

Year-end Report

Q4 2023

January–December 2023 compared with January–December 2022

- Delivery volumes increased compared to preceding year due to gradual ramp up of production at the mills where strategic capital expenditures have recently been made. Net sales decreased to SEK 18,081m, (20,794). The decline was primarily attributable to lower selling prices.
- EBITDA amounted to SEK 6,807m (10,194). The decline was mainly attributable to lower selling prices. Doubled result in renewable energy, continued increased harvesting of own forest and high degree of self-sufficiency had a positive impact on earnings. EBITDA margin was 37.6% (49.0).
- Operating profit declined to SEK 4,857m (8,642).
- Operating cash flow was SEK 2,985m (5,685).
- Earnings per share was SEK 5.23 (9.61).
- The Board of Directors proposes a dividend of SEK 2.75 (2.50) per share.

October–December 2023 compared with October–December 2022

- Net sales amounted to SEK 4,384m (4,873). The change was mainly attributable to lower selling prices. Higher delivery volumes due to commissioned strategic projects and exchange rate effects had a positive effect on sales.
- EBITDA declined to SEK 1,635m (1,981) and the EBITDA margin was 37.3% (40.6). Lower selling prices were offset by effective cost control due to the high rate of self-sufficiency in primarily wood raw material but also in energy and logistics.

October–December 2023 compared with July–September 2023

- Net sales increased to SEK 4,384m (4,302). The increase was mainly attributable to higher delivery volumes of kraftliner and solid-wood products.
- EBITDA amounted to SEK 1,635m (1,417). The increase was mainly attributable to a higher revaluation of biological assets. The EBITDA margin was 37.3% (32.9).

KEY FIGURES

SEKm	Quarter					Jan-Dec		
	2023:4	2022:4	%	2023:3	%	2023	2022	%
Net sales	4,384	4,873	-10	4,302	2	18,081	20,794	-13
EBITDA	1,635	1,981	-17	1,417	15	6,807	10,194	-33
<i>EBITDA margin, %</i>	37.3	40.6		32.9		37.6	49.0	
Operating profit	1,119	1,590	-30	913	23	4,857	8,642	-44
Net Profit	833	1,215	-31	663	26	3,625	6,821	-47
<i>Earnings per share SEK</i>	1.22	1.76		0.96		5.23	9.61	
Operating cash flow	-55	726		1,189		2,985	5,685	
Net Debt / EBITDA (LTM)	1.6x	1.0x		1.4x		1.6x	1.0x	

COMMENTS ON THE FINANCIAL STATEMENTS

Summary of the year

In 2023, SCA showed that the company was able to deliver good profitability even in a challenging global economy. Despite a weaker economy leading to lower selling prices, SCA achieved an EBITDA margin of 37.6% for the full year. SCA's growth in renewable energy, that became a new segment in 2023, continued and the result doubled compared with the preceding year. Also continued higher harvesting of own forest and a high level of self-sufficiency in forest raw materials, energy and logistics contributed to the strong performance.

During the year, there was a determined effort to start up and then gradually ramp up production at the plants where strategic capital expenditures have recently been made. The new paper machine in Obbola and the new CTMP facility at the Ortviken site both supported higher delivery volumes compared with the preceding year. The investments made will also gradually contribute to increased productivity and cash flow generation in the years ahead.

The total carrying amount of SCA's forest assets continued to increase and amounted to SEK 107.5bn (97.9) at the end of the year. SCA bases its valuation of forest assets on completed forest transactions in the areas where SCA owns forest. The three-year average market price used in valuation of SCA's Swedish forest assets was SEK 395/m³fo at December 31, 2023, up 8% compared with the preceding year (SEK 366/m³fo).

Summary of the fourth quarter

The supply of wood raw material to SCA's industries was stable. The price of sawlogs continued to rise while the price of pulpwood was stable compared with the preceding quarter.

Selling prices for solid-wood products fell somewhat compared with the preceding quarter. Low demand has led to severe restrictions on production in Swedish sawmills, resulting in low producer stocks.

In the Pulp segment, demand for both northern bleached softwood kraft pulp (NBSK) and chemical thermomechanical pulp (CTMP) strengthened, resulting in higher selling prices.

Low demand for packaging material contributed to continued weak demand for kraftliner. Market prices were unchanged compared with the preceding quarter.

The energy business continued to grow. At the end of the year, 743 wind turbines were operating on SCA's land with a combined annual production capacity of 9.0 TWh. The start-up of the biorefinery in Gothenburg began at year end. The jointly owned biorefinery will produce liquid biofuels from such materials as the tall oil produced at SCA's pulp mills.

GROUP

SALES AND OPERATING PROFIT

January–December 2023 compared with January–December 2022

Net sales amounted to SEK 18,081m (20,794), a change of -13%, of which price/mix accounted for -23%, currency +6% and volume +4%.

EBITDA decreased to SEK 6,807m (10,194), corresponding to an EBITDA margin of 37.6% (49.0). The change was mainly attributable to lower selling prices. Higher earnings for the Forest segment, growth in renewable energy and exchange rate effects had a positive earnings effect. The cost of planned maintenance stops was SEK 377m (300).

Operating profit amounted to SEK 4,857m (8,642). Depreciation increased to SEK 1,950m (1,552) due to commissioned strategic investments.

October–December 2023 compared with October–December 2022

Net sales decreased to SEK 4,384m (4,873), a change of -10%, of which price mix accounted for -25%, volume +10% and currency +5%.

EBITDA amounted to SEK 1,635m (1,981), corresponding to an EBITDA margin of 37.3% (40.6). Lower selling prices were offset by effective cost control due to the high rate of self-sufficiency in primarily wood raw material but also energy and logistics. The cost of planned maintenance stops was SEK 147m (145).

Operating profit amounted to SEK 1,119m (1,590).

October–December 2023 compared with July–September 2023

Net sales increased to SEK 4,384m (4,302), a change of +2%, of which volume accounted for +4%, price/mix -1% and currency -1%.

EBITDA amounted to SEK 1,635m (1,417), corresponding to an EBITDA margin of 37.3% (32.9). The increase was primarily attributable to a higher reevaluation of biological assets of SEK 349m, which was offset by non-recurrent costs of SEK 70m under Other pertaining to energy tax. The cost of planned maintenance stops was SEK 147m (115).

