

Information to SCA's shareholders

prior to decision on the distribution of the shares in
Hygiene at the Annual General Meeting on April 5, 2017



This information brochure is to be used as basis for decision by SCA's shareholders when resolving on the Board of Directors' proposed distribution of the shares in the wholly owned subsidiary Hygiene to the shareholders of SCA. This information brochure is not a prospectus. Provided that the Annual General Meeting of SCA on April 5, 2017 resolves on a distribution in accordance with the Board of Directors' proposal, no action is required of you as a shareholder in SCA in order to receive shares in Hygiene. A prospectus will be published prior to the listing of Hygiene's shares on Nasdaq Stockholm, provided that the Annual General Meeting resolves on a distribution in accordance with the Board of Directors' proposal.

IMPORTANT INFORMATION

The Board of Directors of SCA has proposed that shareholders resolve, at the Annual General Meeting on April 5, 2017, whether to distribute all of the shares in Hygiene to the shareholders of SCA. This information brochure only contains summarized information and is not a prospectus. This information brochure is to be used solely as a basis for the shareholders' resolution. Provided that the Annual General Meeting of SCA on April 5, 2017 resolves to distribute all shares in Hygiene, in accordance with the Board of Directors' proposal, a prospectus will be published prior to the distribution of the shares in Hygiene and the listing thereof on Nasdaq Stockholm. The prospectus will, among other things, include a detailed description of Hygiene and the risk factors deemed to be significant to Hygiene.

This information brochure is governed by Swedish law. Disputes arising in connection with this information brochure or any subsequent legal matters are to be settled exclusively by the courts of Sweden. This information brochure has been prepared in both Swedish and English language versions. In the event of any conflict between the versions, the Swedish version shall prevail.

Information to investors in the United States

SCA is furnishing this information brochure solely to provide information to shareholders of SCA, who will receive shares in Hygiene through the distribution, provided that the Annual General Meeting of SCA on April 5, 2017 resolves accordingly. This information brochure is not, and should not be construed as, an inducement or encouragement to buy or sell any securities of SCA or Hygiene.

The distribution of the shares in Hygiene has not been and will not be registered with the U.S. Securities and Exchange Commission (the "SEC") under the U.S. Securities Act of 1933, as amended. SCA expects Hygiene to qualify for the exemption from registration under Rule 12g3-2(b) under the U.S. Securities Exchange Act of 1934, as amended, and therefore Hygiene will not be required to register its shares with the SEC.

Neither the SEC nor any state securities commission has approved or disapproved of the distribution of the shares in Hygiene or passed upon the accuracy or adequacy of this information brochure or any document referred to herein. Any representation to the contrary is a criminal offense under U.S. law.

Industry and market information

This information brochure contains industry and market information compiled from information obtained from third parties, as well as SCA's own estimates. Neither SCA nor Hygiene assumes any responsibility for the accuracy of any industry or market information that is included in this information brochure.

Additional Information

This information brochure contains limited information with respect to SCA and Hygiene, and is supplemented by the public filings and reports of SCA, other information available on SCA's website and the Hygiene listing prospectus that will be published prior to the distribution and listing of Hygiene. Shareholders may access:

- SCA's annual report for the year 2016, which is expected to be published on March 10, 2017, available at: <http://www.sca.com/en/IR/Reports/Annual-reports/>
- SCA's year-end report for the year 2016, available at: <http://www.sca.com/en/IR/Reports/Interim-reports/>
- SCA's annual reports for the years 2015 and 2014, available at: <http://www.sca.com/en/IR/Reports/Annual-reports/>
- Additional information on SCA's business, financial condition, results of operations, cash flows and shares, available at: <http://www.sca.com/en/IR/>
- The Hygiene listing prospectus, which will be published on SCA's and Hygiene's websites prior to the distribution and listing of the shares in Hygiene.

Shareholders are encouraged to read the information outlined above along with this information brochure.

Forward-looking statements

This information brochure may contain forward-looking statements. Forward-looking statements give SCA's current expectations or forecasts of future events. An investor can identify these statements by the fact that they do not relate strictly to historical or current facts. In this information words such as 'anticipate', 'estimate', 'expect', 'intend', 'will', 'project', 'plan', 'believe', 'assess' and other words and terms of similar meaning are used when information refers to future operating or financial performance. In particular, these include statements relating to future actions, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, and financial results. SCA undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, unless otherwise is stated under applicable law. The reader should, however, consult any additional disclosures that SCA may make in any documents which it publishes. All readers, wherever located, should take note of these disclosures. Accordingly, no assurance can be given that any particular expectation will be met and shareholders are cautioned not to place undue reliance on the forward-looking statements.

Forward-looking statements are subject to assumptions, inherent risks and uncertainties, many of which relate to factors that are beyond SCA's control or precise estimate. SCA cautions investors that a number of important factors, including those in this information brochure, could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Such factors include, but are not limited to, those discussed under "Risk factors associated with the distribution of the shares in Hygiene" on page 34 of this information brochure, the risk factors discussed in SCA's annual report for the year 2016 and the risk factors to be included in the Hygiene listing prospectus. Any forward-looking statements made by or on behalf of SCA speak only as of the date they are made and are based upon the knowledge and information available to the Board of Directors of SCA on the date of this information brochure.

KEY DATES

March 30, 2017	Record date for attendance at SCA's Annual General Meeting
March 30, 2017	Final date to provide notification of attendance at SCA's Annual General Meeting
April 5, 2017	Annual General Meeting of SCA
No later than in the second half of 2017	Publication of Hygiene's listing prospectus and distribution of shares in Hygiene, provided that the Annual General Meeting on April 5, 2017 resolves on the distribution of shares

NOTIFICATION OF ATTENDANCE AT SCA's ANNUAL GENERAL MEETING

Information regarding the right to attend and notification of attendance at SCA's Annual General Meeting can be found in the notice convening the Annual General Meeting, which has been published on SCA's website: www.sca.com.

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CERTAIN DEFINITIONS AND ABBREVIATIONS

AfH (Away-from-Home) refers to complete Hygiene solutions, including for example, toilet paper, paper towels, tissue, hand soap, hand lotion, hand sanitizers, dispensers, cleaning and wiping products, sensor technology, service and maintenance for, among others, institutions and companies.

Consumer tissue refers to, for example, toilet paper, kitchen rolls, facial tissues, handkerchiefs and napkins.

EUR refers to euro, **EURm** to millions of euros and **EURbn** to billions of euros.

Euroclear refers to Euroclear Sweden AB.

ha refers to hectare.

Hygiene refers to SCA Hygiene AB (publ), corp. reg. no. 556325-5511. SCA Hygiene AB (publ) will change its corporate name.

Kraftliner refers to the surface layer of corrugated board based on fresh wood fiber.

k tons refers to thousands of metric tons.

m³sub refers to solid cubic meter under bark and specifies the volume of timber excluding bark and tops. The term is used in felling and the timber trade.

m³fo refers to forest cubic meter, which is the volume of timber including tops and bark, but excluding branches. The term is used to describe the volume of standing timber.

m³sv refers to cubic meter sawn volume of solid-wood products.

Nasdaq Stockholm refers to Nasdaq Stockholm AB's principal market (the Stockholm Stock Exchange).

Personal Care refers to incontinence products, baby diapers and feminine care products.

Productive forest land refers to land where growth over a cycle on average exceeds one m³ of forest per hectare per year.

SCA refers to, depending on the context, Svenska Cellulosa Aktiebolaget SCA (publ), corp. reg. no. 556012-6293, or the group in which Svenska Cellulosa Aktiebolaget SCA (publ) is the parent company.

SCA forest products refers to the business unit Forest Products which, subsequent to the decision to distribute the shares in Hygiene, will constitute the operations of the SCA Group.

SEK refers to the Swedish krona, **SEKm** to millions of Swedish krona and **SEKbn** to billions of Swedish krona.

Standing volume refers to the volume of standing trees above stump measured over bark to the top but excluding small branches, twigs and foliage.

Tissue refers to Consumer tissue and AfH tissue.

The SCA Group refers to the group in which Svenska Cellulosa Aktiebolaget SCA (publ) is the parent company.

TWh refers to terawatt hour, which is a unit of energy corresponding to one billion kilowatt hours.

Background and reasons

SCA was founded in 1929 as a forest products company operating in Sweden. Over the years, the company expanded into other business activities (paper products production, personal care, consumer tissue, AfH tissue and packaging) and expanded geographically. SCA has developed and is today a leading global hygiene and forest products company, with the hygiene business accounting for approximately 86% of the SCA Group's 2016 net sales and the forest products business for approximately 14%.

In August 2016, SCA announced that the company would initiate work in order to be able to propose to the 2017 Annual General Meeting to decide on a split of the SCA Group into two listed companies; one to operate the hygiene business and one to operate the forest products business. A split of the Group and a distribution and listing of the shares in the subsidiary which today operates the hygiene business, is expected to increase focus, customer value, development opportunities and enables each company to successfully realize its strategies under the leadership of separate and dedicated management teams, two different boards of directors and independent access to capital. This is considered to increase value for SCA's shareholders in the long term. In addition, the synergies between the operations have diminished over time and are currently limited. An evaluation of various methods and structural alternatives to carry out a complete split of the business into two separate companies has been carried out.

In the light of the above, the Board of Directors of SCA has proposed that the Annual General Meeting on April 5, 2017 decides on, in addition to a cash dividend of SEK 6.00 per share, the distribution of all shares in the wholly owned subsidiary Hygiene to shareholders of SCA. The company plans to execute the decision to distribute the shares at a suitable time after the Annual General Meeting's decision and following completion of the listing process, but no later than in the second half of 2017. Following the distribution, the former SCA Group will be divided into two independent, listed companies. One will be a leading global hygiene and health company and include the current SCA business areas of Personal Care and Tissue. The other will be an efficient and well-invested forest products company that will include all forest land currently owned by the SCA Group and the forest products operations.

Stockholm on March 6, 2017

Svenska Cellulosa Aktiebolaget SCA (publ)

Information regarding the proposed distribution

Resolution on distribution

Provided that the Annual General Meeting of SCA on April 5, 2017 resolves, in accordance with the Board of Directors' proposal, to distribute all the shares in the wholly owned subsidiary Hygiene to shareholders of SCA, registered shareholders of SCA on the subsequently determined record date for distribution of shares in Hygiene, as determined by the Board of Directors of SCA, are entitled to receive, for each share held in SCA, one share of the same share class in Hygiene. Aside from being registered as a shareholder on the record date for distribution (directly registered or nominee-registered), no further actions are required in order to receive shares in Hygiene. The distribution of shares is expected to be made in accordance with the Swedish "Lex ASEA" rules regarding taxation. For further information, refer to the section "Tax considerations."

Distribution ratio

Each share of Class A in SCA entitles to one share of Class A in Hygiene and each share of Class B in SCA entitles to one share of Class B in Hygiene.

Record date

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to determine the record date for the distribution of shares in Hygiene. The Board of Directors of SCA intends to execute the distribution of shares no later than in the second half of 2017. The record date is expected to fall close to the listing of the shares in Hygiene on Nasdaq Stockholm.

Receipt of shares in Hygiene

Those recorded in the share register, maintained by Euroclear, as shareholders of SCA on the record date for the distribution of shares in Hygiene will receive shares in Hygiene with no further action. Shares in Hygiene will be available in the securities account of those shareholders who are entitled to receive the distribution (or the securities account belonging to the party who is otherwise entitled to receive the distribution) no later than two banking days after the record date. Thereafter, Euroclear will send out a statement containing information on the number of shares registered in the securities account of the recipient.

Nominee-registered holdings

Shareholders whose holdings in SCA are registered in the name of a nominee (i.e. a bank or other nominee) will not receive a statement from Euroclear. Notification and the crediting of shares in Hygiene to the accounts of nominee-registered shareholders will instead be carried out in accordance with the procedures of the respective nominee.

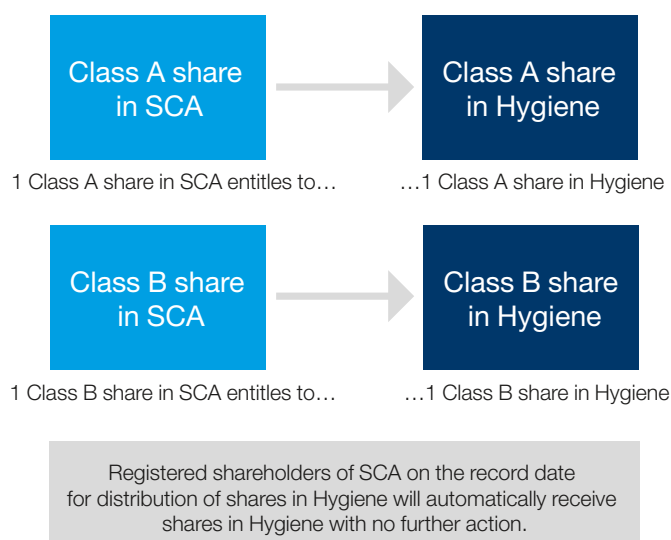
Listing of the shares in Hygiene

The Board of Directors of Hygiene intends to apply for a listing of the company's shares of Class A and Class B, respectively, on Nasdaq Stockholm. Information regarding the ISIN code for Hygiene's shares will be available in the prospectus that will be published before the listing of Hygiene's shares.

Holders of SCA American Depositary Receipts

As of January 31, 2017 there were 2,537,331 American Depositary Shares ("SCA ADS") outstanding. Each SCA ADS issued under the amended and restated deposit agreement (the "SCA Deposit Agreement") dated as of April 29, 2010 among SCA, Deutsche Bank

Example – Distribution of shares



Trust Company Americas, as depositary (the "SCA Depositary"), and the registered holders of SCA ADRs (the "Holders") represented one B share of SCA (each a "Deposited Share").

If the distribution of Hygiene is approved, Hygiene will establish an American depositary receipt ("ADR") program pursuant to a deposit agreement, which is to be entered into between Hygiene, Deutsche Bank Trust Company Americas, as depositary (the "Hygiene Depositary"), and the registered holders and beneficial owners of Hygiene ADSs, setting out the terms of the Hygiene ADS program (the "Hygiene Deposit Agreement"). At the completion of the distribution of Hygiene, SCA will deliver the B shares of Hygiene deliverable pursuant to the distribution of Hygiene with respect to the Deposited Shares held by Holders to the custodian under the Hygiene Deposit Agreement and, subject to compliance with the provisions of the Hygiene Deposit Agreement and SCA Deposit Agreement, the Hygiene Depositary will issue Hygiene ADSs to the Holders entitled thereto. A Hygiene ADS issuance fee of US\$0.05 per Hygiene ADS issued may be charged to Holders by the SCA Depositary.

