

A leading industrial ecosystem, driven by the force of the forest

Roadshow presentation
June, 2017



Roadshow presentation

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

Key rationale to the split

Increased strategic focus

Well-positioned stand-alone company

Increased shareholder value
in the long term

Timetable

June 9, 2017. Last day of trading in SCA shares with the right to receive distribution of shares in Essity.

June 12, 2017. First day of trading in SCA shares without the right to receive distribution of shares in Essity.

June 13, 2017. Record date for distribution of shares in Essity.

June 15, 2017. Estimated first day of trading in Essity's shares on Nasdaq Stockholm.

Strong and integrated value chain

Europe's largest private forest owner

World class wood operation

Erecting world's largest softwood pulp line

Leading Kraftliner producer

Maximizing energy potential



Global trends favoring fiber based renewable materials

Increased demand for renewable materials

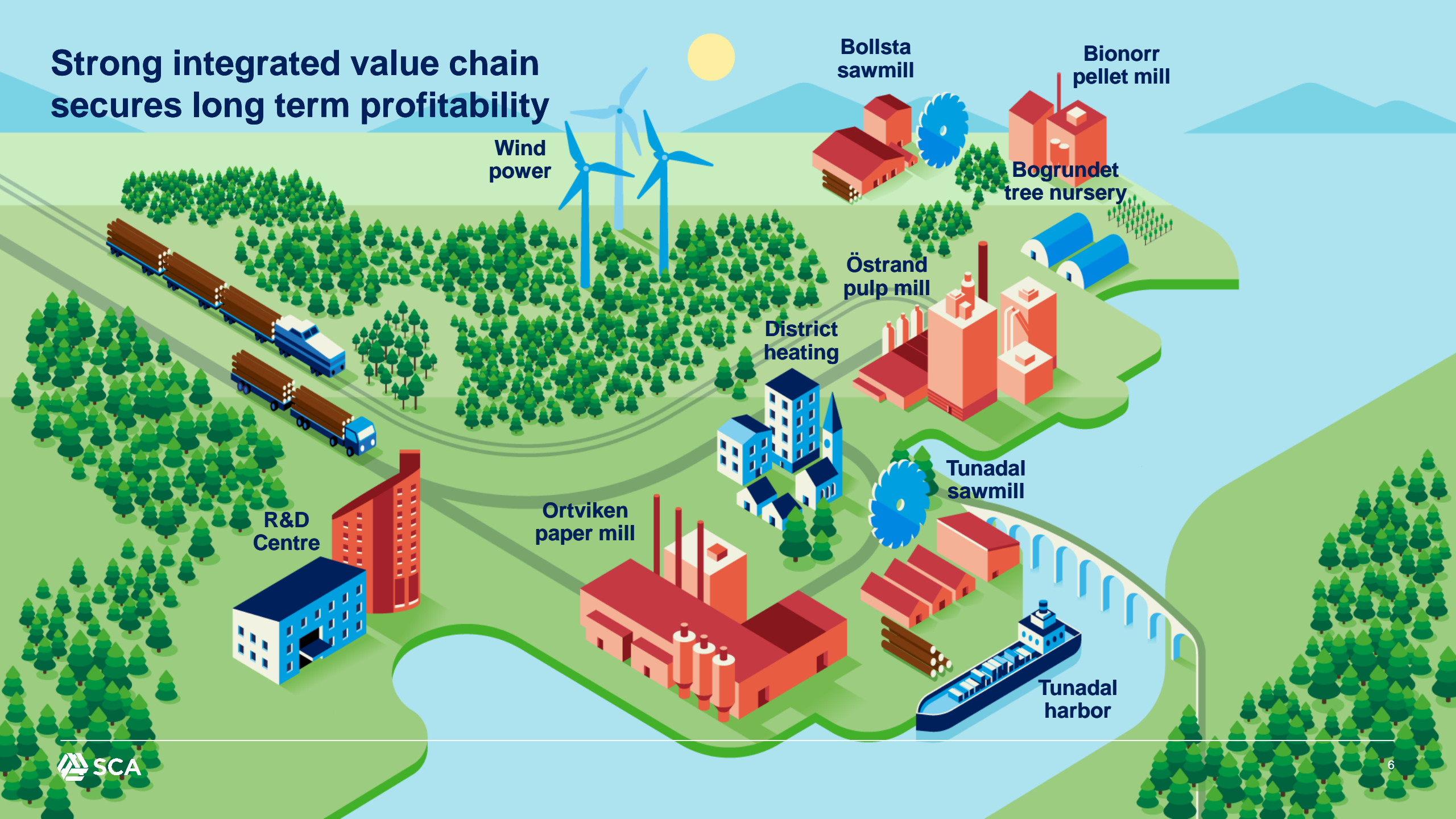
E-commerce