Operating profit amounted to SEK 1,119m (913).

CASH FLOW

January–December 2023 compared with January–December 2022

The operating cash surplus amounted to SEK 4,502m (8,331). The cash flow effect of changes in working capital was SEK -159m (-1,328). Current capital expenditures, net, totaled SEK -1,603m (-1,436). Operating cash flow was SEK 2,985m (5,685) (see Note 9).

Strategic capital expenditures totaled SEK -1,510m (-4,351) and company and asset acquisitions totaled SEK -146m (-832). Paid tax amounted to SEK -330m (-859). Cash flow for the period was SEK -335m (-228) (see page 15).

FINANCING

January–December 2023 compared with January–December 2022

At December 31, 2023, net debt totaled SEK 10,766m, an increase during the period of SEK 777m. The increase was primarily attributable to strategic capital expenditures. Net debt in relation to EBITDA amounted to 1.6x compared with 1.0x at the end of 2022. Net debt in relation to equity increased to 10,0 (10,4)%.

At December 31, 2023, gross debt amounted to SEK 13,726m (12,785), with an average maturity of 3.7 years (including the lease liability). The loan structure consists of bilateral bank loans, bonds and commercial paper. Unused credit facilities and cash and cash equivalents amounted to SEK 6,751m at December 31, 2023.

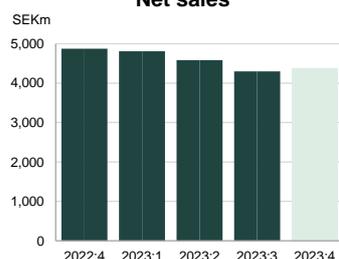
Financial items increased to SEK -414m (-39). The change was attributable to higher average net debt and higher market rates.

TAX

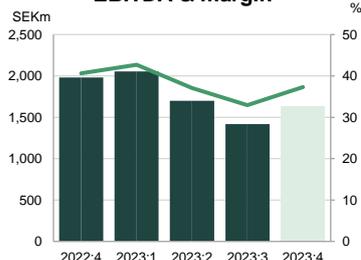
January–December 2023 compared with January–December 2022

The Group's tax expense amounted to SEK 818m (1,782), corresponding to an effective tax rate of 18.4% (20.7).

Net sales



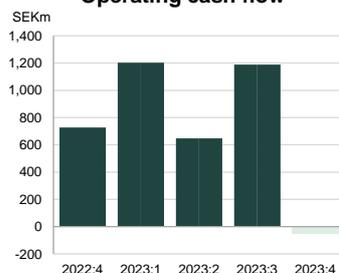
EBITDA & margin

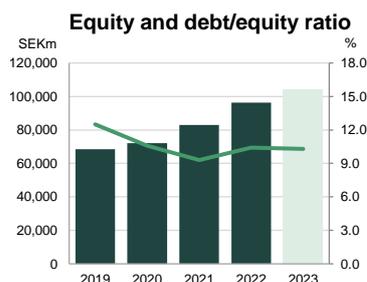


Change in net sales (%)

	2312 vs 2212	2023:4 vs 2022:4	2023:4 vs 2023:3
Total	-13	-10	2
Price/mix	-23	-25	-1
Volume	4	10	4
Currency	6	5	-1
Acquisition	0	0	0

Operating cash flow





EQUITY

January–December 2023

Equity increased by SEK 7,926m during the period, to SEK 104,284m at December 31, 2023. Equity increased due to comprehensive income for the period of SEK 9,694m, decreased by SEK 1,756m due to the dividend payment and decreased due to other items by SEK 12m.

CURRENCY EXPOSURE AND CURRENCY HEDGING

Due to a high proportion of exports, SCA's operations are exposed to various currencies. About 90% of sales are priced in currencies other than SEK, primarily EUR, USD and GBP. Most purchasing is conducted in SEK.

To reduce the risk of a weaker SEK, balance sheet items in foreign currency are hedged, as well as major decided and contracted expenses in foreign currency for investments in non-current assets. Added to this, a share of future net flows in the main currencies is hedged and, in some cases, for special order flows. At December 31, the company had hedged roughly the following shares of the expected net exposure from sales minus purchases.

Currency	Average rate	Share of expected net exposure, %				
		2024:1	2024:2	2024:3	2024:4	2025:1
EUR	11.53	75	70	40	20	5
USD	10.69	80	75	50	30	10

PLANNED MAINTENANCE STOPS

In the fourth quarter of 2023, a planned maintenance stop was carried out at the mill in Östrand (Pulp).

The estimated effect of the planned maintenance stops on earnings, calculated as the sum of the direct cost of the maintenance and lower fixed cost coverage from reduced capacity utilization during the stops, is shown in the table below.

SEKm	Actual				
	2022:1	2022:2	2022:3	2022:4	Total
Pulp	0	0	26	145	171
Containerboard	0	67	62	0	129
Total	0	67	88	145	300

SEKm	Actual				Total
	2023:1	2023:2	2023:3	2023:4	
Pulp	0	0	47	147	194
Containerboard	21	94	68	0	183
Total	21	94	115	147	377

SEKm	Forecast				Total
	2024:1	2024:2	2024:3	2024:4	
Pulp	0	20	25	175	220
Containerboard	0	65	90	0	155
Total	0	85	115	175	375

FOREST ASSETS

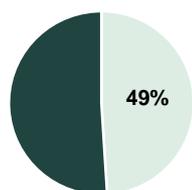
SCA bases its valuation of forest assets on completed forest transactions in the areas where SCA owns forest.

The average market price used in valuation of SCA's forest assets was SEK 395/m³fo for the Swedish holdings and EUR 40.5/m³fo for the Baltic holdings at December 31, 2023. Applied to SCA's standing timber volume of 271 million m³fo at December 31, 2023, the carrying amount of SCA's forest assets was SEK 107.5bn at the end of the year. At the end of 2022, the three-year average market price amounted to SEK 366/m³fo and the carrying amount was SEK 97.9bn (see Note 3). A summary of SCA's forest assets is shown in the table below.