To the extent Hygiene ADSs are able to be distributed, it is anticipated that each Holder will be entitled to receive one Hygiene ADS

for each SCA ADS held as of the record date established by the SCA Depositary for the distribution of Hygiene (the "Hygiene Record Date") with each Hygiene ADS representing one B Share of Hygiene. Investors holding SCA ADSs through a bank, broker or other nominee should contact such entity regarding the receipt of the Hygiene ADSs to which they may be entitled. Holders of SCA ADSs (other than the nominee of The Depository Trust Company) will receive the Hygiene ADSs in book-entry form and holding statements will be mailed to such Holders as soon as practicable after the distribution of Hygiene.

Hygiene will be required to pay all fees for general depositary services provided by the Hygiene Depositary in the Hygiene ADR program. In addition, in connection with receiving Hygiene ADSs, Holders will be charged, have deducted or be required to pay any applicable fees, charges and expenses of the depositaries and any applicable taxes or other governmental charges. The fees, charges and expenses applicable with respect to the Hygiene ADSs will be detailed in the Hygiene Deposit Agreement.

The Hygiene ADSs will not be listed on any U.S. securities exchange. It is anticipated, however, that such Hygiene ADSs will be eli-

gible for trading on the U.S. over-the-counter market.

Transaction costs

The total costs for the potential split of the SCA Group are estimated to be approximately SEK 1,070m, including project and listing costs of approximately SEK 320m, one-time foreign tax on non-current assets outside Sweden of approximately SEK 450m, and brand-related costs of approximately SEK 300m. Transaction costs will mostly be borne by Hygiene.

Conversion requests of Class A shares in SCA during the period until the distribution

According to SCA's Articles of Association, owners of Class A shares are entitled to request conversion of their Class A shares to Class B shares. Such a conversion request must be made in writing to SCA. For practical reasons, requests for conversion during the period until the distribution of the shares in Hygiene must be made at the latest by a certain date before the distribution for the conversion to be registered before such distribution. The Company will later announce on its website www.sca.com by which date at the latest such request must be made.

CASH DIVIDEND

In addition to the Board of Directors' proposal to distribute the shares in Hygiene, the Board of Directors proposes that the Annual General Meeting resolves on a cash dividend of SEK 6.00 per share, with the record date for a cash dividend set at April 7, 2017. Further information on the Board of Directors' proposal regarding a cash dividend is detailed in the notice convening SCA's Annual General Meeting.



Brief description of Hygiene



2016

Net sales

101,238

SEKm

Adjusted operating profit¹⁾

11,833

SEKm

Capital employed

74,753

SEKm

No. of employees²⁾

42,520

¹⁾ Excluding items affecting comparability.

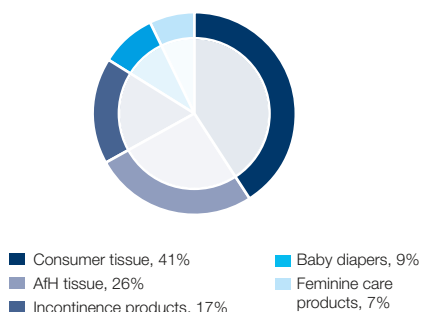
²⁾ As of December 31, 2016.

Operations in brief

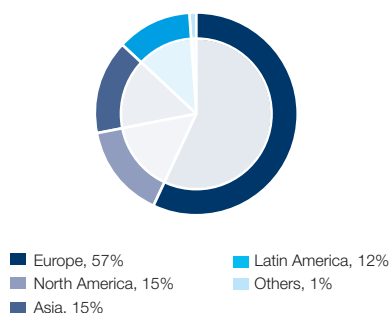
Hygiene is today a leading global hygiene company that sustainably develops, produces, markets and sells personal care and tissue products. Sales are conducted in about 100 countries under globally leading brands, including TENA for incontinence products and Tork for Away-from-Home (AfH) tissue, and under other well-known regional brands, such as Libero, Libresse, Lotus, Nosotras, Saba, Tempo, Vinda and Zewa.



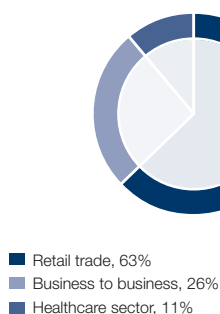
Net sales by product segment, 2016



Net sales by region, 2016



Net sales by distribution channel, 2016



Hygiene develops, produces, markets and sells consumer tissue, AfH tissue, incontinence products, baby diapers and feminine care products. Hygiene holds the number one or number two position within at least one product segment in some 90 countries. Hygiene estimates that approximately 500 million people use the company's products every day. Distribution channels vary depending on the product segment and include the retail trade, online sales, pharmacies, healthcare institutions and distributors. By the end of 2016, Hygiene had 42,520 employees and conducted manufacturing activities at 81 pro-

duction facilities in 30 countries. Hygiene's net sales by product segment, region and distribution channel for 2016 are presented in the graphs to the left. Hygiene's market positions for various product categories in different geographic regions is illustrated in the table on page 10.

In December 2016, SCA entered into an agreement to acquire BSN medical, a leading medical solutions company. BSN medical develops, manufactures, markets and sells products within wound care, compression therapy and orthopedics.

Example of brands



Strategy



As of 2017, the above applies for Hygiene.

Win in chosen geographies and categories

SCA strives to hold a number one or two position in the geographies and categories where the company chooses to operate. The company compares itself with the best competitors in each product category in each geographic market and aims to perform better or in line with the best competitor. SCA has a clear priority for which geographic markets it wants to operate in, and which product categories it will offer in these markets.

Focus on customers and consumers

SCA is there for its customers and consumers. Important competitive advantages for SCA are the company's understanding, knowledge and insight into the needs and purchasing behavior of customers and consumers, global expertise, strong customer relations and knowledge about local and regional market conditions. To understand

their needs and expectations, the company is engaged in a continuous dialog with customers and consumers. SCA uses various types of market and customer surveys to create customer understanding and consumer insight, which determine the innovations it develops and how the company formulates and implements its business strategy.

Innovate bigger brands

Successful innovations and strong brands go hand in hand. Innovative products and solutions simplify everyday life for people and strengthen Hygiene's brands and market positions. Strong brands mean the company can increase the impact of its innovations. Hygiene's innovation strategy is to increase the pace of innovation, capitalize on global economies of scale and ensure that all product segments have a competitive and balanced portfolio of innovations.

Drive efficiency

Hygiene is dedicated to improving efficiency in the entire value chain. Central to this work is establishing the right structures and streamlining all parts of the business. A lasting positive impact on earnings can be achieved when all areas of Hygiene cooperate using an integrated and efficient approach. By improving efficiency and maximizing production, minimizing waste and continuously finding ways to reduce material and logistics costs, the company will strengthen its competitiveness, cut costs and improve profit while reducing its environmental impact. Hygiene is working to benefit from global economies of scale and expertise to streamline all parts of the business and establish a world-class supply chain.

Strengths and competitive advantages

Leader in attractive and growing hygiene market

Hygiene is today a leading global hygiene company. Hygiene estimates that approximately 500 million people use the company's products every day. Shifts in global demographics such as population growth, due primarily to a lower infant mortality rate and increased longevity, and higher disposable income point to continued good growth for hygiene products.

Strong presence in emerging markets

Hygiene holds a strong position in several key emerging markets, such as China, Latin America and Russia. Hygiene is the majority owner in Vinda, one of China's largest hygiene companies. Emerging markets accounted for 35% of Hygiene's net sales in 2016. The growth potential for hygiene products is substantial in emerging markets where market penetration is significantly lower than in mature markets and where urbanization, infrastructure and the retail trade are evolving rapidly. Increased disposable income leads to higher standards of living and to more people prioritizing hygiene and health. Consequently, demand and market penetration for hygiene products are rising in emerging markets.

Leading market positions and strong brands

Hygiene is today a leading global hygiene company with sales in about 100 countries. Hygiene is the global market leader in incontinence products under the TENA brand and in the AfH tissue segment under the Tork brand.

In addition, the company has strong regional brands and market positions in baby diapers, feminine care products and consumer tissue. Hygiene holds the number one or number two position within at least one product segment in some 90 countries.

Successful innovations

Hygiene's product offerings simplify everyday life for millions of people worldwide. Innovations and product launches are highly prioritized to increase customer and consumer value, as well as reduce resource consumption in all stages of the value chain. During 2016, Hygiene further developed its customer and consumer offerings and launched 23 innovations.

Focus on efficiency improvements and cost savings

Hygiene continuously works to improve efficiency in order to strengthen competitiveness, cut costs and improve earnings. By streamlining the supply chain and by better leveraging economies of scale, a more effective value chain can be achieved. Enhanced capital efficiency, lower costs and strengthened cash flow are enabled through efficiency and savings measures, as well as the optimization of capital employed in all parts of the company. Hygiene has global units, for example, for innovation and brand activities, as well as production, sourcing and logistics to generate cost synergies and enable efficient resource allocation.

Track record of profitable growth and strong cash flows

Through continuous work to grow profitable market positions, improve or exit underperforming positions, successful innovation programs and efficiency enhancements, Hygiene has over time demonstrated profitable growth and strong cash flows. Between 2014 and 2016, Hygiene's net sales increased by 15%, of which organic sales increased with 9%. During the same period, adjusted operating profit¹⁾ increased by 26% and adjusted operating margin¹⁾ increased from 10.6% to 11.7%. The company has generated strong cash flows and in 2016 cash flow from operating activities amounted to SEK 12,778m.

Sustainability – good for society, good for business, good for Hygiene's stakeholders

Long-term value creation is achieved if companies simultaneously create value for their operating environment. By turning social challenges into business opportunities, Hygiene creates conditions for profitable growth. Hygiene also creates value that encompasses the economic, social and environmental dimensions, of which the company's incontinence products offering is a good example of. Through hygiene education programs and sustainability work, Hygiene improves people's health and quality of life at the same time as demand for the company's products increases.

1) Excluding items affecting comparability.

Sustainability

Hygiene's operations are based on a sustainable business model where value creation for people and nature drives growth and profitability. Hygiene has set ambitious targets in areas that are important for the company and its stakeholders, such as in hygiene solutions, health and safety, climate and energy, and water.

The transition from a linear economy, where we manufacture new and dispose of the old, to a circular economy, where we minimize resource consumption and waste, and where we recycle and reuse, will require companies and society to think in new and innovative ways. One of Hygiene's overall objectives is to contribute towards a sustainable and circular society. This means the company



will continue to strive to make products and services more effective, work with resource efficiency throughout the value chain and to intensify innovation efforts to create solutions that work in a circular society. This target also comprises reducing production waste and, together with partners, finding solutions to take care of products after use.

Hygiene training is, and has been for a long time, a highly prioritized area. The company conducts regular educational initiatives in, for example, hand washing and teaches preschoolers about the importance of hand hygiene. During 2016, two million people were given hygiene training through programs offered by Hygiene worldwide. Hygiene works actively to break the taboos surrounding

incontinence and menstruation and continues to invest to increase market penetration by providing information and through marketing activities, training and global forums. In addition, the company publishes the Hygiene Matters report to raise awareness regarding health, hygiene and well-being.

In recent years, the company has also devoted considerable focus to its health and safety efforts, with a vision of zero workplace accidents. The accident frequency rate decreased by 34% between 2014 and 2016.

Ethics are another priority and Hygiene continuously carries out employee training in order to minimize the risk of unethical behavior in the operations. At the end of 2016, 91% of Hygiene's employees had received training in the code of conduct.

Hygiene's global supplier standard will be used to drive shared values and priorities throughout the supply chain. At the end of 2016, 46% of Hygiene's sourcing costs came from suppliers that had committed to follow the criteria in the company's global supplier standard.

In 2016, SCA was named global leader for its strategies and measures to combat climate changes by CDP, an international non-profit organization that works to promote sustainable economies. SCA also qualified for CDP's "Climate A" list that includes companies that have excelled in their climate work, as well as to CDP's 2016 "Forest A" list, regarding work to counter global deforestation, and was granted A-level leadership in CDP's 2016 Global Water Report.

Market overview

Global market growth is positively impacted by global hygiene and health trends and increased awareness of the importance of hygiene to improve health and avoid diseases.

Shifts in global demographics such as population growth, due primarily to a lower infant mortality rate and increased longevity, and higher disposable income point to continued good growth for hygiene products.

An aging population puts more pressure on the elderly care system and an increasing number of elderly people will require home-care. At the same time people are healthier

and continue to lead active lives at an older age. An older population increases the demand for incontinence products both in mature markets and emerging markets.

Growth in mature markets is the result of lifestyle changes and innovations that lead to increased use of hygiene products. Increased disposable income leads to more people prioritizing hygiene when food and housing needs have been, or are in the process of being, satisfied. Consequently, demand and market penetration for hygiene products are rising in emerging markets.

The growth potential is largest within Personal Care and Tissue in emerging markets, where market penetration is lower than in mature markets.

In mature markets, baby diapers and feminine care products have attained high market penetration. However, market penetration for incontinence products in certain product segments in mature markets remains low, particularly among men.

Hygiene's competitors include Georgia-Pacific, Hengan, Kimberly-Clark, Procter & Gamble, Sofidel and Unicharm.



Hygiene operations

Incontinence products

Hygiene offers a broad range of incontinence products under the globally leading brand TENA. TENA is a “billion dollar brand” with annual net sales exceeding SEK 15bn. Hygiene’s offering, including both products and services (such as e-learning), improves the quality of life for consumers while also reducing costs for institutional customers, such as nursing homes. The company’s offering also includes skincare products, wet wipes and wash gloves. Hygiene’s global market share within incontinence products is approximately double that of the second largest player. The company is the market leader in Europe, Asia (excluding Japan) and Latin America.