Growing demand for virgin fiber

More packaged goods

Eco-awareness

Strong integrated value chain secures long term profitability



Wind power

Bollsta sawmill

Bionorr pellet mill

BogrunDET tree nursery

Östrand pulp mill

District heating

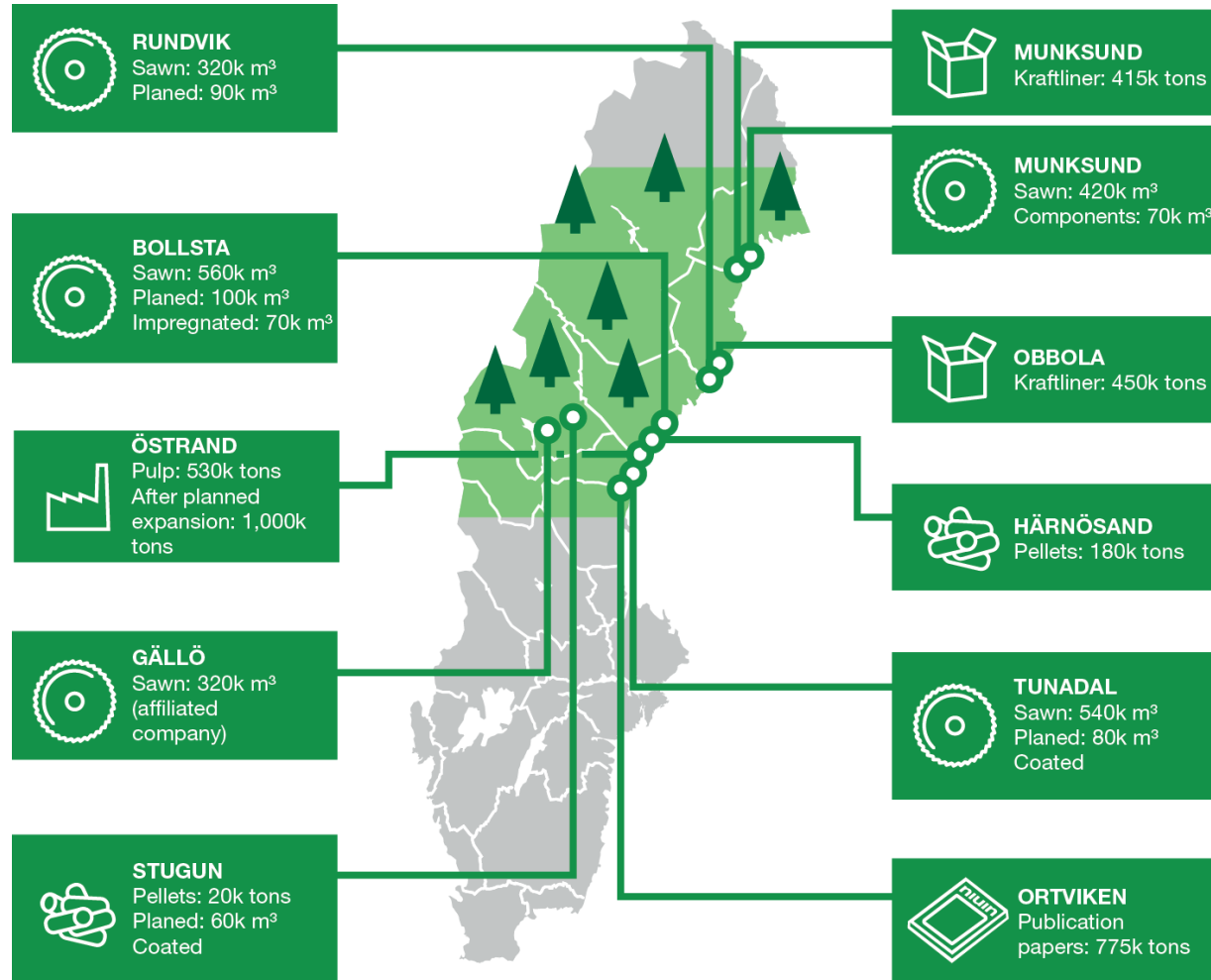
Tunadal sawmill

R&D Centre

Ortviken paper mill

Tunadal harbor

Production facilities close to the forest



In addition, SCA 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

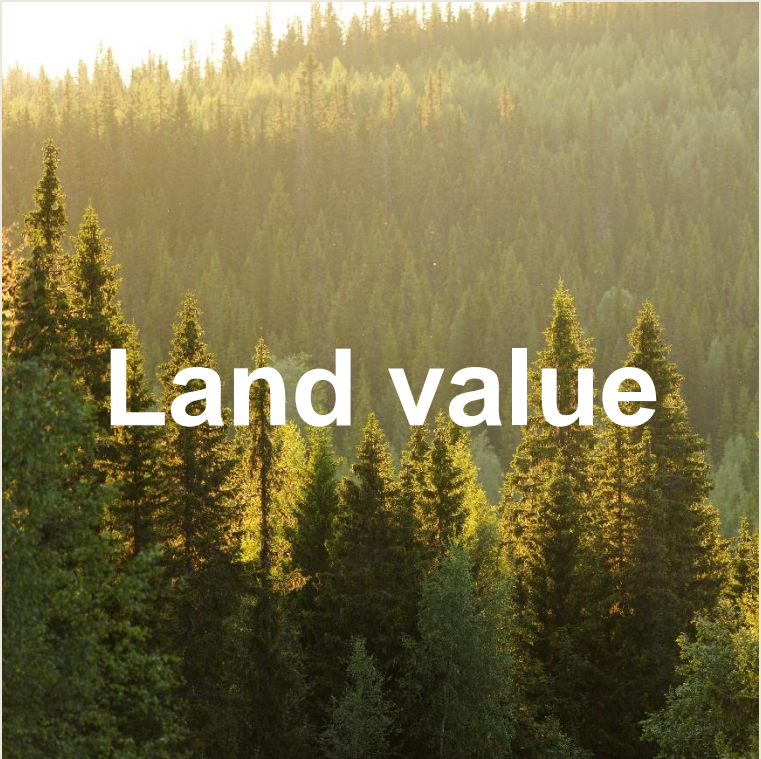
The forest is our source for value creation