Forest assets	Dec 31, 2023	Dec 31, 2022
Market value in Sweden - weighted three year average (SEK/m ³ fo)	395	366
Market value in the Baltics - weighted three year average	40.5 EUR/m ³ sk	366 kr/m ³ sk
Standing volume in Sweden (million m ³ fo)	263	260
Standing volume in the Baltics (million m ³ fo)	8	7
Standing volume (million m³fo)	271	267
Forest assets in Sweden (SEKm)	103,927	95,206
Forest assets in the Baltics (SEKm)	3,554	2,676
Forest assets (SEKm)	107,481	97,882

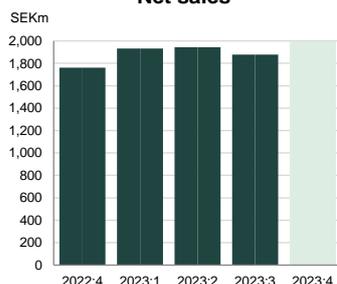
The total change in value of forest assets during the year was SEK 9,599m. The change in value of biological assets is recognized in profit or loss and amounted to SEK 2,198m in 2023. The change in value pertaining to land amounted to SEK 6,957m and is recognized as other comprehensive income with no effect on profit for the year and SEK 444m attributable to other items, including net acquisitions.

Share of EBITDA Jan-Dec 2023*

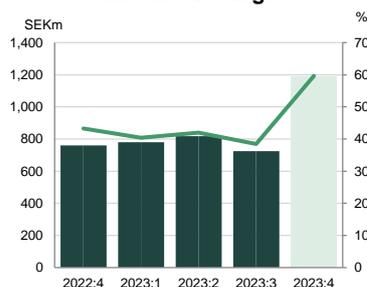


* share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



FOREST

SCA is Europe's largest private forest owner with a holding of 2.7 million hectares of forest land in Northern Sweden and the Baltic region. SCA's unique forest holding is a growing resource that provides access to high-quality forest raw materials while absorbing a net of more than 10% of Sweden's fossil CO₂ emissions.

SEKm	Quarter					Jan-Dec		
	2023:4	2022:4	%	2023:3	%	2023	2022	%
Net sales	1,994	1,760	13	1,878	6	7,748	6,705	16
EBITDA	1,189	761	56	724	64	3,511	2,602	35
Depreciation	-60	-57	5	-58	3	-232	-224	4
Operating profit	1,129	704	60	666	70	3,279	2,378	38
EBITDA margin, %	59.6	43.2		38.5		45.3	38.8	
Operating margin, %	56.6	40.0		35.4		42.3	35.5	
Return on capital employed, %	5.4	3.7		3.3		4.0	3.3	
Harvesting of own forest, thousand m ³ sub	1,518	1,509	1	1,127	35	4,951	4,434	12
Revaluation of biological assets ¹	811	475	71	462	76	2,198	1,825	20

¹ Revaluation of biological assets are included in EBITDA.

The Forest segment includes net sales from timber sourced from SCA's own forests, and from timber purchased from other forest owners, which is sold internally to SCA's industrial operations. The pricing is based on an average of SCA's externally sourced timber prices.

Harvesting of own forest

During 2023, the volume of timber harvested from SCA-owned forest was 5.0 million m³sub, of which 1.5 million m³sub was harvested in the fourth quarter. The planned annual level of timber harvested in SCA-owned forest is expected to gradually increase to approximately 5.4 million m³sub in 2025.

Revaluation of forest assets

The revaluation of biological assets was SEK 811m in the fourth quarter. The revaluation of the total forest assets is determined by the annual increase in standing volume (net growth) and the change in market price of forest land (see Note 3).

January–December 2023 compared with January–December 2022

Net sales increased 16% to SEK 7,748m (6,705), primarily attributable to higher selling prices for sawlogs and pulpwood.

EBITDA increased 35% to SEK 3,511m (2,602). This increase was primarily attributable to a higher share of harvesting from SCA-owned forest and higher selling prices for sawlogs and pulpwood as well as a higher revaluation of biological assets.

October–December 2023 compared with October–December 2022

Net sales increased 13% to SEK 1,994m (1,760), primarily attributable to higher selling prices for sawlogs and pulpwood.

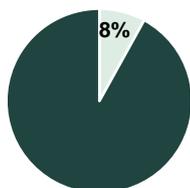
EBITDA increased 56% to SEK 1,189m (761). This increase was primarily attributable to higher selling prices for sawlogs and pulpwood as well as a higher revaluation of biological assets.

October–December 2023 compared with July–September 2023

Net sales increased 6% to SEK 1,994m (1,878). The change was attributable to higher selling prices for sawlogs.

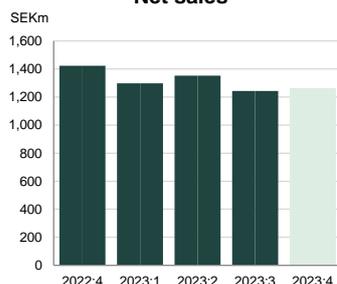
EBITDA increased 64% to SEK 1,189m (724). The increase was primarily attributable to a seasonally higher share of harvesting from SCA-owned forest, higher selling prices for sawlogs and a higher revaluation of biological assets.

Share of EBITDA Jan-Dec 2023*



* share calculated of total EBITDA
excluding central costs

Net sales



EBITDA & margin



WOOD

SCA is one of Europe's leading suppliers of wood-based products for the wood industry and building materials trade, with an annual production capacity of 2.2 million m³ of solid-wood products. SCA has five cost-efficient sawmills located close to its forest holdings in Northern Sweden, as well as wood processing and distribution to the building materials trade in Scandinavia and France.

SEKm	Quarter					Jan-Dec		
	2023:4	2022:4	%	2023:3	%	2023	2022	%
Net sales	1,264	1,422	-11	1,244	2	5,158	6,753	-24
EBITDA	65	71	-8	161	-60	550	1,945	-72
Depreciation	-64	-56	14	-56	14	-222	-223	0
Operating profit	1	15	-93	105	-99	328	1,722	-81
EBITDA margin, %	5.2	5.0		13.0		10.7	28.8	
Operating margin, %	0.1	1.1		8.5		6.4	25.5	
Return on capital employed, %	0.2	1.7		11.9		9.4	48.1	
Deliveries, wood products, thousand m ³	506	541	-6	469	8	1,948	2,022	-4

January–December 2023 compared with January–December 2022

Net sales declined 24% to SEK 5,158m (6,753). The change was primarily attributable to lower selling prices.