Baby diapers

Hygiene offers open baby diapers and pant diapers, as well as baby-care products such as wet wipes, shampoo, lotion and baby oil, and is the world’s fourth largest player in the area and the second largest in Europe. In Europe, the company markets baby diapers under its own Libero brand and under retailers’ brands. Hygiene’s strongest market is the Nordic region, where the Libero brand is the market leader. Examples of other strong regional brands are Drypers in South East Asia and Pequeñin in South America.

Feminine care

Within feminine care, Hygiene offers a broad product portfolio that includes pads, panty liners, tampons, intimate soaps and intimate wipes. Hygiene is the world’s sixth largest player and the third largest in Europe. The company is the market leader in Latin America.

A large and growing share of Hygiene’s sales takes place in emerging markets such as Latin America, Russia, Eastern Europe, the Middle East and Asia. Examples of regional brands supported by the company’s global brand platform include Libresse in the Nordic region, Russia and Malaysia, Bodyform in the UK, Nana in France, the Middle East and North Africa, and Saba and Nosotras in Latin America.

Consumer tissue

Hygiene is the world’s second largest supplier of consumer tissue, which includes toilet paper, kitchen rolls, facial tissues, handkerchiefs and napkins. In Europe, Hygiene is the market leader in consumer tissue and holds a market share that is approximately double that of the second largest player. Hygiene also holds strong positions in several emerging markets, such as in Russia and Colombia, where the company is the market leader, and in Mexico, where it holds the number two position. Hygiene is the number one in China through its majority shareholding in Vinda. Products sold under Hygiene’s own brands account for about 64% of sales, while the remaining 36% is sold under retailers’ brands. Hygiene’s brand portfolio comprises many strong regional and local brands. Tempo, Zewa and Lotus are the leading brands in large areas of Europe, while Cushelle, Velvet and Plenty are strong brands in the UK and Ireland, and Edet in the Nordic region and the Netherlands. Tempo is the market leader in handkerchiefs in Hong Kong and Morocco. In South America, the company markets products under the Familia and Favorita brands, and holds strong positions in emerging

markets including Colombia, Chile and Ecuador. In the Mexican market, Hygiene holds a strong position with the Regio brand. Vinda is the leading brand in China.

AfH tissue

Hygiene is the world’s largest supplier of AfH tissue under the global Tork brand. Tork is a “billion dollar brand” with annual net sales exceeding SEK 15bn. Customers within AfH tissue include healthcare institutions, offices, universities, industries, restaurants, hotels and venues for which the company develops and sells complete hygiene solutions comprising, for example, toilet paper, paper towels, napkins, hand soap, hand lotion, hand sanitizers, dispensers, cleaning and wiping products, sensor technology, service and maintenance. The products are distributed through distributors and service companies. Hygiene is the market leader in Europe and holds a market share that is approximately double that of the second largest player. Following the acquisition of Wausau Paper Corp., which was completed in January 2016, Hygiene is the second largest supplier in North America. Hygiene’s market position is particularly strong in the food service segment in North America, where approximately every second napkin is supplied by the company. Hygiene also holds strong positions in emerging markets, such as, for example, Russia and Colombia, where the company is the market leader. The global brand Tork provides significant synergies since differences in customer requirements are minimal in regard to tissue and dispensers in the various parts of the world.

Hygiene’s market positions¹⁾

	Global	Europe	North America	Latin America	Asia
Incontinence products	#1	#1	#4	#1	#3
Baby diapers	#4	#2	—	#6	#6
Feminine care products	#6	#3	—	#1	#12
Consumer tissue	#2	#1	—	#3	#1
AfH tissue	#1	#1	#2	#3	#3

¹⁾ Data is based on market data and SCA’s estimates.

Acquisition of BSN medical

On December 19, 2016 SCA announced that the company had entered into an agreement to acquire BSN medical, a leading medical solutions company. BSN medical develops, manufactures, markets and sells products within wound care, compression therapy and orthopedics. The purchase price for the shares is EUR 1,400m, and takeover of net debt amounts to approximately EUR 1,340m¹⁾. The completion of the transaction is subject to customary regulatory approvals. Closing is expected to take place during the second quarter 2017.

BSN medical is an innovative medical solutions company with well-known brands such as Leukoplast, Cutimed, JOBST, Delta Cast, Delta Lite and Actimove. The company has a sales organization with sales in more than 140 countries, production in eleven countries and 6,000 employees.

The acquisition of BSN medical is an excellent strategic fit for Hygiene and supports Hygiene's vision dedicated to improving well-being through leading hygiene and health solutions, two areas that are closely

related. BSN medical has leading market positions in several attractive medical product categories and provides a new growth platform with future industry consolidation opportunities. Hygiene's incontinence business, with the global leading TENA brand, shares similar positive market characteristics, customer and sales channels with BSN medical, which provides opportunities for accelerated growth through cross-selling.

BSN medical reported net sales for 2015 amounted to EUR 861m (SEK 8,050m) and adjusted EBITDA²⁾ of EUR 201m (SEK 1,879m), adjusted operating profit³⁾ of EUR 137m (SEK 1,281m), an adjusted operating margin³⁾ of 15.9% and adjusted return on capital employed³⁾ of 7.7%. The reported net sales for BSN medical for the first nine months of 2016 amounted to EUR 627m (SEK 5,872m), adjusted EBITDA²⁾ of EUR 151m (SEK 1,414m), adjusted operating profit³⁾ of EUR 103m (SEK 965m) and an adjusted operating margin³⁾ of 16.4%.

The acquisition is expected to be accretive to SCA's earnings per share from year

one. BSN medical has a business model with high cash conversion and an asset light business model. The acquisition is expected to generate annual synergies of at least EUR 30m, with full effect three years after closing. Restructuring costs are expected to amount to approximately EUR 10m and are expected to be incurred in the first three years following completion. Transaction costs amount to approximately EUR 25m, of which approximately EUR 15m will be recognized as an item affecting comparability during the fourth quarter of 2016. The remaining costs will be recognized as an item affecting comparability during the second quarter of 2017. Intangibles related to the acquisition are expected to amount to approximately EUR 2.7bn. The acquisition will be fully debt funded and Hygiene has committed credit facilities in place. The company remains fully committed to retaining a solid investment grade rating.

¹⁾ Estimated as of December 31, 2016.

²⁾ Excluding items affecting comparability.

³⁾ Excluding items affecting comparability and including BSN medical's purchase price allocation amortization.





Summary of financial information for Hygiene

The tables below display selected financial information for Hygiene for the financial years 2014–2016. The basis for the selected financial information is the Annual Report that has been prepared for SCA Hygiene AB for 2016, which will be published on March 10, 2017. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, RFR 1 “Supplementary Accounting Rules for Groups” and the Annual Accounts Act.

Earnings trend

SEKm	2016	2015	2014
Net sales	101,238	98,519	87,997
Gross profit	28,230	26,292	23,406
Adjusted gross profit¹⁾	28,762	26,559	23,847
Operating profit	9,008	9,684²⁾	8,360
Adjusted operating profit¹⁾	11,833	10,470	9,369
Financial items	-835	-828 ³⁾	-740
Profit before tax	8,173	8,856	7,620
Adjusted profit before tax¹⁾	10,998	9,642	8,629
Tax	-3,931	-2,278	-1,939
Adjusted tax ¹⁾	-4,355	-2,745	-2,162
Net profit for the period	4,242	6,578	5,681
Adjusted profit for the period¹⁾	6,643	6,897	6,467

¹⁾ Excluding items affecting comparability.

²⁾ Including sales of securities, SEK 970m.

³⁾ Excluding sales of securities, SEK 970m.

Condensed balance sheet

SEKm	2016	2015	2014
Non-current assets			
Intangible assets	26,918	22,763	23,555
Buildings, land, machinery and equipment	47,494	42,402	43,599
Other non-current assets	3,878	3,084	5,214
Total non-current assets	78,290	68,249	72,368
Current assets			
Inventories	10,944	11,229	10,343
Trade receivables	15,843	14,808	14,912
Other current assets	4,963	16,237	17,036
Cash and cash equivalents	4,244	4,828	3,806
Total current assets	35,994	47,102	46,097
Total assets	114,284	115,351	118,465
Shareholders' equity	39,580	48,275	44,925
Liabilities			
Non-current liabilities	41,971	29,170	33,068
Current liabilities	32,733	37,906	40,472
Total liabilities	74,704	67,076	73,540
Total equity and liabilities	114,284	115,351	118,465

Condensed balance sheet after reallocation of net debt

In order to enable external credit rating of Hygiene ahead of the transfer of loans and bonds from SCA excluding Hygiene to Hygiene during the fourth quarter of 2016, an allocation of SCA Group's net debt between the companies was made as of September 30, 2016. Corresponding allocation based on the SCA Group's net debt per December 31, 2016 of in total SEK 35,361m implies an allocation of SEK 30,361m to Hygiene and of SEK 5,000m to SCA forest products. The decisive factor in the allocation has been to give both companies adequately strong balance sheets. Furthermore, it was decided that SCA's proposed cash dividend in April 2017 of SEK 6.00 per share will be financed by Hygiene and therefore increase Hygiene's net debt by SEK 4,214m. The effect of SCA's proposed dividend has not been included in the condensed balance sheet below, which shows the decided debt allocation as if implemented by December 31, 2016.

SEKm	2016
Non-current assets	
Intangible assets	26,918
Buildings, land, machinery and equipment	47,494
Other non-current assets	3,878
Total non-current assets	78,290
Current assets	
Inventories	10,944
Trade receivables	15,843
Other current assets	9,775 ¹⁾
Cash and cash equivalents	4,244
Total current assets	40,806
Total assets	119,096
Shareholders' equity	44,392¹⁾
Liabilities	
Non-current liabilities	41,971
Current liabilities	32,733
Total liabilities	74,704
Total equity and liabilities	119,096

¹⁾ SCA's proposed cash dividend in April 2017 of SEK 6.00 per share, corresponding to SEK 4,214m, will be financed by Hygiene and therefore reduce shareholders' equity and increase net debt by the corresponding amount, which is not included in this figure.

Condensed cash flow statement

SEKm	2016	2015	2014
Profit before tax	8,173	8,856	7,620
Total items not included in cash flow	6,791	4,635	4,384
Paid tax	-3,782	-2,194	-2,099
Change in working capital	1,596	-517	-147
Cash flow from operating activities	12,778	10,780	9,758
Cash flow from investing activities²⁾	-10,119	-3,263	-4,909
Cash flow from financing activities³⁾	-3,389	-6,391	-5,106
Cash flow for the period	-730	1,126	-257
²⁾ Whereof investments in intangible assets and property, plant and equipment	-6,339	-5,679	-4,596
³⁾ Including transactions between Hygiene and SCA excluding Hygiene	-4,168	-2,607	-2,376

Key figures

SEKm if not otherwise stated	2016	2015	2014
Capital employed	74,753	67,333	69,991
Net debt	35,173	19,058	25,066
Net debt after reallocation of net debt	30,361 ⁴⁾	-	-
Depreciation and amortizations	-5,144	-4,764	-4,301
Adjusted return on capital employed (%)	16.2	14.9	14.0
Adjusted operating margin (%)	11.7	10.6	10.6
Organic sales (%)	3	6	2
Average number of employees	42,149	39,951	40,165
Employees per December 31, 2016	42,520	40,147	39,837

⁴⁾ SCA's proposed cash dividend in April 2017 of SEK 6.00 per share, corresponding to SEK 4,214m, will be financed by Hygiene and therefore reduce shareholders' equity and increase net debt by the corresponding amount, which is not included in this figure.

Definitions

Guidelines for Alternative Performance Measures (APMs) for companies with securities listed on a regulated market in the EU have been issued by the European Securities and Markets Authority (ESMA). These guidelines are to be applied for APMs used as from July 3, 2016.

In this information brochure references are made to a number of non-IFRS performance measures that are used to help investors as well as management analyze the company's operations. Described below are the non-IFRS performance measures that are used as a complement to the financial information that is reported in accordance with IFRS.

Also described below are a number of financial measures and how these measurements are used to analyze the company's objective.

Adjusted gross profit is calculated as net sales minus cost of goods sold excluding items affecting comparability. Adjusted gross profit is therefore a better measure to show the company's margins before costs such as sales and administrative costs.

Adjusted operating margin refers to operating profit, excluding items affecting comparability, as a percentage of net sales for the year.

Adjusted operating profit is calculated as operating profit before financial items and tax and excluding items affecting comparability. Adjusted operating profit is a key measure for the Group's profit centers and provides a better understanding of the earnings performance of the business than non-adjusted operating profit.

Adjusted profit before tax is calculated as profit before tax excluding items affecting comparability, which is used to show the total profit for the company including financial

items but not affected by tax and items affecting comparability with precedent periods.

Adjusted profit for the period is calculated as the period's profit after deduction for items affecting comparability, which shows the period's total earnings.

Adjusted return on capital employed is calculated as twelve months rolling operating profit, excluding items affecting comparability, as a percentage of average capital employed for the five most recent quarters.

Adjusted tax refers to tax exclusive items affecting comparability, which shows tax without the effect from items disturbing comparability with previous periods.

Capital employed is calculated as an average of the balance sheet's total assets, excluding interest-bearing assets and pension assets, less total liabilities, excluding interest-bearing liabilities and pension liabilities.

Items affecting comparability include costs in connection with acquisitions, restructuring, impairment and other specific events. This measure provides a better understanding of the company's operational activities.

Net debt comprises consolidated interest-bearing liabilities, including pension liabilities and accrued interest less cash and cash equivalents and interest-bearing current and non-current receivables and capital investment shares.

Organic sales refers to sales excluding exchange rate effects, acquisitions and divestments.

Financing

Hygiene's financing amounted per December 31, 2016, before reallocation of net debt, to approximately SEK 35.4bn in interest-bearing loans and pension liabilities amounted to approximately SEK 4.9bn. Cash and cash equivalents amounted to approximately SEK 4.2bn and internal loans to SCA exclud-

ing Hygiene amounted to approximately SEK 1.0bn. Hygiene has committed credit facilities amounting to SEK 19.2bn.

For information about the financing of the acquisition of BSN medical refer to the section "Acquisition of BSN medical".

Brief description of SCA forest products business



2016

Net sales¹⁾

16,587

SEKm

Adjusted operating profit²⁾

2,155

SEKm

Capital employed

40,127

SEKm

No. of employees³⁾

3,909

¹⁾ In SCA excluding Hygiene, sales to Hygiene amounting to SEK 511m, otherwise eliminated in SCA's figures, is included.

