
+ Higher prices for publication paper and positive currency effects

EBITDA down 21%
- Lower kraftliner prices and higher cost for wood raw material
+ Higher prices for publication paper and positive currency effects
+ Increased kraftliner volumes

Planned maintenance stop Obbola Q4 – 50 MSEK
Renewable Energy

8.0 TWh wind power on SCA land by 2022

Initiate new wind projects and develop after market offering

Two new wind projects secured in Q3 ‘19
- 83 turbines / 1.3 TWh

8.0 TWh secured by 2022
- EBIT of SEK ~120m

New long-term target of 11.0 TWh
## Income statement

<table>
<thead>
<tr>
<th></th>
<th>Q3 2019</th>
<th>Q3 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEKm</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>4,975</td>
<td>4,759</td>
<td>5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,364</td>
<td>1,549</td>
<td>-12%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>27.4%</td>
<td>32.5%</td>
<td>-5.1 p.p.</td>
</tr>
<tr>
<td>EBIT</td>
<td>955</td>
<td>1,226</td>
<td>-22%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>19.2%</td>
<td>25.8%</td>
<td>-6.6 p.p.</td>
</tr>
<tr>
<td>Financial items</td>
<td>-26</td>
<td>-8</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>929</td>
<td>1,218</td>
<td>-24%</td>
</tr>
<tr>
<td>Tax</td>
<td>-172</td>
<td>-227</td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>757</td>
<td>991</td>
<td>-24%</td>
</tr>
<tr>
<td>Earnings per share, SEK</td>
<td>1.08</td>
<td>1.41</td>
<td></td>
</tr>
</tbody>
</table>
Contribution by segment and quarter

**Net sales (SEKm)**

**Forest**

<table>
<thead>
<tr>
<th>Q4 '17</th>
<th>Q1 '18</th>
<th>Q2 '18</th>
<th>Q3 '18</th>
<th>Q4 '18</th>
<th>Q1 '19</th>
<th>Q2 '19</th>
<th>Q3 '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,287</td>
<td>1,298</td>
<td>1,162</td>
<td>1,495</td>
<td>1,540</td>
<td>1,561</td>
<td>1,746</td>
<td>1,765</td>
</tr>
</tbody>
</table>

**Wood**

<table>
<thead>
<tr>
<th>Q4 '17</th>
<th>Q1 '18</th>
<th>Q2 '18</th>
<th>Q3 '18</th>
<th>Q4 '18</th>
<th>Q1 '19</th>
<th>Q2 '19</th>
<th>Q3 '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,426</td>
<td>1,503</td>
<td>1,580</td>
<td>1,678</td>
<td>1,727</td>
<td>1,745</td>
<td>1,545</td>
<td></td>
</tr>
</tbody>
</table>

**Pulp**

<table>
<thead>
<tr>
<th>Q4 '17</th>
<th>Q1 '18</th>
<th>Q2 '18</th>
<th>Q3 '18</th>
<th>Q4 '18</th>
<th>Q1 '19</th>
<th>Q2 '19</th>
<th>Q3 '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>672</td>
<td>589</td>
<td>485</td>
<td>743</td>
<td>1,049</td>
<td>1,134</td>
<td>1,214</td>
<td>1,129</td>
</tr>
</tbody>
</table>

**Paper**

<table>
<thead>
<tr>
<th>Q4 '17</th>
<th>Q1 '18</th>
<th>Q2 '18</th>
<th>Q3 '18</th>
<th>Q4 '18</th>
<th>Q1 '19</th>
<th>Q2 '19</th>
<th>Q3 '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,220</td>
<td>2,383</td>
<td>2,426</td>
<td>2,413</td>
<td>2,421</td>
<td>2,366</td>
<td>2,375</td>
<td>2,380</td>
</tr>
</tbody>
</table>

**EBITDA (SEKm) and EBITDA margin**

**Forest**

<table>
<thead>
<tr>
<th>Q4 '17</th>
<th>Q1 '18</th>
<th>Q2 '18</th>
<th>Q3 '18</th>
<th>Q4 '18</th>
<th>Q1 '19</th>
<th>Q2 '19</th>
<th>Q3 '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>571</td>
<td>592</td>
<td>603</td>
<td>585</td>
<td>560</td>
<td>530</td>
<td>535</td>
<td></td>
</tr>
</tbody>
</table>

**Wood**

<table>
<thead>
<tr>
<th>Q4 '17</th>
<th>Q1 '18</th>
<th>Q2 '18</th>
<th>Q3 '18</th>
<th>Q4 '18</th>
<th>Q1 '19</th>
<th>Q2 '19</th>
<th>Q3 '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>142</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td></td>
</tr>
</tbody>
</table>

**Pulp**

<table>
<thead>
<tr>
<th>Q4 '17</th>
<th>Q1 '18</th>
<th>Q2 '18</th>
<th>Q3 '18</th>
<th>Q4 '18</th>
<th>Q1 '19</th>
<th>Q2 '19</th>
<th>Q3 '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>341</td>
<td>351</td>
<td>351</td>
<td>351</td>
<td>351</td>
<td>351</td>
<td>351</td>
<td></td>
</tr>
</tbody>
</table>