Harvesting



Growth

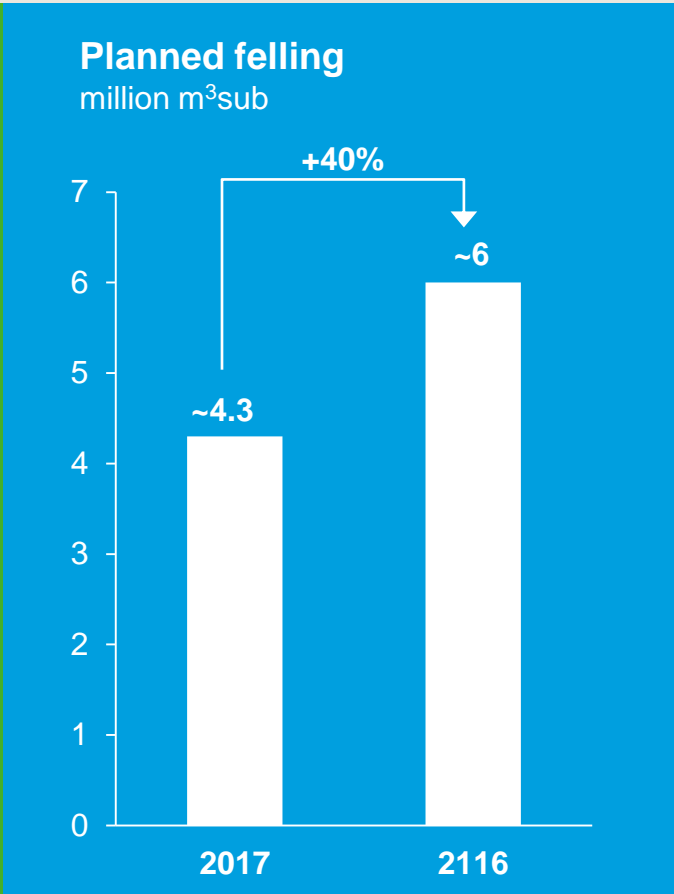
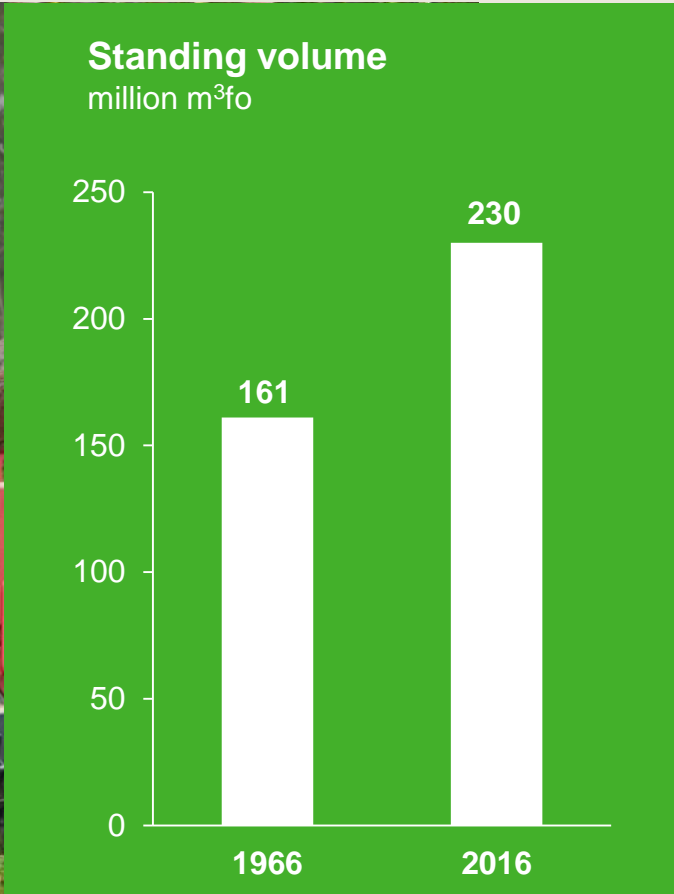


Land value

Increased felling rate driven by a high share of young forest in a strong growth phase