²⁾ Excluding items affecting comparability.

³⁾ As of December 31, 2016.

SCA is Europe's largest private forest owner, with 2.6 million hectares of environmentally certified forest land and produces forest products with a strong environmental profile. SCA's forest asset is a unique growing resource that represents the core of the forest products company's operations and enables the supply of wood raw materials and energy at competitive prices to the company's forest products operations. The company has a well-integrated value chain with production facilities close to its forest holdings.

cogeneration. The company is approximately 50% self-sufficient in wood. The company's own logistics operations are part of its integration strategy, providing extensive sea and land transport services within and outside Europe. Transports are carried out using either own vessels and/or chartered vessels or via external rail or road services.

young forest plants via harvestable wood to value-added products. An overview of the company's forest holdings and industrial facilities in Northern Sweden is provided on the following page. In addition, SCA forest products has two tree nurseries in Sweden, three industrial facilities in the UK and two industrial facilities in France for further processing of solid-wood products. The company has nine timber terminals in Northern Sweden, loading and unloading terminals in Sundsvall and Umeå and three of its own loading and unloading terminals in Europe.

SCA forest products is one of Europe's largest suppliers of forest-based biofuels, where tree branches, stumps, bark, sawdust and peat are refined into pellets, briquettes or incinerated directly in the company's own or external cogeneration plants. In 2016, SCA forest products used biofuel corresponding to almost 8 TWh in its own operations and approximately 1 TWh was sold externally. SCA's use of biofuels in its own operations has increased substantially in recent years

SCA FOREST HOLDINGS
2.6 m. ha. in total
2.0 m. ha. productive
timber volume:
230 million m³fo
Harvestable p.a.
currently 4.3 million m³sub

Forest land made available for wind power either through leasing or partnership.
Average annual production: 2.5 TWh

100% of every felled trunk in SCA's forest is used for products or energy

PINE TIMBER
1 million m³sub

SPRUCE TIMBER
1 million m³sub

CONIFEROUS PULPWOOD
1 million m³sub

BIRCH PULPWOOD
0.3 million m³sub

SPRUCE PULPWOOD
1 million m³sub

FOREST RESIDUES

EXTERNALLY BOUGHT SAWLOGS
2 million m³sub

EXTERNALLY BOUGHT SAWMILL CHIPS AND PULPWOOD
2 million m³sub

SAWMILL CHIPS AND SAWDUST
2 million m³sub

SAWN PINE AND SPRUCE PRODUCTS
2.1 million m³sv¹

KRAFTLINER WHITE TOP KRAFTLINER
0.9 million tons¹

SULPHATE PULP CTMP
0.5 million tons¹

PUBLICATION PAPERS
0.8 million tons¹

BIOFUEL
Production 2016: 9 TWh

¹ million cubic meters per year

¹⁾ Refers to the industrial facilities' production capacity per year.

as fossil oil in pulp production has been replaced with pellets. In addition, the company produces and sells district heating externally, equivalent to 0.4 TWh annually.

SCA forest products' strategy in terms of wind power is based on making suitable forest land available for leasing or partnership. Some areas of the forest land owned by the company have very good wind conditions and, at the end of 2016, 320 wind turbines with an average annual production of about 2.5 TWh were in operation or under construction on SCA's land. The ambition is that wind power production on SCA's forest land shall increase to 5 TWh by 2020.

SCA forest products' shared research and development center is located at the Mid Sweden University campus in Sundsvall and has about forty employees. The company also finances specific projects at external research institutes. Work focuses on product

and process development and is conducted on behalf of the company's various business units.

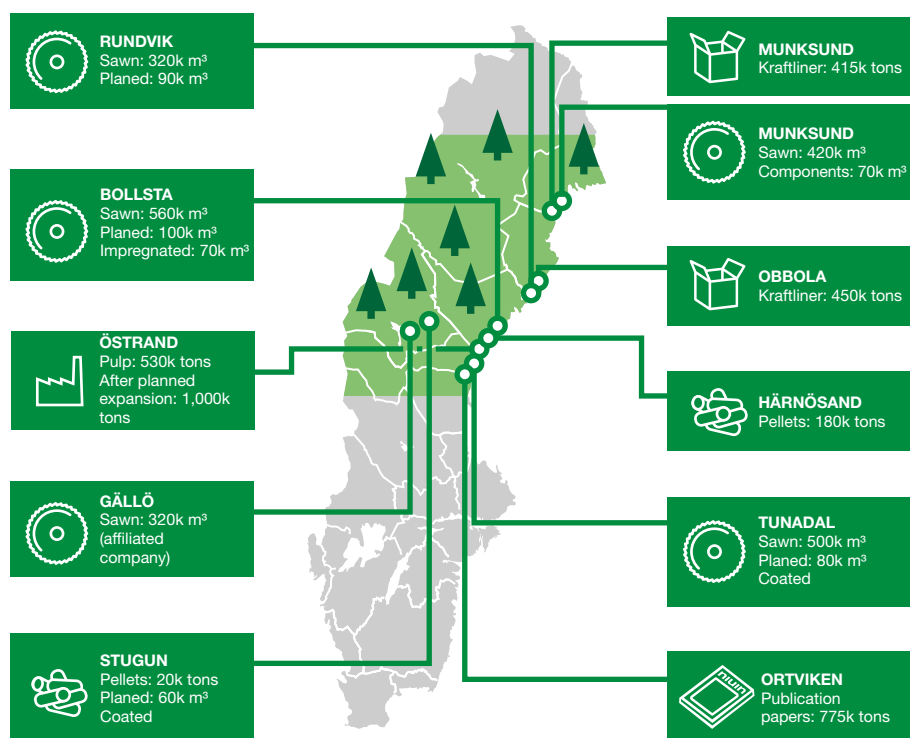
SCA forest products is contributing to the transition to a bio-based society in a circular economy

SCA's forest holding is a real asset with a rising value as a result of an annual net growth, that is gross growth after felling and natural losses, in the standing volume of approximately 3 million m³ per year. Net growth is made possible through SCA's high share of younger forest and through active forest management, fertilization and thinning, and also through research and development, where specific measures, such as planting contorta pines, have been important initiatives to increase growth. Biological growth provides the forest with strong and stable cash flows and low risk over time. Net growth

also means SCA's forests bind approximately 4 million tons of carbon dioxide annually.

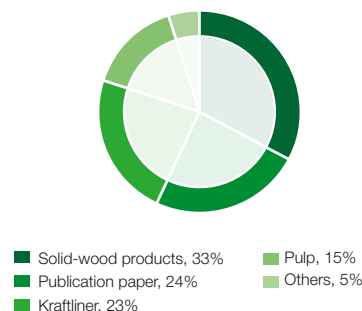
The forest asset creates development opportunities in areas such as energy production through wind power and renewable fuels and new products based on renewable raw materials. SCA forest products is conducting a research and development project with a pilot facility in Obbola that aims to maximize the value of biofuel through the production of liquid biofuel and other hydrocarbons. Furthermore, the company has, in recent years, invested in product development, efficiency enhancements and capacity expansion in the sawmills, pulp mills and kraftliner mills, which also has enabled enhanced value creation from raw materials from the forest and waste products from the company's value chain.

SCA forest products' industrial facilities in Sweden

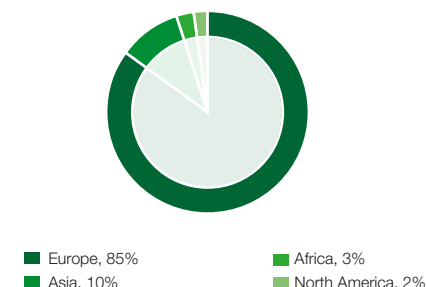


Refers to yearly capacity.

Net sales by product segment, 2016



Net sales by region, 2016



Strategy



As of 2017, the above applies for SCA forest products business.

Win in chosen geographies and categories

Generally, the markets for SCA forest products have relatively low consolidation with many operators both on the customer and supplier side. The company's strategy is based on developing attractive product offerings for customers, which translates to the right and expected quality for each specific end-use, the highest delivery reliability and a strong sustainability offering. The strategy is refined by selectively choosing attractive product niches for each business activity and by prioritizing economically advantageous geographical markets. SCA forest products continuously tracks the company's performance in these important areas and prioritizes initiatives to grow and to ensure resilience.

Develop new business opportunities through innovations

SCA forest products endeavors to strengthen its brand and increase customer benefits through purposeful innovation efforts, which include both traditional product development for selected applications and also through an enhanced service offering where, for example, digitalization offers new and comprehensive opportunities. Innovation work is conducted both through shared resources and within each business activity and is continuously monitored by the Management Team.

Drive efficiency

The company's extensive forest holding has enabled, and continues to drive, production efficiency in forest management and the large company-controlled raw material flows enable logistics optimization for all areas of operation. The efficient raw material flows have made it profitable and strategically appropriate to invest in structural rationalizations that have created today's large and modern sawmills and pulp and paper manufacturing units. Continuous improvements in efficiency and in the customer offering are required and form an integral part of the company's strategy. Efficiency work permeates the entire organization, including production, maintenance, logistics, administration, development and marketing/sales.

Strengths and competitive advantages

Europe's largest private forest owner

SCA is Europe's largest private forest owner, with 2.6 million hectares of environmentally certified forest land, which corresponds to approximately 6% of Sweden's land area. Over the past 50 years, the standing volume has increased by nearly 50%, at the same time as growth, and thus the sustainable harvesting potential, has more than doubled. The forest asset provides reliable access to high-quality wood which is converted into sawn and value-added wood products, pulp, kraftliner and publication papers as well as biofuel.

An efficient value chain with well-invested production facilities located close to forest holdings, enables a high degree of efficiency and low transport costs

SCA forest products has an effective and integrated value chain with production facilities located close to the company's forest holdings in Northern Sweden, which offers significant synergies and competitive advantages. The company's strategically located and well-invested production facilities refine and make use of all parts of the forest raw material. Short distances enable felling residue from forest management and waste products from production facilities to be used for energy production or as raw materials at the company's production facilities. The company also has efficient and integrated logistics operations.

Modern sawmills, among the largest and most efficient in Europe

SCA's sawmill operations are among the largest in Europe with an annual production capacity of 2.1 million m³ solid-wood products. The company has five sawmills that are among the most efficient and modern in Europe. They are well-invested, have a high degree of automation and are strategically located close to the company's forest holdings. The company complements the econ-

omies of scale generated at its sawmills in Sweden with further processing of products carried out close to the customer.

Cost-efficient pulp production with investments in increased capacity

To meet the long-term growth in demand for pulp, a decision was taken in 2015 to invest SEK 7.8bn over a three year period to increase capacity for pulp production at Östrand pulp mill. The capacity increase is expected to increase the company's competitiveness significantly and create one of the largest production lines for bleached softwood sulfate pulp in the world. SCA forest products' unique raw materials position has made the project possible, as the reliable supply of softwood raw material is an obstacle to similar projects around the world.

Well-invested kraftliner mills with a high degree of efficiency and product quality

SCA is Europe's largest non-integrated producer¹⁾ of kraftliner, packaging paper based on fresh wood fiber. In recent years, the company has made significant investments in both its mills to increase production, improve quality, reduce costs and improve energy efficiency. Through the new investments, the company is well-positioned to offer a cost-efficient supply of high-performing kraftliner.

Consistent and credible sustainability efforts

The company is reducing its impact on the environment through a combination of new innovations and technologies, efficiency improvements and carbon absorption in the company's own forests. For example, SCA forest products has invested in technology to replace fossil fuels in the production with locally produced biofuels and in the company's energy efficiency program ESAVE. These initiatives have reduced the company's carbon dioxide emissions from fossil fuels by a total of 60% over the past five years.

Renewable asset that binds approximately 4 million tons of carbon dioxide annually

Growth in SCA's forest is higher than harvesting, which means approximately 4 million tons net of carbon dioxide are bound every year in forests owned by SCA. The expansion of the production of biofuels and district heating as well as generation of green electricity in pulp mills continues, and has positioned SCA forest products as one of the largest suppliers of forest-based renewable energy in Europe.

Long-term stable and rising demand for fiber-based products with favorable globalization trends

Digitalization, globalization and increasing trade volumes are driving rising demand for transport packaging. Environmental awareness and commitment to sustainability is a global trend that favors renewable materials such as paper products and board. Using fresh fiber, the highest quality requirements are met, such as purity, strength and printability. Demands for lower emissions, greater energy efficiency and environmentally sustainable products and product processes favor SCA's pulp, packaging paper and publication papers as well as renewable construction materials, such as sawn and refined solid-wood products.

Strong and stable cash flows

Thanks to well-invested production facilities, a history of continuous efficiency improvements and a well-integrated value chain, with production facilities close to the company's forest holdings, the company is well positioned to provide strong and stable cash flows.

¹⁾ Non-integrated producer means the company is not a packaging supplier.

Sustainability

Sustainability, health and safety are highly prioritized areas for SCA forest products where measureable targets and follow-up activities are important drivers of the company's sustainability efforts.

The company's employees must comply with the company's code of conduct. All employees must take part in regular training about the code and SCA's supplier standard should be used to drive shared values and priorities throughout the supply chain. The company also aims to have zero workplace

accidents. The Resource Management System (RMS) allows SCA to analyze data describing how the company uses energy, water, transport and raw materials, and to monitor waste and emission levels. Environmental efforts are focused on preventive measures and continuous operational improvements and the company collaborates with suppliers, contractors, authorities and customers to reduce environmental impact.

The company's forest binds large amounts of carbon dioxide and is also important for the

company's work to increase access to renewable energy. Raw materials and waste products are transformed into biofuels, thereby becoming valuable energy. SCA aims to maximize the benefits that forests have on the ecosystem, climate, customers and society, through a combination of innovation, efficiency improvements and wise and long-term management. From a community perspective, the forest also contributes to biodiversity while providing a source for nature experiences and recreation.

Market overview

Forest

Profitable forest management primarily comprises regular harvesting operations, increase in value through biological growth of the forest and future price increases of forest land. Examples of other large Swedish forest owners are Bergvik Skog, Holmen and Sveaskog.