**Paper**

<table>
<thead>
<tr>
<th>Q4 '17</th>
<th>Q1 '18</th>
<th>Q2 '18</th>
<th>Q3 '18</th>
<th>Q4 '18</th>
<th>Q1 '19</th>
<th>Q2 '19</th>
<th>Q3 '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>481</td>
<td>566</td>
<td>618</td>
<td>728</td>
<td>536</td>
<td>616</td>
<td>489</td>
<td>577</td>
</tr>
</tbody>
</table>
Net sales Q3 2019 vs. Q3 2018

-15% Negative for Pulp, Kraftliner, Wood. Positive for Publication Paper

20% Expanded pulp mill

2% Positive EUR and USD

-2% Deconsolidation in Wood France following merger with Groupe ISB

+ 5%

Net sales Q3 2018: SEK 4,759m

Price/Mix Volume Currency Acquisitions/ divestments Net sales Q3 2019: SEK 4,975m
EBITDA Q3 2019 vs. Q3 2018

-12%

Lower prices for Pulp, Kraftliner and Wood. Higher prices for Publication Paper
Higher Pulp volumes
Higher costs for wood raw material offset by higher income from byproducts
EUR and USD positive
Improved energy balance Pulp

SEK 1,549m - SEK 1,364m
-739

Price/Mix
Volume
Raw material
Energy
Currency
Other

EBITDA margin 32.5%
EBITDA margin 27.4%
## Cash flow

<table>
<thead>
<tr>
<th>SEKm</th>
<th>Quarter</th>
<th>Jan-Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3 2019</td>
<td>Q3 2018</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,364</td>
<td>1,549</td>
</tr>
<tr>
<td>Revaluation of biological assets and other non cash flow items</td>
<td>-312</td>
<td>-220</td>
</tr>
<tr>
<td>Operating cash surplus</td>
<td>1,052</td>
<td>1,329</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>325</td>
<td>-281</td>
</tr>
<tr>
<td>Current capital expenditures</td>
<td>-246</td>
<td>-254</td>
</tr>
<tr>
<td>Other operating cash flow</td>
<td>-37</td>
<td>-52</td>
</tr>
<tr>
<td><strong>Operating cash flow</strong></td>
<td><strong>1,094</strong></td>
<td><strong>742</strong></td>
</tr>
<tr>
<td>Strategic capital expenditures</td>
<td><strong>-63</strong></td>
<td><strong>-583</strong></td>
</tr>
</tbody>
</table>
Net debt Q3 2019 vs. Q2 2019

Net debt Q2 2019: SEK 9,735m
Net debt Q3 2019: SEK 8,169m

Operational Cash Flow:
- SEK 1,190m

Strategic Capex:
- SEK +63m

Divestments:
- SEK -1,094m
- SEK +152m

Paid Tax:
- SEK -660m
- SEK +152m

Other:
- SEK -27m

Sale of logistics terminal in Rotterdam

Net debt / EBITDA:
Q2 2019: 1.6x
Q3 2019: 1.4x
## Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>Sep 30, 2019</th>
<th>Dec 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest assets according to IAS 41 1)</td>
<td>33,267</td>
<td>32,065</td>
</tr>
<tr>
<td>Deferred tax relating to Forest assets</td>
<td>-6,704</td>
<td>-6,605</td>
</tr>
<tr>
<td>Forest assets, net of deferred tax</td>
<td>26,563</td>
<td>25,460</td>
</tr>
<tr>
<td>Working capital</td>
<td>3,893</td>
<td>3,735</td>
</tr>
<tr>
<td>Working capital/Net sales 2)</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>Other capital employed</td>
<td>17,800</td>
<td>16,887</td>
</tr>
<tr>
<td><strong>Total capital employed</strong></td>
<td><strong>48,256</strong></td>
<td><strong>46,082</strong></td>
</tr>
<tr>
<td>Net debt</td>
<td>8,169</td>
<td>7,020</td>
</tr>
<tr>
<td>Net debt/EBITDA 3)</td>
<td>1.4x</td>
<td>1.3x</td>
</tr>
<tr>
<td>Equity</td>
<td>40,087</td>
<td>39,062</td>
</tr>
<tr>
<td>Net debt/Equity</td>
<td>20%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Note: 1) Gross value before deferred taxes. 2) Average working capital for 13 months as a percentage of 12-month rolling net sales. 3) 12-months EBITDA, up to end of each period.
Forest Total Return

Ulf Larsson, CEO
Forest assets create value in several ways

Harvesting  Net growth  Land value

Positive climate effect
We have never had as much forest in Sweden as we have today

Standing volume Sweden
m³/ha

- 1956: 89
- 2019e: 139
- Increase: +55%

Growing asset base

Harvest Sweden
m³/ha

- 1956: 2.0
- 2019e: 4.2
- Increase: +115%

Increasing cash flow

Land value Sweden ¹)
SEK/m³fo (real value)

- 1956: 124
- 2019e: 435
- Increase: +250%

1) Average real price (2019 price level).