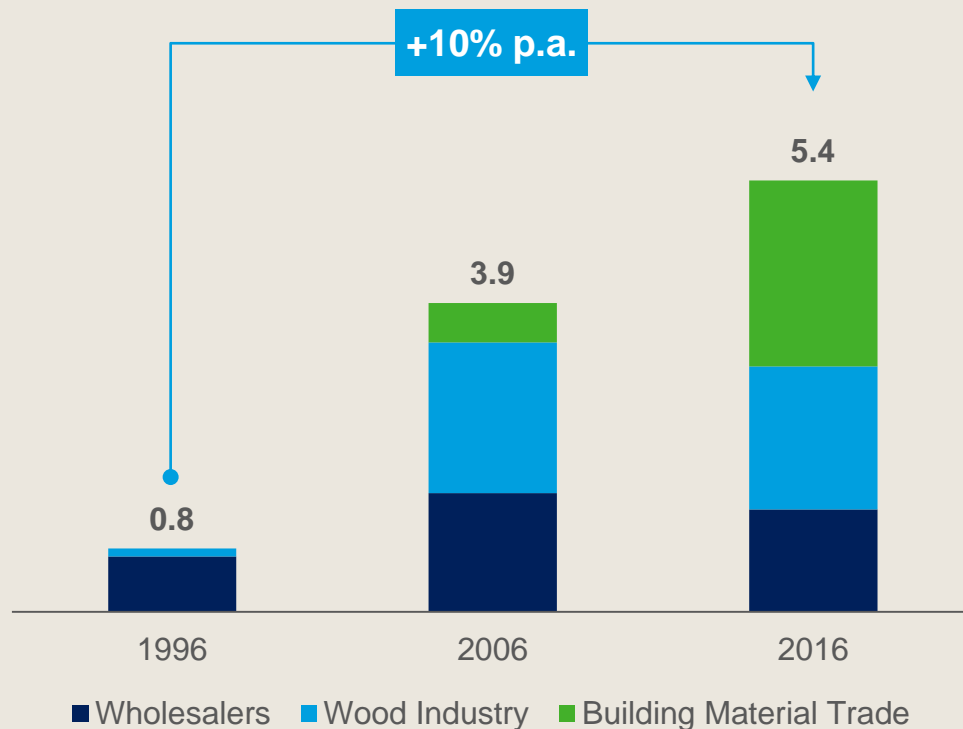


- Current net growth of approximately 3m m^{3fo} per year
- Standing volume has increased by nearly 50% over the last 50 years
- Current felling corresponds to 50-60% of the available annual growth



Highly efficient wood operations with profitable growth for more than 20 years

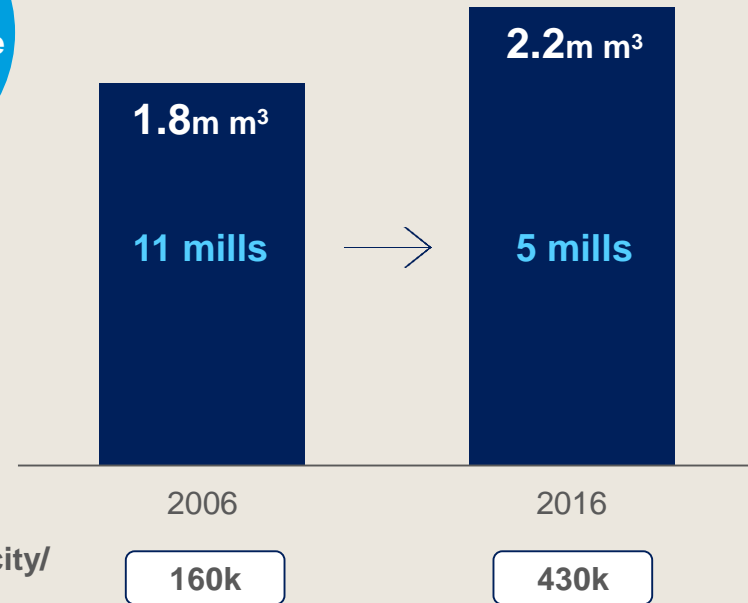
Wood sales (SEKbn)



From 11 to 5 highly automated and efficient sawmills

SEK ~2.0bn investment since 2006

Average capacity/mill: (m³/year)



Östrand – world class pulp operation to meet increasing demand



Meeting long-term growth in tissue and white packaging

World-class competitiveness

Cost efficient supply of raw materials

Increases value of the forest

Paper strategies

Kraftliner

- Build on market leading position and favorable growth trends
- Leverage investments made to further focus product mix on high value products
- Optionality for further capacity investments in Obbola and product mix improvements in Munksund