Solid-wood products

The main demand for wood products is from the construction and house building industry, with 85% of wood products being used in the construction sector. The construction industry in the Nordic region is in a strong expansion phase, through substantial demand for new building, remodeling and extensions. This benefits sawmills and contributes to a healthy demand in the market for wood products. A significant part of SCA's solid-wood products are sold through SCA's sales offices. The remaining part are sold through third-party agents and SCA's own wholesalers. Customers in solid-wood products are mainly the construction, processing and building merchants industries. SCA's competitors within solid-wood products include,

for example, Holmen, Moelven, Setra, Stora Enso, Södra and Vida.

Pulp

Within pulp, SCA forest products mainly conducts operations within bleached softwood kraft pulp "NBSK", characterized by high strength and purity. The market development has benefitted from growth in both the hygiene and packaging segments and from decreasing demand for graphic paper which has reduced the amount of white recovered fiber in circulation¹⁾. Some paper manufacturers therefore increasingly use fresh fiber. The price of pulp is influenced by changes in inventory, capacity utilization and market expectations among buyers and sellers. Typical end-products in the NBSK range are graphic paper, tissue and white packaging. SCA's competitors within NBSK pulp production include, for example, Mercer International, Metsä Fiber, Stora Enso, Södra and UPM. Pulp products are mainly sold directly from the mill's sales organization and distributed through the SCA forest products' logistics system to business customers.

Hygiene is SCA forest products' largest customer of pulp.

Paper

Globalization, increasing trade volumes, digitalization and higher standards of living are driving demand for packaging solutions, while environmental awareness favors renewable materials, such as paper products and board. Customers within kraftliner, packaging paper based on fresh wood fiber, include corrugated board producers and other packaging manufacturers. Paper products are, in key markets, sold through SCA's sales offices to business customers. Publication paper end-markets are mainly magazines, catalogues and advertising material. SCA's competitors within publication papers include, for example, Holmen, Stora Enso and UPM and for kraftliner International Paper, Mondi, Smurfit Kappa and Stora Enso.

¹⁾ White recovered fiber can be used in the production of certain paper qualities but must be supplemented with fresh fiber. The reduction in demand for graphic paper has resulted in a drop in the availability of white recovered fiber, which means demand for fresh fiber has increased.

SCA forest products operations

Forest

SCA is Europe's largest private forest owner, with 2.6 million hectares of environmentally certified forest land, 2 million hectares of which is productive forest land. The forest land is located in Northern Sweden. The forest is a unique and growing resource that offers SCA access to high-quality forest raw materials, which are then converted into sawn, planed and painted wood products, pulp, packaging and publication papers.

Over the past 50 years, the standing volume in SCA's forests has increased by nearly 50%, at the same time as growth, and thus the sustainable harvesting potential, has more than doubled. The forest's standing timber volume amounts to 230 million m³fo and comprises pine, contorta pine, spruce, and deciduous trees. Gross growth amounts to approximately 9.5 million m³fo per year on the productive forest land. Net growth, that is gross growth after felling and natural losses, is calculated to be approximately 3 million m³fo per year.

The current planned rate of felling is 4.3 million m³sub per year. Planned felling corresponds to 50–60% of the gross annual growth since SCA's younger forests account for a large share of growth. When the younger forests reach harvestable age around 2035, the rate of felling will rise to reach approximately 6 million m³sub in the beginning of the

next century, based on current calculation methods and conditions.

SCA's forest assets are in very good shape and due to the favorable age profile and the share of fast-growing contorta pine, the growth rate is high, despite its northern location and thus its slightly lower growth potential. At the end of 2016, forests younger than 80 years of age accounted for approximately 75–80% of the productive forest area. Over the coming 20 years, 20% of growth is expected to come from the company's contorta pine stand which began to be introduced in the 1970s and will reach optimum harvestable age around 2030 to 2040. Contorta pine grows approximately 35–40% faster than domestic planted pine. At the end of 2016, contorta pine accounted for about 9% of the standing volume.

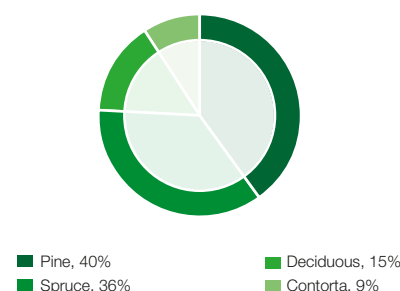
To increase the value of the forest destined for harvesting, thinning takes place once or twice before harvesting, which occurs when trees are between 80 and 120 years old. Thinning constitutes approximately 15–20% of SCA's annual wood extraction from its own forest.

Harvesting from the company's own forests accounts for approximately 50% of the company's total wood consumption. The remaining timber used is almost entirely from other northern forests and only marginal volumes are from border trade with Norwegian

and Finnish forest owners or from the Baltic States.

Research and development within forestry operations is conducted primarily at Bogrundet tree nursery in Sweden and has an extensive plant quality follow-up that provides valuable information for both tree nursery production, forest management and development of the next generation of plants. In 2016, the company's tree nurseries produced 77 million seedlings, 52% of which were sold externally.

Standing volume, 2016



Solid-wood products

SCA is one of Europe's leading suppliers of wood-based products for the construction and interior design industries, with an annual production capacity of 2.1 million m³ solid-wood products. The operation comprises five sawmills in Sweden, wood processing units with planing mills and painting facilities in Sweden, France and the UK, as well as distribution and wholesale business. The sawmills are strategically located close to the company's forest holdings and are among the most efficient and modern facilities in Europe with large volume capacity. Over the past decade, SCA has channeled investments so that eleven sawmills have become five well-invested sawmills. At the same time, the capacity and the degree of further processing have risen significantly. In late autumn 2016, one of the world's fastest saw lines began operating in Tunadal, following an investment of approximately SEK 500m. The company produces value-added and customized products for markets identified as offering long-term growth.

Timber in Northern Sweden grows slowly and provides a strong, light and environmentally sound construction material with specific quality benefits, which are utilized in the sophisticated control of the timber directly integrated with sawmills and further processing. Timber in Northern Sweden is relatively free from large knots, which offers an aesthetic advantage and provides improved strength in constructions. The high proportion of heartwood and late wood also result in wood products with better dimensional stability.

The company supplies purpose-designed wood products to the industry for further processing into products such as paneling, flooring, windows, doors and furniture, which are market segments that value the unique quality advantages offered by wood products from Northern Sweden. Products for the building materials trade are delivered planed and, when appropriate, impregnated and pre-packaged. These customers regard service and qualified logistics solutions as highly important. SCA works in close co-operation with its customers in its main markets in Scandinavia, France and the UK and complements the economies of scale generated at its sawmills in Sweden with further processing, such as planing and painting, conducted close to the customer of products.

SCA's operations within solid-wood products has exhibited strong growth over the past 20 years. The market segmentation has meant that today about 25% of solid-wood products are sold as standard wood products about 30% are sold to the industrial sector for further processing and the remaining approximately 45% are sold to the building trade.

Pulp

In the pulp market, SCA has positioned itself in the high-strength segment based on its excellent access to, and expertise in, the Nordic long-fiber forest raw material. The company's pulp mill in Östrand produces approximately 430,000 tons of bleached softwood sulfate pulp (NBSK) under the Celeste brand, and about 100,000 tons of chemical thermo mechanical pulp (CTMP), under the Star brand. Celeste is used for a wide range of applications, such as tissue, publication

papers, specialty paper and filters. Star is recognized for its high bulk and is used in products such as tissue, bulky (voluminous) paper and board.

The Celeste and Star brands represent products with a unique environmental profile with a low climate impact, very good energy efficiency and low emissions which fulfil the criteria set by both the Nordic Swan as well as the EU Ecolabel. Both Celeste and Star have certifications that support controlled wood and responsible forestry. Approximately 15% of production at Östrand pulp mill is utilized within SCA forest products for the production of publication papers.

To satisfy the long-term growth in demand for pulp, SCA decided in 2015 to invest in increased capacity for pulp production at Östrand pulp mill in Timrå, Sweden. The annual production capacity of bleached sulphate pulp is estimated to increase from the current level of 430,000 tons to about 900,000 tons. The investment, which is one of the largest industrial investments in Sweden, is estimated to amount to approximately SEK 7.8bn over a three-year period. At the end of 2016, SEK 2.6bn had been invested in Östrand, corresponding to about 34% of the total investment. Production is expected to commence in the second quarter of 2018. Over time, the investment in Östrand is expected to increase sales and competitiveness and create a world-class cost position and higher margins. The expanded pulp plant entails increased demand for pulpwood and sawmill chips in Northern Sweden for a considerable time to come, with a positive effect on the value of the forest.



Paper

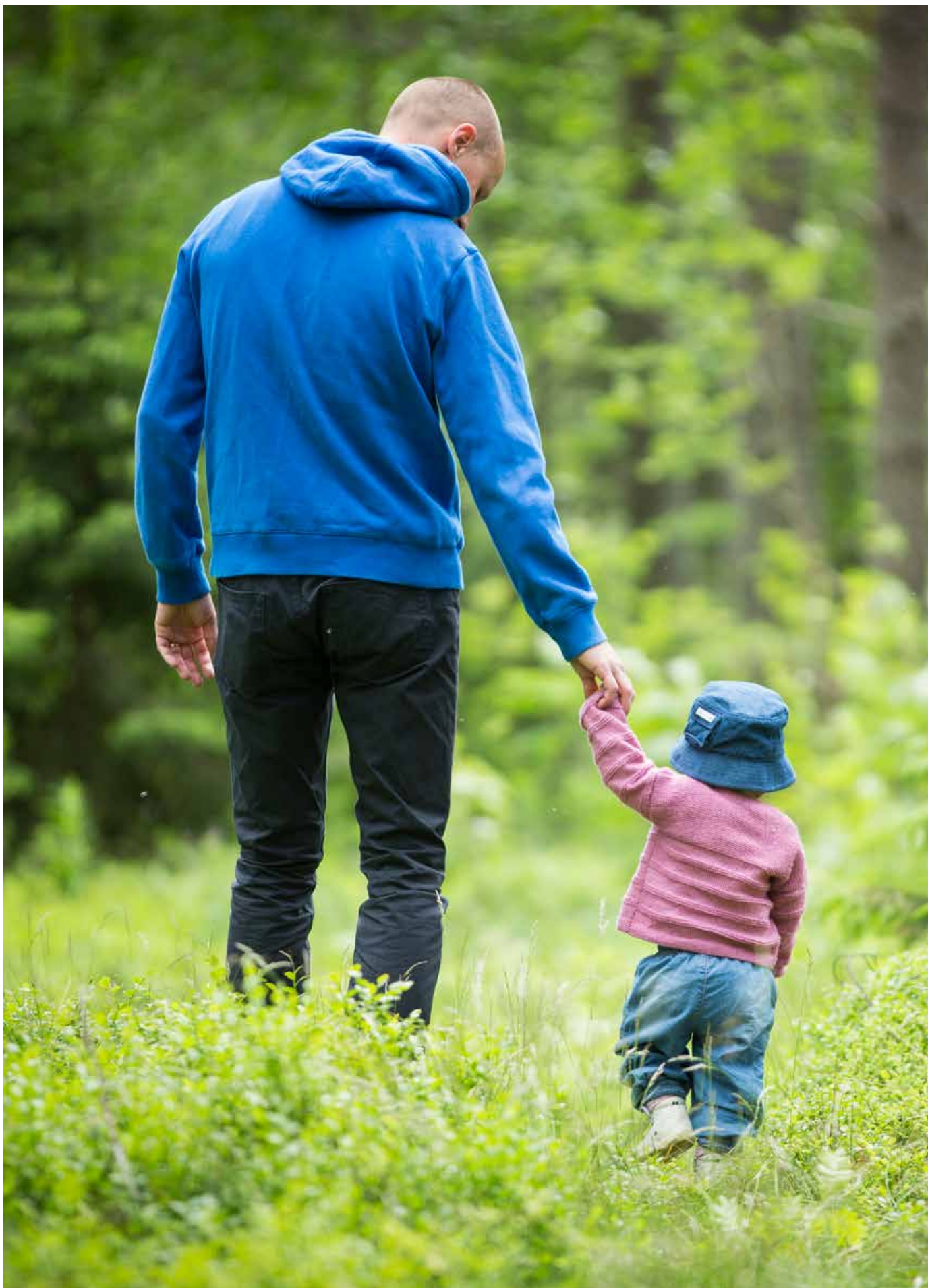
SCA's annual production capacity amounts to 865,000 tons of kraftliner and 775,000 tons of publication paper.

The northern softwood, with its long, slender fibers is well-adapted to manufacturing strong paper products allowing SCA to offer customers lighter, material-efficient and eco-friendly products. SCA also uses birch raw materials to manufacture white-top kraftliner, a strong kraftliner with a white printable surface. Demand continues to rise for strong material-efficient packaging.

The company is the third largest producer in Europe and the largest non-integrated supplier of kraftliner, packaging paper based on fresh wood fiber. The products are mainly used for the visible surface layer in corrugated board, known as kraftliner. SCA's kraftliner mill in Munksund specializes in white-top kraftliner with good printability, and in very strong products and wet strength qualities, while the kraftliner mill in Obbola mainly focuses on standard and lighter qualities. In recent years, the company has made significant investments in both mills to increase production, improve quality, reduce costs and enhance energy efficiency. For example, a new digester was commissioned at the Obbola mill in 2015.

Within publication papers, the company is investing in the foremost quality segment in magazine paper; coated and uncoated offset paper with high brightness. These are used for magazines, catalogues and advertising material. SCA focuses on the segments where the printed media has the best competitive position compared with digital media. The optimum raw material for high-quality publication papers is fresh spruce wood, which SCA has at its disposal in the local area. The company's sales of publication papers mainly take place within the Western European market. The largest markets are the Nordic region, Germany and the UK. In 2015, the company decided to close down a newsprint machine, the smallest and oldest of the Ortviken mill's four machines. Even after the closure of this machine, the mill remains one of the world's largest publication paper mills and has the potential to become one of the most competitive.





Summary of financial information for SCA excluding Hygiene

The tables below present selected financial information for the financial year 2016 for SCA, Hygiene and SCA excluding Hygiene, which constitute the remaining operations (SCA forest products) in SCA after the distribution. The basis for the selected financial information is partly SCA's Annual Report for 2016 and partly the Annual Report that has been prepared for SCA Hygiene AB for 2016 and which will be published on March 10, 2017. SCA excluding Hygiene is the difference between SCA's and Hygiene's financial information adjusted for internal transactions and balances. Adjustments are described in further detail in the footnotes below.