Source: Riksskogstaxeringen, Skogsstyrelsen, LRF, Lantmäteriet, Svefa, FutureVistas.

Note: ¹) Average real price (2019 price level).
Forest Total Return
CAGR of 10% since 1956

1. **Increasing cash flow**
   - Harvesting provides raw materials to the industries and generates cash flow
     - Cash flow: ~3% CAGR

2. **Growing asset base**
   - Forest growth exceeds harvesting
   - Larger standing volume allows for a higher level of harvesting going forward
     - Standing volume: ~1% CAGR

3. **Increasing forest land value**
   - Both the volume forest (m³) and land value (SEK/m³) has increased
     - Land value (SEK/m³): ~6% CAGR

4. **Positive climate effect**

Source: Riksskogstaxeringen, Skogsstyrelsen, LRF, Lantmäteriet, Svefa, FutureVistas.
Note: Cash flow reinvested in forest.
The climate benefit from Sweden’s forest industry has more than doubled

1. Growing forests bind CO₂
   - Growing forests capture and bind CO₂ – active forest management increases growth

2. Substitution replaces CO₂
   - Higher growth enables more substitution – renewable alternatives replace fossil based products

3. Investments reduce carbon emissions
   - Investments and innovation reduce carbon emissions and increase profitability

Source: Based on Official Statistics of Sweden and World Bank Open Data.
Forest Revaluation
Toby Lawton, CFO
Europe’s largest private forest owner

Forestland

2.6\text{m ha}

Productive forestland

2.0\text{m ha}

Standing volume \(^1\)

241\text{m}^3\text{fo}

Note: \(^1\) Including forest holdings in the Baltics. Estimated per December 31, 2019.
Market value significantly above book value

Recent larger forest transactions show a large discrepancy between the market value of forest land and the book value:

- Bergvik Öst / AMF – 333 SEK/m³fo
  - vs SCA estimated benchmark price ~370 SEK/m³fo ¹)
- Långvind / Holmen – 407 SEK/m³fo
  - vs SCA estimated benchmark price ~400 SEK/m³fo ¹)
- Bergvik Latvia / Södra – 31 EUR/m³fo

Note: ¹) SCA estimated benchmark price (unrestricted conditions) based on LRF/SVEFA market statistics weighted according to geography and estimated share of productive forest land.
Plan to change the accounting method for valuing the forest holdings as of Dec 31, ‘19
• Market value on the basis of transactions in SCA’s area

Estimated market value of SEK 63-67bn
Value to be split between Biological assets and Land value according to IFRS
• DCF to calculate value of growing trees (biological assets)
• ~70% biological assets / ~30% land value

Change in value of Biological assets reported in Income statement
Change in value of Land reported in OCI
Review to be concluded in Q4 ’19

Forest book value (SEKbn)

<table>
<thead>
<tr>
<th>Land value at acquisition cost</th>
<th>Current book value</th>
<th>Transaction based market book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>34</td>
<td></td>
<td>63-67</td>
</tr>
</tbody>
</table>
Summary
Ulf Larsson, CEO
Summary Q3 2019

Sales growth of 5% vs Q3 2018
Weaker market with lower prices
EBITDA down 12% vs Q3 2018
Pulp volumes increased 2% vs Q2 2019
SEK 7.5bn Kraftliner investment in Obbola
Forest total return analysis
Revaluation of forest asset to market value as of Dec 31, 209
Q&A
Appendix
Contribution by segment

Net sales (SEKm)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest</td>
<td>5,187</td>
<td>5,108</td>
<td>4,978</td>
<td>5,070</td>
<td>5,455</td>
<td>6,802</td>
</tr>
<tr>
<td>Wood</td>
<td>5,114</td>
<td>5,315</td>
<td>5,441</td>
<td>5,994</td>
<td>6,618</td>
<td>6,508</td>
</tr>
<tr>
<td>Pulp</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EBITDA (SEKm) and EBITDA margin ¹)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest</td>
<td>1,232</td>
<td>1,213</td>
<td>1,238</td>
<td>1,363</td>
<td>1,394</td>
<td>1,560</td>
</tr>
<tr>
<td>Wood</td>
<td>603</td>
<td>478</td>
<td>531</td>
<td>670</td>
<td>904</td>
<td>891</td>
</tr>
<tr>
<td>Pulp</td>
<td>31%</td>
<td>35%</td>
<td>25%</td>
<td>19%</td>
<td>25%</td>
<td>29%</td>
</tr>
<tr>
<td>Paper</td>
<td>1,243</td>
<td>1,295</td>
<td>1,245</td>
<td>1,479</td>
<td>1,479</td>
<td>1,218</td>
</tr>
</tbody>
</table>

Note: 2014 and 2015 EBITDA refer to adjusted figures. 2016 and forward refer to unadjusted figures. For details please see the quarterly report.
SCA Frontier
Europe’s largest private forest owner

This presentation may contain forward-looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read SCA’s most recent annual report for a better understanding of these risks and uncertainties.