EBITDA declined 72% to SEK 550m (1,945), which was mainly attributable to lower selling prices and higher raw material costs. Exchange rate effects had a positive impact on earnings.

October–December 2023 compared with October–December 2022

Net sales declined 11% to SEK 1,264m (1,422), which was attributable to lower selling prices and lower delivery volumes.

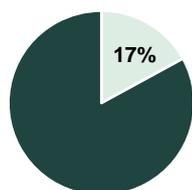
EBITDA declined 8% to SEK 65m (71). The decline was primarily attributable to lower selling prices and higher raw material costs, which was partly offset by positive exchange rate effects.

October–December 2023 compared with July–September 2023

Net sales increased 2% to SEK 1,264m (1,244), primarily attributable to higher delivery volumes.

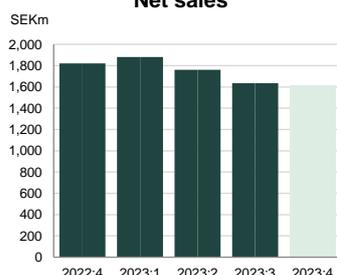
EBITDA declined 60% to SEK 65m (161). The change was mainly attributable to higher raw material costs and slightly lower selling prices.

Share of EBITDA Jan-Dec 2023*

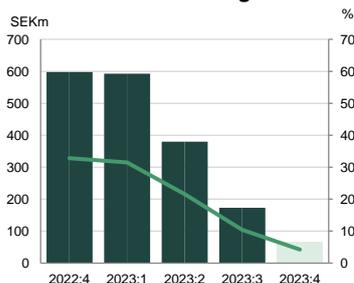


* share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



PULP

SCA produces Northern bleached softwood kraft pulp (NBSK) at Östrand pulp mill and chemi-thermomechanical pulp (CTMP) at the Ortvikén site in Sundsvall with a total capacity of 1 million tonnes per year, which is expected to increase to 1.2 million tonnes in 2025. The Östrand pulp mill is one of the largest and most cost-efficient production lines for NBSK in the world and is also a net producer of green electricity and produces biochemicals such as tall oil and turpentine.

SEKm	Quarter				Jan-Dec			
	2023:4	2022:4	%	2023:3	%	2023	2022	%
Net sales	1,616	1,822	-11	1,636	-1	6,893	7,209	-4
EBITDA	67	598	-89	173	-61	1,213	2,883	-58
Depreciation	-164	-146	12	-167	-2	-654	-586	12
Operating profit	-97	452		6		559	2,297	-76
EBITDA margin, %	4.2	32.8		10.5		17.6	40.0	
Operating margin, %	-6.0	24.8		0.3		8.1	31.9	
Return on capital employed, %	-4.0	22.1		0.2		5.9	28.1	
Deliveries, pulp, thousand tonnes	232	200	16	246	-6	945	864	9

January–December 2023 compared with January–December 2022

Net sales declined 4% to SEK 6,893m (7,209). Lower selling prices were offset by higher delivery volumes from the new CTMP facility and positive exchange rate effects.

EBITDA declined 58% to SEK 1,213m (2,883). The EBITDA margin was 17.6% (40.0). Lower selling prices and higher raw material costs were somewhat offset by positive exchange rate effects. The cost of planned maintenance stops was SEK 194m (171).

October–December 2023 compared with October–December 2022

Net sales decreased by 11% to SEK 1,616m (1,822). The decline was attributable to lower selling prices, which were offset by higher delivery volumes from the new CTMP facility and positive exchange rate effects.

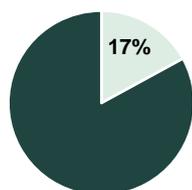
EBITDA declined 89% to SEK 67m (598). Lower selling prices and higher raw material costs were offset by positive exchange rate effects. The cost of planned maintenance stops was SEK 147m (145).

October–December 2023 compared with July–September 2023

Net sales declined 1% to SEK 1,616m (1,636). The decrease was primarily attributable to lower delivery volumes, which were offset by higher selling prices.

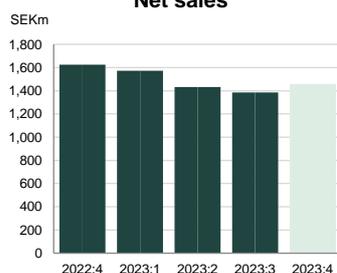
EBITDA declined 61% to SEK 67m (173). The change was primarily attributable to higher costs for planned maintenance stops that amounted to SEK 147m (47).

Share of EBITDA Jan-Dec 2023*

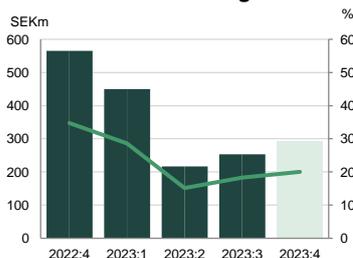


* share calculated of total EBITDA
excluding central costs

Net sales



EBITDA & margin



CONTAINERBOARD

SCA produces kraftliner, renewable packaging paper, at the paper mills in Munksund and Obbola. SCA is Europe's largest independent producer of kraftliner, with a total capacity of 865,000 tonnes per year, which is expected to increase to 1,140,000 tonnes by 2026.

SEKm	Quarter				Jan-Dec			
	2023:4	2022:4	%	2023:3	%	2023	2022	%
Net sales	1,460	1,626	-10	1,385	5	5,850	6,823	-14
EBITDA	292	565	-48	253	15	1,212	2,792	-57
Depreciation	-200	-110	82	-191	5	-730	-433	69
Operating profit	92	455	-80	62	48	482	2,359	-80
EBITDA margin, %	20.0	34.7		18.3		20.7	40.9	
Operating margin, %	6.3	28.0		4.4		8.2	34.6	
Return on capital employed, %	3.4	48.1		2.3		5.1	62.1	
Deliveries, kraftliner, thousand tonnes	222	184	21	198	12	839	773	9

January–December 2023 compared with January–December 2022

Net sales declined 14% to SEK 5,850m (6,823). The decrease was primarily attributable to lower selling prices. Exchange rate effects and higher delivery volumes from the new paper machine in Obbola, which began operating at the end of the preceding year, had a positive impact on net sales.