As of the first quarterly report for 2017, SCA intends to report its entire operations as Forest Products and Hygiene in accordance with IFRS 5, as "non-current assets held for sale and discontinued operations".

The information presented in the tables below has not been prepared in accordance with IFRS as adopted by the European Union. This information may thus not necessarily be comparable with similar calculations in other companies and has some limitations as an analysis tool.

Earnings trend

SEKm	SCA 2016	Hygiene 2016	SCA excl Hygiene 2016
Net sales ¹⁾	117,314	101,238	16,587
Gross profit	31,064	28,230	2,833
Adjusted gross profit ²⁾	31,593	28,762	2,830
Operating profit	11,279	9,008	2,271
Adjusted operating profit ²⁾	13,989	11,833	2,155
Financial items	-919	-835	-84
Profit before tax	10,360	8,173	2,187
Adjusted profit before tax ²⁾	13,070	10,998	2,071
Tax	-4,348	-3,931	-417
Adjusted tax ²⁾	-4,775	-4,355	-420
Net profit for the period	6,012	4,242	1,770
Adjusted profit for the period ²⁾	8,295	6,643	1,651

¹⁾ In SCA excluding Hygiene, sales to Hygiene amounting to SEK 511m, otherwise eliminated in SCA's figures, is included.

²⁾ Excluding items affecting comparability.

Condensed balance sheet

SEKm	SCA 2016	Hygiene 2016	SCA excl Hygiene 2016
Non-current assets			
Intangible assets	27,007	26,918	89
Biological assets	30,770	–	30,770
Buildings, land, machinery and equipment	62,184	47,494	14,690
Other non-current assets	4,784	3,878 ¹⁾	957 ²⁾
Total non-current assets	124,745	78,290	46,506
Current assets			
Inventories	14,347	10,944	3,403
Trade receivables	17,811	15,843	1,968
Other current assets	4,363	4,963 ³⁾	1,634 ⁴⁾
Cash and cash equivalents	4,482	4,244	238
Total current assets	41,003	35,994	7,243
Total assets	165,748	114,284	53,749
Shareholders' equity	79,519	39,580	39,939
Liabilities			
Non-current liabilities	50,274	41,971 ²⁾	8,354 ¹⁾
Current liabilities	35,955	32,733 ⁴⁾	5,456 ³⁾
Total liabilities	86,229	74,704	13,810
Total equity and liabilities	165,748	114,284	53,749

¹⁾ Intra group receivables/payables amounting to SEK 3m are included here and eliminated in the figures for SCA.

²⁾ Intra group receivables/payables amounting to SEK 48m are included here and eliminated in the figures for SCA.

³⁾ Intra group receivables/payables amounting to SEK 1,490m are included here and eliminated in the figures for SCA.

⁴⁾ Intra group receivables/payables amounting to SEK 744m are included here and eliminated in the figures for SCA.

Condensed balance sheet after reallocation of net debt

In order to enable external credit rating of Hygiene ahead of the transfer of loans and bonds from SCA excluding Hygiene to Hygiene during the fourth quarter of 2016, an allocation of SCA Group's net debt between the companies was made as of September 30, 2016. Corresponding allocation based on the SCA Group's net debt per December 31, 2016 of in total SEK 35,361m implies an allocation of SEK 30,361m to Hygiene and of SEK 5,000m to SCA forest products. The decisive factor in the allocation has been to give both companies adequately strong balance sheets. Furthermore, it was decided that SCA's proposed cash dividend in April 2017 of SEK 6.00 per share will be financed by Hygiene and therefore increase Hygiene's net debt by SEK 4,214m. The effect of SCA's proposed dividend has not been included in the condensed balance sheets below, which shows the decided debt allocation as if implemented by December 31, 2016.

SEKm	SCA 2016	Hygiene 2016	SCA excl Hygiene 2016
Non-current assets			
Intangible assets	27,007	26,918	89
Biological assets	30,770	–	30,770
Buildings, land, machinery and equipment	62,184	47,494	14,690
Other non-current assets	4,784	3,878 ¹⁾	957 ²⁾
Total non-current assets	124,745	78,290	46,506
Current assets			
Inventories	14,347	10,944	3,403
Trade receivables	17,811	15,843	1,968
Other current assets	4,363	9,775 ^{3,5)}	1,634 ⁴⁾
Cash and cash equivalents	4,482	4,244	238
Total current assets	41,003	40,806	7,243
Total assets	165,748	119,096	53,749
Shareholders' equity	79,519	44,392⁵⁾	35,127
Liabilities			
Non-current liabilities	50,274	41,971 ²⁾	8,354 ¹⁾
Current liabilities	35,955	32,733 ⁴⁾	10,268 ³⁾
Total liabilities	86,229	74,704	18,622
Total equity and liabilities	165,748	119,096	53,749

¹⁾ Intra group receivables/payables amounting to SEK 3m are included here and eliminated in the figures for SCA.

²⁾ Intra group receivables/payables amounting to SEK 48m are included here and eliminated in the figures for SCA.

³⁾ Intra group receivables/payables amounting to SEK 6,302m are included here and eliminated in the figures for SCA.

⁴⁾ Intra group receivables/payables amounting to SEK 744m are included here and eliminated in the figures for SCA.

⁵⁾ SCA's proposed cash dividend in April 2017 of SEK 6.00 per share, corresponding to SEK 4,214m, will be financed by Hygiene and therefore reduce shareholders' equity and increase net debt by the corresponding amount, which is not included in this figure.

Condensed cash flow statement

SEKm	SCA 2016	Hygiene 2016	SCA excl Hygiene 2016
Profit before tax	10,360	8,173	2,187
Total items not included in cash flow	7,025	6,791	234
Paid tax	-3,799	-3,782	-17
Change in working capital	1,970	1,596	374
Cash flow from operating activities	15,556	12,778	2,778
Cash flow from investing activities¹⁾	-12,972	-10,119	-2,853
Cash flow from financing activities²⁾	-3,292	-3,389	97
Cash flow for the period	-708	-730	22
¹⁾ Whereof investments in intangible assets and property, plant and equipment	-9,388	-6,339	-3,049
²⁾ Including transactions between Hygiene and SCA excluding Hygiene	-	-4,168	4,168

Key figures

SEKm if not otherwise stated	SCA 2016	Hygiene 2016	SCA excl Hygiene 2016
Capital employed	114,880	74,753	40,127
Net debt	35,361	35,173	188
Net debt after reallocation of net debt	35,361	30,361 ³⁾	5,000
Depreciation and amortizations	-6,258	-5,144	-1,114
Adjusted return on capital employed (%)	12.5	16.2	5.5
Adjusted operating margin (%)	11.9	11.7	13.0
Organic sales (%)	2	3	-3
Average number of employees	46,171	42,149	4,022
Employees per December 31, 2016	46,429	42,520	3,909

³⁾ SCA's proposed cash dividend in April 2017 of SEK 6.00 per share, corresponding to SEK 4,214m, will be financed by Hygiene and therefore reduce shareholders' equity and increase net debt by the corresponding amount, which is not included in this figure.

Definitions

Guidelines for Alternative Performance Measures (APMs) for companies with securities listed on a regulated market in the EU have been issued by the European Securities and Markets Authority (ESMA). These guidelines are to be applied for APMs used as from July 3, 2016.

In this information brochure references are made to a number of non-IFRS performance measures that are used to help investors as well as management analyze the company's operations. Described below are the non-IFRS performance measures that are used as a complement to the financial information that is reported in accordance with IFRS.

Also described below are a number of financial measures and how these measurements are used to analyze the company's objective.

Adjusted gross profit is calculated as net sales minus cost of goods sold excluding items affecting comparability. Adjusted gross profit is therefore a better measure to show the company's margins before costs such as sales and administrative costs.

Adjusted operating margin refers to operating profit, excluding items affecting comparability, as a %age of net sales for the year.

Adjusted operating profit is calculated as operating profit before financial items and tax and excluding items affecting comparability. Adjusted operating profit is a key measure for the Group's profit centers and provides a better understanding of the earnings performance of the business than non-adjusted operating profit.

Adjusted profit before tax is calculated as profit before tax excluding items affecting comparability, which is used to show the total profit for the company including

financial items but not affected by tax and items affecting comparability with precedent periods.

Adjusted profit for the period is calculated as the period's profit after deduction for items affecting comparability, which shows the period's total earnings.

Adjusted return on capital employed is calculated as twelve months rolling operating profit, excluding items affecting comparability, as a %age of average capital employed for the five most recent quarters.

Adjusted tax refers to tax exclusive items affecting comparability, which shows tax without the effect from items disturbing comparability with previous periods.

Capital employed is calculated as an average of the balance sheet's total assets, excluding interest-bearing assets and pension assets, less total liabilities, exclud-

ing interest-bearing liabilities and pension liabilities.

Items affecting comparability. Hygiene has under items affecting comparability included costs in connection with acquisitions, restructuring, impairment and other specific events. This measure provides a better understanding of the company's operational activities.

Net debt comprises consolidated interest-bearing liabilities, including pension liabilities and accrued interest less cash and cash equivalents and interest-bearing current and non-current receivables and capital investment shares.

Organic sales refers to sales excluding exchange rate effects, acquisitions and divestments.

Financing

SCA has signed an agreement in principle for a medium term credit facility with a bank consortium concerning the financing of SCA excluding Hygiene which will be used and replace intra-group financing at the time of the planned listing of Hygiene.

Board of Directors, Executive Management Team and auditors

SCA's Nomination Committee has, prior to the 2017 Annual General Meeting, presented a proposal for SCA's Board of Directors. The intention is that members elected at the 2017 Annual General Meeting will also constitute the Board of Directors of Hygiene following the distribution of shares. Hygiene's management group will after the distribution of shares be composed of the members of SCA's current Executive Management Team, with the exception of Executive Vice President Ulf Larsson. In light of the fact that the Board of Directors elected at SCA's 2017 Annual General Meeting is intended to become the Board of Directors for the new listed hygiene group, a new Nomination Committee will be appointed later in the spring of 2017. This Nomination Committee will have the task to propose a new Board of Directors for SCA, which will be appointed at an Extraordinary General Meeting before the distribution of the shares in Hygiene. The Nomination Committee has, on behalf of SCA's Board of Directors, prepared the matter regarding the Board of Directors of the subsidiaries SCA Forest Products AB and SCA Hygiene AB, in the event that the Annual General Meeting of SCA resolves on the distribution of shares of the subsidiary SCA Hygiene AB to the shareholders of SCA. These Board of Directors assumed office in the subsidiaries on March 1, 2017. For the Nomination Committee's statement regarding its proposal and details of how the work has been carried out, see the company's website www.sca.com.

The Nomination Committee's proposal for the Board of Directors for SCA until the distribution of Hygiene and for Hygiene



Pär Boman

Engineer, Economist, Hon PhD Econ
Chairman of the Board since 2015
Other assignments: Chairman of the Board since 2015. Chairman of the Board of Svenska Handelsbanken AB, Deputy Chairman of the Board of AB Industrivärden and member of the Board of Skanska AB. Former President and CEO of Handelsbanken. Other senior positions at Handelsbanken 1998–2002.
Elected: 2010
Class A shares: 1,000



Annemarie Gardshol

MSc Eng.
Other assignments: President of PostNord Strålfors Group. Various senior positions in Postnord AB and a member of Postnord's corporate management team since 2012. Former member of the Boards of Etac AB and Bygghemma AB and various management positions in Gambro AB.
Elected: 2015
Class B shares: 700



Ewa Björling

Med. Dr. Sci. and Associate Professor from Karolinska Institutet
Other assignments: Member of the Boards of Biogaia AB and Mobilaris AB. Minister for Trade 2007–2014, and Minister for Nordic Cooperation 2010–2014. Former member of the Boards of the Swedish National Insurance Office and the Swedish International Development Cooperation Agency (SIDA).
Elected: 2016



Johan Malmquist

MSc Econ
Other assignments: Chairman of the Board of Tingstad Pappers AB. Member of the Boards of Elekta AB, Getinge, Trelleborg, Mölnlycke Healthcare AB, the Chalmers University of Technology Foundation and the Dunker Foundations. President and CEO of Getinge 1997–2015. Former member of the Board of Capio AB.
Elected: 2016
Class B shares: 4,000



Maija-Liisa Friman

MSc Eng.
Other assignments: Chairman of the Board of Helsinki Deaconess Institute. Vice Chairman of the Board of Neste Corporation and a member of the Boards of Finnair, LKAB, the Securities Market Association and Boardman Oy. Former member of the Boards of TeliaSonera, Rautaruukki, Metso, Ekokem and Talvivaara Mining Company Plc and CEO of Aspocomp Group Plc 2004–2007, President of Vattenfall Oy and Gyproc Oy.
Elected: 2016



Bert Nordberg

Engineer
Other assignments: Chairman of the Board of Vestas Wind Systems A/S. Member of the Boards of AB Electrolux, SAAB, Skistar AB, and Axis AB. Previously held various management positions in Digital Equipment Corp. and Ericsson, President of Sony Mobile Communications AB 2009–2012. Member of the Board of BlackBerry Ltd 2013–2014 and Chairman of the Board of Sony Mobile Communications AB 2012–2013.
Elected: 2012
Class B shares: 5,000

Data, which includes own and related parties' shareholdings, refers to the situation as of December 31, 2016.

The Nomination Committee's proposal for the Board of Directors for SCA until the distribution of Hygiene and for Hygiene Cont.



Louise Svanberg

MSc Econ

Other assignments: Member of the Board and advisor of Careers Australia Group, member of the Advisory Board for Cue Ball Capital, Boston, and member of MPM Bio-tech, investment committee. Previously held various management positions in EF, including President 2002–2008 and Chairman of the Board 2008–2010.

Elected: 2012

Class B shares: 15,000



Barbara Milian Thoralfsson

MBA, BA

Other assignments: Chairman of the Board of ColArt Holdings Ltd. Member of the Boards of Hilti AG, G4S Plc, Norfolier GreenTec AS, and industry advisor to EQT. President of NetCom ASA 2001–2005 and President of Midelfart & Co AS 1995–2000. Former member of the Boards of AB Electrolux, Telenor ASA Cable & Wireless Plc, Orkla ASA and Tandberg ASA.

Elected: 2006



Lars Rebien Sørensen

B.Sc. Forestry, B.Sc. Econ

Other assignments: Deputy Chairman of Carlsberg and Board member of the Novo Nordisk Foundation and Thermo Fisher Scientific, USA. Served as President and CEO of Novo Nordisk from 2000 to 2016, and prior to that served as Head of Health Care for Novo Nordisk, from 1994 to 2000. Previously served as Board member for Bertelsmann, Danmarks Nationalbank, Dong Energy and SAS, among others.



Magnus Groth

MBA and MSc ME

SCA assignments: President and CEO of SCA.

Other assignments: Member of the Board of Acando AB. Former President of SCA Consumer Goods Europe 2011–2015. President of Studsvik AB (publ) 2006–2011 and SVP of Vattenfall 2001–2005.

Employed since: 2011

Elected: 2015

Class B shares: 16,250

Employee representatives¹⁾



Roger Boström

SCA assignments: Chairman of the Swedish Paper Workers' Union dept. 167 at SCA Graphic Sundsvall AB, Östrand pulp mill, Timrå. Member of the Swedish Trade Union Confederation (LO).

Appointed: 2013

Class B shares: 25



Örjan Svensson

SCA assignments: Senior Industrial Safety Representative at SCA Hygiene Products AB, Edet Bruk, Lilla Edet. Member of the Swedish Trade Union Confederation (LO).

Appointed: 2005

Class B shares: 75



Thomas Wiklund

SCA assignments: Shift Production Manager and Chairman of Ledarna (Swedish Organization for Managers) at Munksund paper mill. Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2009

Deputies for employee representatives¹⁾



Per Andersson

SCA assignment: Employed at SCA Obbola, Umeå.

Appointed: 2013



Paulina Halleröd

SCA assignment: Employed at SCA Hygiene Products, Gothenburg.

Appointed: 2013

Class B shares: 370



Hans Nyqvist

SCA assignment: Employed at SCA Hygiene Products, Göteborg.

Appointed: 2013

¹⁾ The above employee representatives and deputies for employee representatives represent the unions' representation in the SCA Board of Directors until the distribution of Hygiene. The unions have announced that Thomas Wiklund will, in connection with his retirement, resign from the Board of Directors at the 2017 Annual General Meeting and will be replaced by Maria Jonsson, R&D engineer, Forest Products.

Executive Management of SCA until the distribution of Hygiene and of Hygiene



Magnus Groth

MBA and MSc ME
SCA assignments: President and CEO of SCA.
Former President of SCA Consumer Goods Europe
Employed since: 2011
Class B shares: 16,250



Don Lewis

MSc Econ.
SCA assignments: President SCA AfH Professional Hygiene
Employed since: 2002
SCA ADRs: 18,802



Fredrik Rystedt

MSc Econ.
SCA assignments: CFO and Executive Vice President. Head of Group Function Finance
Employed since: 2014
Class B shares: 7,500



Mikael Schmidt

Master of Laws
SCA assignments: Senior Vice President, Group Function Legal Affairs, General Counsel
Employed since: 1992
Class B shares: 14,000



Ulf Larsson¹⁾

BSc Forestry
SCA assignments: Executive Vice President and President SCA Forest Products
Employed since: 1992
Class B shares: 22,700



Georg Schmundt-Thomas

PhD, MA
SCA assignments: President SCA Global Hygiene Category
Employed since: 2016



Joséphine Edwall-Björklund

BSc in Communications
SCA assignments: Senior Vice President, Group Function Communications
Employed since: 2012
Class B shares: 5,017



Robert Sjöström

MSc Econ., MBA
SCA assignments: Senior Vice President, Group Function Strategy and Business Development, Global Business Services and IT
Employed since: 2009
Class B shares: 12,000



Pablo Fuentes

MSc Econ., MBA
SCA assignments: President SCA Latin America
Employed since: 2006
Class B shares: 9,448



Kersti Strandqvist

MSc Chem., Tech Lic.
SCA assignments: Senior Vice President, Group Function Sustainability and Public Affairs
Employed since: 1997
Class B shares: 11,197



Donato Giorgio

MSc Eng.
SCA assignments: President SCA Global Hygiene Supply Tissue
Employed since: 2009
Class B shares: 2,998



Anna Sävinger Åslund

HR Management Degree
SCA assignments: Senior Vice President, Group Function Human Resources
Employed since: 2001
Class B shares: 2,375



Ulrika Kolsrud

MSc Eng.
SCA assignments: President SCA Global Hygiene Supply Personal Care
Employed since: 1995
Class B shares: 2,541



Volker Zöller

BSc BA
SCA assignments: President SCA Consumer Goods
Employed since: 1994
Class B shares: 5,830



Margareta Lehmann

MSc Econ.
SCA assignments: President SCA Incontinence Care
Employed since: 1983
Class B shares: 10,311

¹⁾ Executive Vice President Ulf Larsson is a senior executive in SCA until the distribution and will thereafter become CEO of SCA.

Data, which includes own and related parties' shareholdings, refers to the situation as of December 31, 2016.

Board of Director's in SCA Forest Products AB

The Nomination Committee has, on behalf of SCA's Board of Directors, prepared the matter regarding the Board of Directors in the subsidiary SCA Forest Products AB, as a preparation if the Annual General Meeting of SCA resolves on the distribution of the shares in SCA Hygiene AB. The Nomination Committee's approach was to propose a Board of Directors for SCA Forest Products AB with the qualifications to also be proposed as the Board of Directors of SCA in the event of a distribution of SCA Hygiene AB and where the individual Board Members, as well as the Board of Directors as a group, meet highly set standards of relevant knowledge and experience to carry out efficient work characterized by high quality. Furthermore, particular attention has been paid to creating continuity to ensure that the Board of Directors maintains knowledge and provides the company with a solid base to stand on (the four most experienced Board Members are retained), that the Board of Directors will be in quorum in respect of issues in relation to SCA Hygiene AB (a quorum of a majority of five members that will not be part of the Board of Directors of the hygiene company), that the proposed Board Members' other assignments will not prevent them to devote the time and commitment required for their assignments in the SCA Board of Directors and that the proposed Board of Directors, with respect to the company's operations, phase of development and conditions, will obtain an appropriate composition with versatility and breadth as regards the Board members skills, experience, background and diversity. Four of the proposed Board Members are women, representing 40% of Board Members. It can be concluded that the Stock Exchange's rules regarding Board Members' stock market experience are met, as well as the rules of the Swedish Corporate Governance Code in respect of independence of Board Members. For the Nomination Committee's statement regarding its proposal and details of how the work has been carried out, see the company's website www.sca.com.



Pär Boman

Engineer, Economist, Hon PhD Econ
Chairman of the Board
Other assignments: Chairman of the Board since 2015. Chairman of the Board of Svenska Handelsbanken AB, Deputy Chairman of the Board of AB Industrivärden and member of the Board of Skanska AB. Former President and CEO of Handelsbanken. Other senior positions at Handelsbanken 1998–2002.



Martin Lindqvist

BSc Econ
Other assignments: President and CEO of SSAB since 2011. Numerous executive positions at SSAB since 1998, including Business Area Manager, Divisional Manager, CFO and Financial Manager. Served previously as Chief Controller for NCC. Board member of Industriarbetsgivarna and BasEL. Former Board member of Indutrade AB.



Charlotte Bengtsson

MSc Eng, Lic. Eng and Ph.D.
Engineering in Steel and Wood Construction. Other assignments: Managing Director of the Skogforsk research institute since 2015. Previously served as department manager of Wood Engineering and Wood Construction at SP Technical Research Institute of Sweden, and prior to that as a researcher/project leader in wood construction at SP. Adjunct professor of Wood Building Technology at Linnaeus University.



Bert Nordberg

Engineer
Other assignments: Chairman of the Board of Vestas Wind Systems A/S. Member of the Boards of AB Electrolux, SAAB, Skistar AB, and Axis AB. Previously held various management positions in Digital Equipment Corp. and Ericsson, President of Sony Mobile Communications AB 2009–2012. Member of the Board of BlackBerry Ltd 2013–2014 and Chairman of the Board of Sony Mobile Communications AB 2012–2013.



Lennart Evrell

MSc Eng., Econ.
Other assignments: President and CEO of Boliden since 2008. Various executive positions since 1985, including President and CEO of Sapa, President and CEO of Munters, and various positions for ASEA, Atlas Copco and Sphinx Gustavsberg. Chairman of the Board of Umeå University and of Gruvornas Arbetsgivareförbund and Board member of the Confederation of Swedish Enterprise.



Barbara Milian Thoralfsson

MBA, BA
Other assignments: Chairman of the Board of ColArt Holdings Ltd. Member of the Boards of Hilti AG, G4S Plc, Norfolier GreenTec AS, and industry advisor to EQT. President of NetCom ASA 2001–2005 and President of Midelfart & Co AS 1995–2000. Former member of the Boards of AB Electrolux, Telenor ASA Cable & Wireless Plc, Orkla ASA and Tandberg ASA.



Annemarie Gardshol

MSc Eng.
Other assignments: President of PostNord Strålfors Group. Various senior positions in Postnord AB and a member of Postnord's corporate management team since 2012. Former member of the Boards of Etac AB and Bygghemma AB and various management positions in Gambro AB.



Lotta Lyrå

MSc Econ.
Other assignments: President and CEO-elect of Clas Ohlson. Since 2009, held executive positions within the Ikea Group, including as Head of strategy as well as Head of development. Prior to this gained experience in the Swedish forest industry, among other things as Head of development at Södra Timber and sawmill manager at Södra's Mönsterås sawmill. Former employee of McKinsey & Company.



Ulf Larsson

BSc Forestry
Other assignments: President of SCA Forest Products AB since 2008. Executive Vice President of SCA since 2016, with experience from executive positions dating back to 1987 with Scaninge Timber, SCA Skog, SCA Timber and Domänverket. Board member of the Confederation of Swedish Enterprise and former Board member of Mid Sweden University and Heinzl Holding GmbH.

Executive Management of SCA forest products until the distribution of Hygiene (thereafter of SCA)



Ulf Larsson
BSc Forestry
SCA assignment: CEO
Employed since: 1992
Class B shares: 22,700



Mats Nordlander
Diploma in Mechanical Eng.
SCA assignment: President, Paper
Employed since: 2015
Class B shares: 930



Toby Lawton
MA
SCA assignment: CFO
Employed 1995–2014 and assumes
office as CFO: March 1, 2017
Class B shares: 1,282



Åke Westberg
M.Eng.
SCA assignment: President, Pulp
Employed since 1974 and assumes
office as President, Pulp: April 1, 2017
Class B shares: 2,300



Stina Danielsson
BA
SCA assignment: Senior Vice President,
Human Resources
Employed since: 2005
Class B shares: 119



Mats Sandgren
BSc Forestry
SCA assignment: President, Forest
Employed 1982–2002 and since: 2008
Class B shares: 5,335



Mikael Källgren
BSc Energy
SCA assignment: President, Energy
Employed since: 2015



Jan Svedjebrant
BA Laws
SCA assignment: Senior Vice President, Legal
Employed since: 2001
Class B shares: 1,515



Björn Lyngfelt
BSc Forestry
SCA assignment: Senior Vice President,
Communication
Employed since: 1986
Class B shares: 2,500



Magnus Svensson
M.Eng.
SCA assignment: Senior Vice President,
Purchasing and Logistics
Employed since: 1993
Class B shares: 6,600



Jonas Mårtensson
M.Eng.
SCA assignment: President, Solid-wood
products
Employed since: 2005
Class B shares: 5,300



Ole Terland
Doctor of Technology
SCA assignment: Senior Vice President, Strate-
gic Development
Employed 1987–2007 and since: 2016
Class B shares: 12,000

The Nomination Committee's proposal for the auditor for SCA

Ernst & Young AB
Auditor in charge: Hamish Mabon.

Data refers to the situation as of December 31, 2016.

Shares and ownership structure

Shareholder information

SCA's registered share capital amounted, as of the date of this information brochure, to SEK 2,350,366,980 distributed on 705,110,094 shares, of which 64,594,523 Class A shares and 640,515,571 Class B shares. No Class C shares have been issued. The number of shares in Hygiene and the distribution between shares of Class A and Class B will correspond at the date of distribution to the number of shares carrying distribution rights in SCA. Class C shares will not have been issued at that date.

In conjunction with the distribution, Hygiene shares will be listed on Nasdaq Stockholm. Class A shares and Class B shares respectively will have the same rights as shares of the same share class in SCA.

Voting rights

At the General Meeting, each Class A share in Hygiene carries ten votes and each Class B share and Class C shares in Hygiene, one vote respectively.

Rights to dividends

The shares in Hygiene will entitle to dividends for the first time on the record date for distribution of shares which falls immediately after the distribution of shares in Hygiene has been executed. Any dividends will be paid following a resolution by a General Meeting. The payment of any dividends will be administered by Euroclear or, should the shares be nominee-registered, in accordance with the procedures of the respective nominee. Entitlement to receive dividends is limited to shareholders registered in the share register maintained by Euroclear on the record date for distribution determined by the General Meeting.

Conversion of shares of Class A to Class B

According to Hygiene's Articles of Association, holders of shares of Class A are entitled to request that these be converted to shares of Class B. An application for conversion must be made in writing to the company. The request shall state the number of shares that the holder wishes to convert and, if the conversion does not encompass the individual's entire holding, which shares the individual wishes to convert. The company's Board of Directors should at its scheduled meeting address issues relating to conversion of shares of Class A to shares of Class B, whose owners during the period prior to the meeting requested conversion. However, the Board of Directors has the right if there are reasonable grounds, to also address the issue of conversion at other times than those stated above. The conversion shall be reported for registration without delay.

Preferential rights to new shares

If Hygiene issues new shares, warrants or convertibles in a cash issue or an issue offsetting debt, shareholders have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue. There are, however, no provisions in the company's Articles of Association that limit the company's ability to decide, in accordance with the rules set out in the Companies Act, to issue new shares, stock options or convertibles with deviation from the shareholders' preferential rights. However, due to regulatory reasons, certain non-Swedish shareholders or holders of ADRs may be excluded from the possibility of exercising such preferential rights and, as a result, such shareholders or holders of ADRs would be subject to potential dilution.