EBITDA declined 57% to SEK 1,212m (2,792). The decrease was mainly attributable to lower selling prices. The cost of planned maintenance stops was SEK 183m (129).

October–December 2023 compared with October–December 2022

Net sales decreased by 10% to SEK 1,460m (1,626). The decrease was primarily attributable to lower selling prices. Higher delivery volumes and exchange rate effects had a positive effect on net sales.

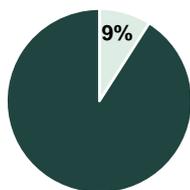
EBITDA declined 48% to SEK 292m (565). The decrease was mainly attributable to lower selling prices. The cost of planned maintenance stops amounted to SEK 0m (0).

October–December 2023 compared with July–September 2023

Net sales increased by 5% to SEK 1,460m (1,385), primarily attributable to higher delivery volumes.

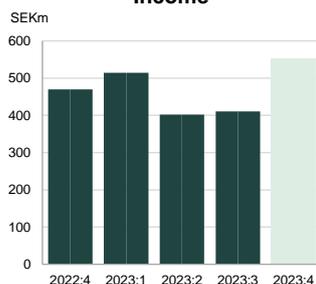
EBITDA increased 15% to SEK 292m (253). Higher delivery volumes and lower costs for planned maintenance stops of SEK 0m (68) had a positive impact on earnings.

Share of EBITDA Jan-Dec 2023*

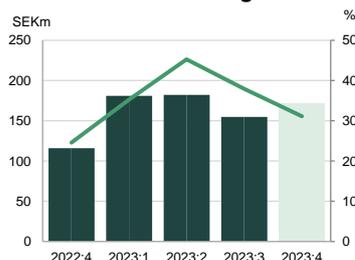


* share calculated of total EBITDA
excluding central costs

Income



EBITDA & margin



RENEWABLE ENERGY

SCA produces tall oil, green electricity, refined and unrefined biofuels and is investing in the production of liquid biofuels. SCA is one of Europe's largest producers of bioenergy, with annual production of about 11 TWh. SCA's industries and wind farm produce green electricity corresponding to approximately 1% of Swedish electricity consumption. SCA also leases out land for the production of wind power.

SEKm	Quarter				Jan-Dec			
	2023:4	2022:4	%	2023:3	%	2023	2022	%
Income ¹	552	470	17	411	34	1,879	1,550	21
EBITDA	172	116	48	155	11	690	355	94
Depreciation	-19	-5	280	-22	-14	-77	-17	353
Operating profit	153	111	38	133	15	613	338	81
EBITDA margin, % ²	31.2	24.6		37.9		36.7	22.9	
Operating margin, % ²	27.7	23.6		32.5		32.7	21.8	
Return on capital employed, %	29.8	31.6		28.5		32.1	36.9	
Deliveries, renewable electricity from own wind production, GWh	30	-	-	26	15	149	-	-

¹ Income consists of net sales and other operating income

² EBITDA and operating profit as share of income

January–December 2023 compared with January–December 2022

Income increased 21% to SEK 1,879m (1,550). The increase was primarily attributable to higher selling prices.

EBITDA increased 94% to SEK 690m (355). The EBITDA margin was 36.7% (22.9). The increase was mainly due to continued growth in the energy business and higher selling prices. The wind farm in Markbygden, which was acquired at the beginning of the year, made a positive contribution to the earnings trend.

October–December 2023 compared with October–December 2022

Income increased 17% to SEK 552m (470). The increase was primarily attributable to higher selling prices.

EBITDA increased 48% to SEK 172m (116). The increase was mainly due to higher selling prices and continued growth in the energy business. The EBITDA margin increased to 31.2% (24.6).

October–December 2023 compared with July–September 2023

Income increased 34% to SEK 552m (411), which is primarily attributable to seasonally higher delivery volumes.

EBITDA increased 11% to SEK 172m (155). The increase was primarily attributable to seasonally higher delivery volumes.

SHARE DISTRIBUTION

December 31, 2023	Class A	Class B	Total
Registered number of shares	64,435,149	637,907,340	702,342,489

At the end of the period, the proportion of Class A shares was 9.2%. During the fourth quarter, 146,845 Class A shares were converted to Class B shares at the request of shareholders, which also corresponds to the total number of shares converted for full-year 2023. The total number of votes in the company amounts to 1,282,258,830.

FUTURE EVENTS

- The Annual Report will be published on February 29, 2024
- The Annual General Meeting will be held on March 22, 2024
- The interim report for the first quarter will be published on April 26, 2024
- The half-year report and the report for the second quarter will be published on July 26, 2024
- The interim report for the third quarter will be published on October 25, 2024

INVITATION TO PRESS CONFERENCE ON THE 2023 YEAR-END REPORT

Members of the media and analysts are hereby invited to attend a press conference where this interim report will be presented by the President and CEO, Ulf Larsson, and by the CFO, Andreas Ewertz.

Time: Friday, January 26, 2024 at 10:00 a.m. CET

The press conference will be webcast live at www.sca.com. It is also possible to participate by telephone by calling:

Sweden: +46 (0)8 505 204 24
 UK: +44 (0) 33 0551 0200
 US: +1 786 697 3501

Specify "SCA Q4".

Sundsvall, January 26, 2024

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Ulf Larsson
 President and CEO

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Please note:

This is information that SCA is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. The information was submitted for publication, through the agency of the contact person set out below, on January 26, 2024 at 8:00 a.m. CET. The report has not been reviewed by the company's auditors.