Rights to dividends and surplus in the event of liquidation

Class A shares and Class B shares in Hygiene give equal rights to dividends and the company's assets and any surpluses in the event of liquidation. In the event Class C shares are issued, they will not entitle to dividends. Decisions regarding any dividends will be made by the General Meeting. All shareholders who are registered in the share register maintained by Euroclear on the record date determined by the General Meeting will be entitled to receive dividends. Dividends are normally paid to shareholders through Euroclear as a cash amount per share, but may also comprise forms other than cash dividends (distribution in kind).

Central securities depository

Hygiene shares will be registered in a central securities depository register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479). This register will be kept by Euroclear. No share certificates will be issued for Hygiene shares. Information regarding the ISIN code for Hygiene's shares will be contained in the prospectus to be published before the listing of Hygiene's shares.

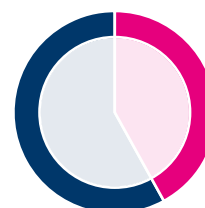
Convertibles, warrants and other share-based instruments

There are no outstanding warrants, convertibles or other share-based financial instruments issued by Hygiene.

Largest shareholders

The table below presents SCA's largest shareholders as per December 31, 2016. The information is compiled by Euroclear, which maintains SCA's share register. As at December 31, 2016, approximately 58% of the total share capital in SCA was owned by foreign shareholders. Several of these owners have their shares nominee-registered, whereof the actual owners are not reflected in the table below. If the record date for the distribution of shares in Hygiene had been December 31, 2016, the largest shareholders of Hygiene would have initially been as illustrated below. The ownership structure in Hygiene will initially be the same as for SCA on the record date for distribution.

Percentage of foreign ownership, capital



■ Sweden, 42%
■ Outside Sweden, 58%
Source: Euroclear, December 31, 2016.

SCA's ten largest shareholders*

Shareholders	Number of Class A shares	Number of Class B shares	Votes (%)	Holding (%)
AB Industrivärden	35,000,000	31,800,000	29.7	9.5
Norges Bank Investment Management	8,066,000	31,220,168	8.7	5.6
SHB Oktogonen Foundation	3,150,00	–	2.4	0.4
Swedbank Robur Funds	–	27,442,314	2.1	3.9
Skandia	2,038,110	908,021	1.7	0.4
AMF Insurance and Funds	–	18,859,380	1.5	2.7
SHB pensionskassa	1,303,000	–	1.0	0.2
SCAs Personalfond	982,845	74,406	0.8	0.1
SEB Funds	–	8,366,603	0.7	1.2
Första AP-fonden	–	8,209,809	0.6	1.2

Ownership structure*

Ownership	Number of shareholders	Number of shares	Ownership (%)	Votes (%)
1–500	53,287	8,731,480	1.2	1.5
501–1,000	11,937	9,165,432	1.3	1.5
1,001–5,000	12,839	27,788,369	3.9	4.7
5,001–10,000	1,741	12,497,397	1.8	2.0
10,001–20,000	769	11,009,058	1.6	1.5
20,001–	1,276	635,918,358	90.2	88.8
Total	81,849	705,110,094	100.0	100.0

* Source: Euroclear, December 31, 2016.

Risk factors associated with the distribution of shares in Hygiene

Below is a brief outline of certain risk factors related to the distribution of shares in Hygiene. Additional risks related to the operations of SCA and Hygiene are described in the annual report for 2016, which will be announced on March 10, 2017. A more detailed description of the risks relating to Hygiene will be included in the prospectus to be published before the listing of Hygiene, provided that the General Meeting resolves on the distribution of Hygiene in accordance with the Board of Directors' proposal.

The distribution of Hygiene may fail to realize anticipated benefits

The intended purpose of the distribution is to enhance the ability of each business to successfully implement its strategies and increase value for SCA's shareholders. There is a risk that the anticipated benefits of the distribution will not be achieved if the assumptions underlying the decision to carry out the distribution turn out to be incorrect. SCA and Hygiene, as standalone companies, may not be able to procure external financing or other financial services on conditions as favorable as obtainable by the SCA Group, as currently constituted. Moreover, to the extent that each standalone company incurs additional costs, achieves lower profits or has lower-than-expected cost savings, the results of their operations, financial position and share price could be adversely affected and the anticipated benefits from the distribution could fail to be realized.

The proposed distribution may affect the price of both SCA and Hygiene shares

The proposed distribution of Hygiene would involve the creation of an independent group consisting of operations and assets that generate approximately 86% of current

SCA Group net sales. It is impossible to predict the market price of the shares of SCA and Hygiene as standalone companies or whether their aggregate share price would exceed the share price of the SCA Group as currently constituted. The distribution may also have an effect on the individual companies' financial position and risk profile as well as other conditions for conducting their respective businesses. In addition, since the hygiene business is the main business of the current SCA Group, there is a risk that the SCA Group's current shareholders will sell their shares in SCA as a result of the distribution, which may negatively affect the price of SCA shares. There is a risk that the market will not react favorably to the distribution and there is a risk that investors may perceive the standalone companies less favorably than the SCA Group, as currently constituted.

Risks associated with smaller, streamlined operations

The respective asset pools of SCA and Hygiene as standalone companies will be smaller than the combined asset pool in its current form. Accordingly, every risk that currently exists in the group and which will continue to exist in any of the two businesses

(SCA or Hygiene) after the distribution will be of greater proportional significance to such business than for the group as currently constituted. This may concern, for example, the capability to manage unforeseen claims and expenses of material significance. Further, the more streamlined operations to be conducted in the respective businesses of the current group (SCA and Hygiene) will not have the same possibilities to balance the effects of certain operational risks as the group as currently constituted. This applies, for example, to price risks related to the volumes of input goods, such as pulp, which is currently delivered internally within the group. Such major unforeseen claims and expenses as well as material changes in the price of input goods could, therefore, have a significant negative impact on SCA's and Hygiene's respective earnings, cash flow and financial position.

Tax considerations

The following is a summary of certain Swedish tax consequences that may arise from the proposed distribution of shares in Hygiene to shareholders of SCA. The summary is based on current legislation, is intended to only provide general information and is only applicable to individuals and limited liability companies that are resident in Sweden for tax purposes, unless otherwise stated. The summary is not exhaustive, and does not cover, for example, (i) shares held by partnerships or held as current assets in business operations, (ii) the specific rules on tax-exempt capital gains (including non-deductibility for capital losses) and dividends in the corporate sector, which may become applicable when shareholders hold shares that are considered to be held for business purposes (näringsbetingade andelar) or (iii) shares that are held in a so-called investment savings account (investeringssparkonto) and that are subject to special rules on notional taxation. Special tax rules also apply to certain categories of tax payers, such as investment companies and insurance companies. Accordingly, the tax treatment of each individual shareholder depends on the individual's particular circumstances. Each shareholder should therefore consult a tax adviser with regard to the specific tax consequences that may arise in the individual case, including the applicability and effect of foreign rules and tax treaties.

Individuals

Taxation of the distribution of Hygiene shares

It is expected that the distribution of the shares in Hygiene will be made in accordance with the "Lex ASEA" rules. This means that the distribution of Hygiene shares to SCA shareholders will not trigger any immediate taxation. The tax basis for shareholders holding SCA shares that give entitlement to participate in the distribution will, however, be allocated among these shares and the shares received in Hygiene. The allocation of the tax basis will be based on the change in value of the shares in SCA due to the distribution of the shares in Hygiene. SCA will request general guidelines from the Swedish Tax Agency concerning how this tax basis should be allocated. Information about the Tax Agency's general guidelines will be provided as soon as possible on the websites of SCA, Hygiene and the Tax Agency.

Taxation of dividends from Hygiene

For individuals, dividends on listed shares, which it is intended that the Hygiene shares will be, are taxed as income from capital at a rate of 30%. A preliminary tax of 30% is generally withheld on dividends to individuals tax resident in Sweden. The preliminary tax is withheld by Euroclear or, in respect of nominee registered shares, by the Swedish nominee.

Capital gains taxation upon disposal of Hygiene shares

When listed shares, which it is intended that the Hygiene shares will be, are sold or otherwise disposed of, a taxable capital gain or a deductible capital loss may arise. Capital gains are taxed as capital income at a rate of 30%. The capital gain or loss is normally calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis. The tax basis for all shares of the same class and type is calculated together in accordance with the "average cost method". The acquisition cost, and thus the tax basis, for the shares received in Hygiene through the distribution from SCA is calculated based on the general guidelines received from the Swedish Tax Agency. Alternatively, upon the sale of listed shares, the tax basis may be determined as 20% of the sales proceeds, after deducting sales costs, under the "notional rule".

Capital losses on listed shares are fully deductible against taxable capital gains on listed and non-listed shares and other listed equity-related securities with the exception of units in securities funds or special funds that consist solely of Swedish receivables (räntefonder). Capital losses which cannot be set off in this way can be deducted with up to 70% against other capital income. If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges.

A tax reduction is allowed with 30% on the portion of such net loss that does not exceed SEK 100,000 and with 21% on any remaining loss. Such net loss cannot be carried forward to future income years.

Limited liability companies

Taxation of the distribution of Hygiene shares

As noted above, it is expected that the distribution of the shares in Hygiene will be made in accordance with the "Lex ASEA" rules. This means that this distribution will not give rise to any immediate taxation. The tax basis for shareholders holding SCA shares that give entitlement to participate in the distribution will, however, be allocated among these shares and the shares received in Hygiene which will be made in accordance with the general guidelines from the Swedish Tax Agency that SCA will request, please refer to the description above for individuals.

Taxation of dividends and capital gains with regard to Hygiene shares

For Swedish limited liability companies (aktiebolag), all income, including taxable capital gains and dividends, is taxed as business income at a rate of 22%. Capital gains and capital losses are calculated in the same manner as described above for individuals. Deductible capital losses on shares or other equity-related securities may only be deducted against taxable capital gains on such securities. Under certain circum-

stances, such capital losses may also be deducted against capital gains in another company in the same group, provided that the requirements for exchanging group contributions (koncernbidragsrätt) between the companies are met. A capital loss that cannot be utilized during a given income year may be carried forward and be offset against taxable capital gains on shares and other equity-related securities during future income years, without limitation in time.

Specific tax considerations for shareholders who are not tax residents in Sweden

Withholding tax on dividends

The distribution of Hygiene shares to SCA shareholders is expected to be carried out in accordance with the "Lex ASEA" rules. This means that no Swedish withholding tax will be levied on the distribution.

However, dividends on the received Hygiene shares will normally be subject to Swedish withholding tax. The withholding tax rate is 30% but it is often reduced for shareholders who are tax resident in countries with which Sweden has entered into a tax treaty. In Sweden, Euroclear or, for nominee registered shares, the nominee normally carries out the withholding.

In the event that 30% withholding tax is deducted from a payment to a person entitled to be taxed at a lower rate, or if too much withholding tax has otherwise been withheld, a refund can be claimed from the Swedish Tax Agency prior to the expiry of the fifth calendar year following the dividend distribution.

Capital gains taxation upon disposal of Hygiene shares

Shareholders with limited tax liability in Sweden and whose shareholding is not attributable to a permanent establishment in Sweden, are generally not subject to capital gains taxation in Sweden upon the disposal of shares. Shareholders may, however, be subject to taxation in their country of residence. Under a specific tax rule, individuals with limited tax liability in Sweden may, however, be subject to tax in Sweden on the sale of shares if they have been resident or lived permanently in Sweden at any time during the calendar year of such disposal or during any of the previous ten calendar years. The application of this rule may be limited by tax treaties between Sweden and other countries.

Certain United States federal income tax considerations

SCA is consulting with Cleary Gottlieb Steen & Hamilton LLP, its special U.S. tax counsel ("Tax Counsel"), as to the U.S. federal income tax treatment of the proposed distribution of Hygiene shares or Hygiene ADSs to holders of SCA ordinary shares or SCA ADSs. SCA expects to obtain an opinion of Tax Counsel as to such treatment prior to SCA's Annual General Meeting. SCA will post the opinion of Tax Counsel to its web site, www.sca.com, after it is received.

Frequently asked questions

Why are Hygiene shares being distributed?

A split of the Group and a distribution and listing of the shares in the subsidiary which today operates the hygiene business, is expected to increase focus, customer value, development opportunities and enables each company to successfully realize its strategies under the leadership of separate and dedicated management teams, two different boards of directors and independent access to capital. This is considered to increase value for SCA's shareholders in the long term.

What are the conditions for the distribution?

Registered shareholders of SCA on the record date for the distribution of shares are entitled to receive one share in Hygiene for each share held of the same share class in SCA.

Do I need to take any measures in order to receive the distributed shares?

No, registered shareholders of SCA on the record date for distribution will automatically receive shares in Hygiene. Holders of SCA ADRs should review "Information regarding the proposed distribution – Holders of SCA American Depositary Receipts" on pages 3–4 of this information brochure.

When is the record date for distribution?

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to determine the record date at Euroclear for the distribution. The record date is therefore yet to be determined as per the publishing date for this information brochure. The Board of Directors intends to execute the

distribution of shares in Hygiene no later than in the second half of 2017. The record date is expected to fall close to the listing of the shares in Hygiene.

Does the distribution carry any tax consequences for me as a shareholder?

It is expected that the distribution of the shares in Hygiene will be made in accordance with the "Lex ASEA" rules. For shareholders resident in Sweden for tax purposes, this implies that the distribution will not cause any taxation. The tax basis for the shares in SCA that carry distribution rights will however be allocated among these shares and the shares received in Hygiene. The allocation of the tax basis will be based on the change in value of the shares in SCA due to the distribution of the shares in Hygiene. SCA will request general guidelines from the Swedish Tax Agency (Sw. Skatteverket) regarding the allocation of the tax basis. Information regarding the Swedish Tax Agency's general guidelines will be published as soon as possible on the websites of SCA, Hygiene and the Swedish Tax Agency.

For shareholders who are not tax residents in Sweden no Swedish withholding tax will be levied on a distribution made in accordance with the "Lex ASEA" rules.

When will I receive the cash dividend?

The Board of Directors has proposed that the Annual General Meeting resolves on a cash dividend of SEK 6.00 per share, with the record date for a cash dividend set at April 7, 2017. The cash dividend is expected to be paid on April 12, 2017.

Questions regarding the dividend will be answered by telephone at +46 (480) 404 110

This information brochure can also be downloaded from SCA's website www.sca.com