Anders Edholm, SVP Sustainability and Communications, +46 (0)60 19 32 12

GROUP

CONDENSED INCOME STATEMENT

SEKm	Quarter					Jan-Dec		
	2023:4	2022:4	%	2023:3	%	2023	2022	%
Net sales	4,384	4,873	-10	4,302	2	18,081	20,794	-13
Other income	858	851	1	689	25	3,314	3,163	5
Change in inventories	-25	-156	-84	-173	-86	-275	-83	231
Change in value in biological assets	811	475	71	462	76	2,198	1,825	20
Raw materials and consumables	-1,139	-1,019	12	-862	32	-4,346	-4,577	-5
Personnel costs	-670	-681	-2	-614	9	-2,655	-2,627	1
Other operating expenses	-2,591	-2,340	11	-2,417	7	-9,563	-8,278	16
Result from associated companies and JV	7	-22		30		53	-23	
EBITDA	1,635	1,981	-17	1,417	15	6,807	10,194	-33
Depreciation, amortization and impairment	-516	-391	32	-504	2	-1,950	-1,552	26
Operating profit	1,119	1,590	-30	913	23	4,857	8,642	-44
Financial items	-141	-22		-111		-414	-39	
Profit before tax	978	1,568	-38	802	22	4,443	8,603	-48
Income tax	-145	-353		-139		-818	-1,782	
Net Profit for the period	833	1,215	-31	663	26	3,625	6,821	-47
Earnings attributable to:								
Owners of the parent	854	1,238		674		3,675	6,748	
Non-controlling interests	-21	-23		-11		-50	73	
Earnings per share SEK - owners of the parent¹	1.22	1.76		0.96		5.23	9.61	
Average number of shares, millions	702.3	702.3		702.3		702.3	702.3	
Margins, %								
EBITDA margin	37.3	40.6		32.9		37.6	49.0	
Operating margin	25.5	32.6		21.2		26.9	41.6	
Net margin	19.0	24.9		15.4		20.0	32.8	

¹ There are no dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Jan-Dec	
	2023:4	2022:4	2023:3	2023	2022
Profit for the period	833	1,215	663	3,625	6,821
Other comprehensive income for the period:					
Items that may not be reclassified to the income statement					
Change in value land assets	7,522	6,808	-230	6,957	10,398
Revaluation of defined benefit pension plans	-8	206	-122	436	394
Income tax attributable to components of other comprehensive income	-1,439	-1,456	72	-1,414	-2,235
Total	6,075	5,558	-280	5,979	8,557
Items that have been or may be reclassified subsequently to the income statement					
Cash flow hedges	322	278	18	89	347
Hedge cost	4	-10	-1	5	-13
Translation differences in foreign operations	-121	41	-70	-35	177
Income tax attributable to components of other comprehensive income	-67	-55	-3	-19	-78
Total	138	254	-56	40	433
Other comprehensive income for the period, net of tax	6,213	5,812	-336	6,019	8,990
Total comprehensive income for the period	7,046	7,027	327	9,644	15,811
Total comprehensive income attributable to:					
Owners of the parent	7,067	7,050	338	9,694	15,738
Non-controlling interests	-21	-23	-11	-50	73

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Dec	
	2023	2022
Attributable to owners of the parent		
Value, January 1	96,358	83,055
Total comprehensive income for the period	9,694	15,738
Cash flow hedge transferred to cost of hedged investments	-15	-6
Tax on cash flow hedge transferred to cost of hedged investments	3	1
Cash dividend	-1,756	-2,282
Acquisition of non-controlling interests	-	-148
Value, December 31	104,284	96,358
Non-controlling interests		
Value, January 1	-	-
Total comprehensive income for the period	-50	73
Acquisition of non-controlling interests	50	-73
Value, December 31	-	-
Total equity, value December 31	104,284	96,358

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	Dec 31, 2023	Dec 31, 2022
ASSETS		
Non-current assets		
Intangible assets	813	731
Buildings, land, machinery and equipment	25,230	24,800
Forest assets	107,481	97,882
<i>of which land assets</i>	49,267	42,201
<i>of which biological assets</i>	58,214	55,681
Right-of-use assets	570	561
Other non-current assets	3,693	3,158
Total non-current assets	137,787	127,132
Current assets		
Inventories	5,361	4,856
Trade receivables	2,858	3,007
Other current receivables	1,444	1,524
Cash and cash equivalents	502	836
Total current assets	10,165	10,223
Total assets	147,952	137,355
EQUITY AND LIABILITIES		
Equity		
Owners of the Parent		
Share capital	2,350	2,350
Share premium	6,830	6,830
Reserves	37,494	31,833
Retained earnings including net profit for the period	57,610	55,345
Non-controlling interests	-	-
Total equity	104,284	96,358
Non-current liabilities		
Non-current financial liabilities	11,498	10,751
Provisions for pensions	326	245
Deferred tax liabilities	24,373	22,117
Other non-current liabilities and other provisions	101	114
Total non-current liabilities	36,298	33,227
Current liabilities		
Current financial liabilities	1,902	1,789
Trade payables	3,963	3,622
Other current liabilities and other provisions	1,505	2,359
Total current liabilities	7,370	7,770
Total liabilities	43,668	40,997
Total liabilities and equity	147,952	137,355

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Jan-Dec	
	2023	2022
Operating activities		
Profit before tax	4,443	8,603
Adjustment for non-cash items ¹	-48	-51
Change in liabilities regarding restructuring costs	-12	-40
Paid tax	-330	-859
Cash flow from operating activities before changes in working capital	4,053	7,653
Cash flow from changes in working capital		
Change in inventories	-504	-663
Change in operating receivables	339	-957
Change in operating liabilities	6	292
Cash flow from operating activities	3,894	6,325
Investing activities		
Company and asset acquisitions	-146	-832
Divestments	-	20
Current capital expenditures in non-current assets, net	-1,425	-1,351
Strategic capital expenditures in non-current assets	-1,510	-4,351
Repayment of loans from external parties	0	8
Acquisition of financial asset	-24	-17
Cash flow from investing activities	-3,105	-6,523
Financing activities		
Loans raised	2,099	4,223
Amortization of debt	-1,265	-1,788
Amortization of debt, leasing	-202	-183
Dividend	-1,756	-2,282
Cash flow from financing activities	-1,124	-30
Net cash flow for the period	-335	-228
Cash and cash equivalents at the beginning of the period	836	1,056
Translation differences in cash and cash equivalents	1	8
Cash and cash equivalents at the end of the period	502	836
¹ Depreciation/amortization and impairment of non-current assets	1,950	1,552
Fair-value measurement of biological assets	-2,198	-1,825
Gains/loss on assets sales and swaps of assets	-56	-51
Resolution of provision	-	-11
Other	256	284
Total	-48	-51

NOTES

1. ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1 of the Swedish Financial Reporting Board, and with regards to the Parent Company, RFR 2. Applied accounting principles are described in detail in SCA's Annual and Sustainability Report for 2022. New or revised IFRSs and interpretations from IFRIC have not had any material effect on the Group's or the Parent Company's financial statements. As of the first quarter of 2023, SCA is reporting Renewable Energy as a new segment. Due to the new segment, comparative periods have been recalculated. The previous segmentation is described on page 60 of SCA's Annual and Sustainability Report for 2022.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Net sales by segment

SEKm	Jan-Dec 2023							Total
	Forest	Wood	Pulp	Containerboard	Renewable Energy	Other	Eliminations	
Sweden	7,620	1,703	1,113	454	54	-	-7,622	3,322
USA	-	512	1,328	105	-	-	-	1,945
Germany	-	124	542	1,373	-	-	-	2,039
United Kingdom	-	131	233	1,029	-	-	-	1,393
Rest of Europe	128	1,188	2,033	2,377	-	-	-	5,726
Asia	-	822	1,497	300	-	-	-	2,619
Rest of world	-	678	147	212	-	-	-	1,037
Total Group	7,748	5,158	6,893	5,850	54	-	-7,622	18,081

SEKm	Jan-Dec 2022							Total
	Forest	Wood	Pulp	Containerboard	Renewable Energy	Other	Eliminations	
Sweden	6,696	2,106	1,158	683	-	-	-6,696	3,947
USA	-	540	1,869	124	-	-	-	2,533
Germany	-	153	561	1,491	-	-	-	2,205
United Kingdom	-	609	288	1,120	-	-	-	2,017
Rest of Europe	9	1,509	2,738	3,086	-	-	-	7,342
Asia	-	1,251	279	104	-	-	-	1,634
Rest of world	-	585	316	215	-	-	-	1,116
Total Group	6,705	6,753	7,209	6,823	-	-	-6,696	20,794

3. FOREST VALUATION

Accounting principles

The accounting principles for forest assets are described on page 109, Note D3, of SCA's Annual and Sustainability Report for 2022.

Key assessments and assumptions

SCA bases its valuation of forest assets on forest transactions in the areas where SCA owns forest assets.

At December 31, 2023, the total standing timber volume was estimated at approximately 271 million m³fo, of which 8 million m³fo is in the Baltic region. The three-year average price used to value SCA's forest assets as of December 31, 2023, amounted to SEK 395/m³fo for the Swedish holdings. The Baltic holdings have previously been valued at the same price per m³fo as the Swedish holdings. In the fourth quarter of 2023, SCA changed its assumption and used a three-year average market price based on completed forest land transactions in the Baltics. As of December 31, 2023, that amounted to EUR 40.5/m³fo

The total value of forest assets was SEK 107,481m. As of December 31, 2023, the total increase in value of forest assets amounted to SEK 9,599m. The change in value of biological assets was SEK 2,198m during the year, and is recognized in the income statement on the line item for change in value in biological assets. The change in value pertaining to land amounted to SEK 6,957m and is recognized as other comprehensive income with no effect on profit for the year. Other items (including investments) amounted to SEK 444m.

Forest assets

SEKm	Dec 31, 2023	Dec 31, 2022
Forest assets in Sweden	103,927	95,206
Forest assets in the Baltic states	3,554	2,676
Total value of forest assets	107,481	97,882
Deferred tax on forest assets	21,277	19,468

4. OTHER PROVISIONS

Accounting principles

The accounting principles for other provisions are described in detail on page 115, Note D8, of SCA's Annual and Sustainability Report for 2022.

SEKm	Environment	Discontinuation publication paper	Other	Total
Value, January 1	66	86	4	156
Provisions	109	-	1	110
Utilization	-29	-56	-1	-86
Dissolutions	-	-6	-	-6
Translation differences	-	0	-	0
Value, December 31	146	24	4	174
Provisions comprise:				
Long-term component				57
Short-term component				117

5. RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 65–73 of SCA's Annual and Sustainability Report 2022.

6. RELATED PARTY TRANSACTIONS

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

7. FINANCIAL INSTRUMENTS BY CATEGORY

SEKm	Measure- ment level	Dec 31, 2023	Dec 31, 2022
Financial assets measured at fair value in the income statement			
Derivatives - Current financial assets	2	4	5
Derivatives - Other current receivables	2	63	102
Total		67	107
Financial liabilities measured at fair value in the income statement			
Derivatives - Current financial liabilities	2	4	5
Derivatives - Other current liabilities	2	4	143
Total		8	148
Financial assets measured at fair value through other comprehensive income			
Equity instruments	3	14	14
Total		14	14
Financial liabilities measured at amortized cost			
Non-current financial liabilities excluding leasing	-	11,044	10,312
Non-current financial liabilities, leasing	-	442	439
Current financial liabilities excluding leasing	-	1,740	1,635
Current financial liabilities, leasing	-	158	149
Total		13,384	12,535
Derivatives used for hedge accounting			
Non-current financial assets	2	39	80
Other non-current assets	2	27	175
Other current receivables	2	321	373
Total		387	628
Derivatives used for hedge accounting			
Non-current financial liabilities	2	12	-
Other non-current liabilities	2	44	66
Other current liabilities	2	32	341
Total		88	407

The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, and trade payables is estimated to be equal to their carrying amount. The total fair value of current and non-current financial liabilities, excluding lease liabilities, was SEK 12,601m (11,625). The value of electricity derivatives is based on published prices in an active market. Other financial instruments are marked to market, based on prevailing currency and interest rates on the balance sheet date. The fair value of debt instruments is determined using valuation models, such as discounting future cash flows at quoted market rates for the respective maturity.

8. CONTINGENT LIABILITIES AND COMMITMENTS

SEKm	Parent		Group	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Contingent liabilities				
Guarantees for				
subsidiaries	1342	711	-	-
associates	-	-	5	5
customers and others	-	-	28	28
Other contingent liabilities	2	1	24	19
Total	1,344	712	57	52

SCA has, through a wholly owned subsidiary, undertaken to repay debt raised by a joint venture. At December 31, 2023, the SCA Group's undertaking amounted to SEK 71m (27).

9. ALTERNATIVE PERFORMANCE MEASURES

For definitions of alternative performance measures, refer to SCA's Annual and Sustainability Report 2022, pages 93–95.

Operating cash flow

SEKm	Quarter			Jan-Dec	
	2023:4	2022:4	2023:3	2023	2022
EBITDA	1,635	1,981	1,417	6,807	10,194
Changes in biological assets and other non cash flow items	-840	-459	-516	-2,305	-1,863
Operating cash surplus	795	1,522	901	4,502	8,331
Change in working capital	-710	-604	700	-159	-1,328
Current capital expenditures, net ¹	-538	-439	-436	-1,603	-1,436
Other operating cash flow	398	248	24	245	118
Operating cash flow	-55	727	1,189	2,985	5,685
¹ Including following values from new leasing contracts:	-50	-20	-32	-178	-85

Capital structure

SEKm	Dec 31, 2023	Dec 31, 2022
Forest assets	107,481	97,882
Working capital	4,322	4,138
Deferred tax relating to forest assets	-21,277	-19,468
Other capital employed, net	24,524	23,795
Total capital employed	115,050	106,347
Net debt, SEKm	10,765	9,989
Net debt/EBITDA (LTM) ¹	1.6x	1.0x
Equity, SEKm	104,284	96,358
Net debt/Equity (%)	10.0	10.4

¹ Last Twelve Months

Return on capital employed

%	Quarter			LTM ¹ , Full year	
	2023:4	2022:4	2023:3	Dec 31, 2023	Dec 31, 2022
<i>Return on capital employed</i>	4.0	6.2	3.4	4.5	8.9
<i>Return on capital employed, industrial</i>	0.9	23.5	4.2	7.3	40.1

¹ Last Twelve Months

Working capital

SEKm	Dec 31, 2023	Dec 31, 2022
Inventories	5,361	4,856
Trade receivable	2,858	3,007
Other current receivables	1,219	1,412
Trade payable	-3,864	-3,404
Other current liabilities	-1,252	-1,684
Other short term provisions	0	-49
Working capital	4,322	4,138

Net debt

SEKm	Dec 31, 2023	Dec 31, 2022
Surplus in funded pension plans	2,219	1,689
Non-current financial assets	148	165
Current financial assets	91	106
Cash and cash equivalents	502	836
Financial receivables	2,960	2,796
Non-current financial liabilities	11,498	10,751
Provisions for pensions	326	245
Current financial liabilities	1,902	1,789
Financial liabilities	13,726	12,785
Net debt	-10,766	-9,989

10. QUARTERLY DATA BY SEGMENT**NET SALES**

SEKm	Quarter					
	2023:4	2023:3	2023:2	2023:1	2022:4	2022:3
Forest	1,994	1,878	1,945	1,931	1,760	1,612
Wood	1,264	1,244	1,353	1,297	1,422	1,412
Pulp	1,616	1,636	1,760	1,881	1,822	1,897
Containerboard	1,460	1,385	1,432	1,573	1,626	1,694
Renewable energy ¹	11	5	9	29	-	-
Other	-	-	-	-	0	1
Intra-group deliveries	-1,961	-1,846	-1,917	-1,898	-1,757	-1,609
Total net sales	4,384	4,302	4,582	4,813	4,873	5,007

EBITDA

SEKm	Quarter					
	2023:4	2023:3	2023:2	2023:1	2022:4	2022:3
Forest	1,189	724	817	781	761	601
Wood	65	161	201	123	71	351
Pulp	67	173	380	593	598	848
Containerboard	292	253	217	450	565	719
Renewable energy ¹	172	155	182	181	116	82
Other	-150	-49	-97	-73	-130	-117
Total EBITDA	1,635	1,417	1,700	2,055	1,981	2,484

EBITDA MARGIN

%	Quarter					
	2023:4	2023:3	2023:2	2023:1	2022:4	2022:3
Forest	59.6	38.5	42.0	40.4	43.2	37.3
Wood	5.2	13.0	14.9	9.5	5.0	24.9
Pulp	4.2	10.5	21.6	31.5	32.8	44.7
Containerboard	20.0	18.3	15.2	28.6	34.7	42.4
Renewable energy ^{1,2}	31.2	37.9	45.3	35.2	24.6	25.3
EBITDA margin	37.3	32.9	37.1	42.7	40.6	49.6

Operating profit

SEKm	Quarter					
	2023:4	2023:3	2023:2	2023:1	2022:4	2022:3
Forest	1,129	666	761	723	704	544
Wood	1	105	151	71	15	297
Pulp	-97	6	212	438	452	701
Containerboard	92	62	46	282	455	608
Renewable energy ¹	153	133	164	163	111	78
Other	-159	-59	-105	-81	-147	-134
Total operating profit	1,119	913	1,229	1,596	1,590	2,094

¹ Renewable energy is a new segment from January 1, 2023. Year 2022 is recalculated.

² EBITDA as share of Income.

Renewable energy's income amounted to	552	411	402	514	470	324
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PARENT COMPANY

CONDENSED INCOME STATEMENT

SEKm	Jan-Dec	
	2023	2022
Other operating income	314	292
Other operating expenses	-218	-186
Personnel costs	-95	-119
EBITDA	1	-13
Depreciation and impairment	-99	-94
Operating profit	-98	-107
Financial items	231	176
Profit after financial items	133	69
Appropriations	9	3,482
Profit before tax	142	3,551
Income tax	-13	-734
Profit for the period	129	2,817

Other operating income was mainly related to remuneration for the granting of felling rights for the Parent Company's forest assets. Appropriations include group contributions, which are significantly lower in 2023 compared with previous year. Other comprehensive income was the same as profit for the period.

CONDENSED BALANCE SHEET

SEKm	Dec 31, 2023	Dec 31, 2022
Tangible non-current assets	9,217	9,072
Other non-current assets	12,015	11,962
Total non-current assets	21,232	21,034
Current assets	16,694	17,221
Total assets	37,926	38,255
Restricted equity	11,373	11,373
Non-restricted equity	9,039	10,666
Total equity	20,412	22,039
Provisions	1,734	1,710
Non-current liabilities	11,127	10,553
Current liabilities	4,653	3,953
Total equity, provisions and liabilities	37,926	38,255