Publication paper

- Operational excellence & cash flow focus
- Upgrade product portfolio and grow key products in selected segments



Energy, biofuel and green chemicals offer additional growth opportunities

One of Europe's largest supplier of forest based biofuels with 9 TWh produced in 2016

320 wind turbines on SCA's forest land with an average annual production of 2.5 TWh

Future growth opportunities within liquid biofuels and green chemicals



Paving the way for a renewable future

Responsible forest management

Net forest growth binds ~4m tons CO₂ annually

Mitigating climate change

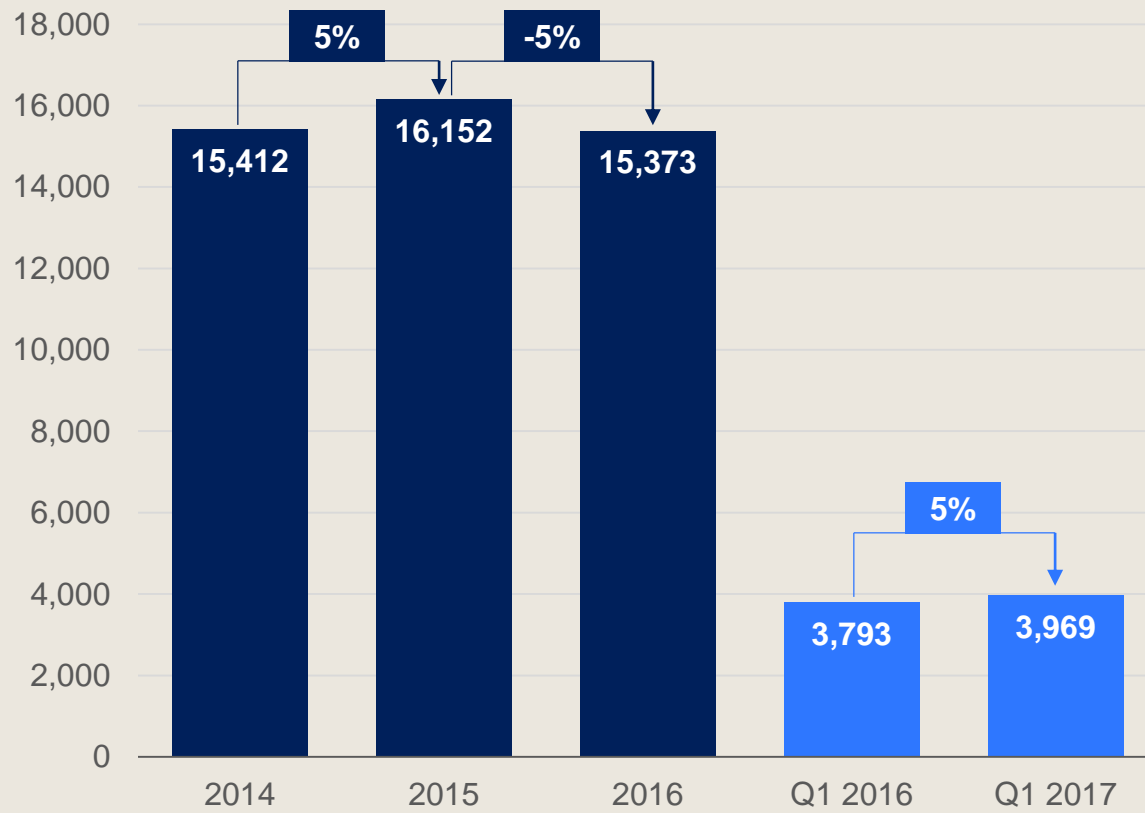
Carbon dioxide emissions from fossil fuels reduced by 60% over the past 5 years

Our forests will be as rich in timber, biodiversity and nature experience as today

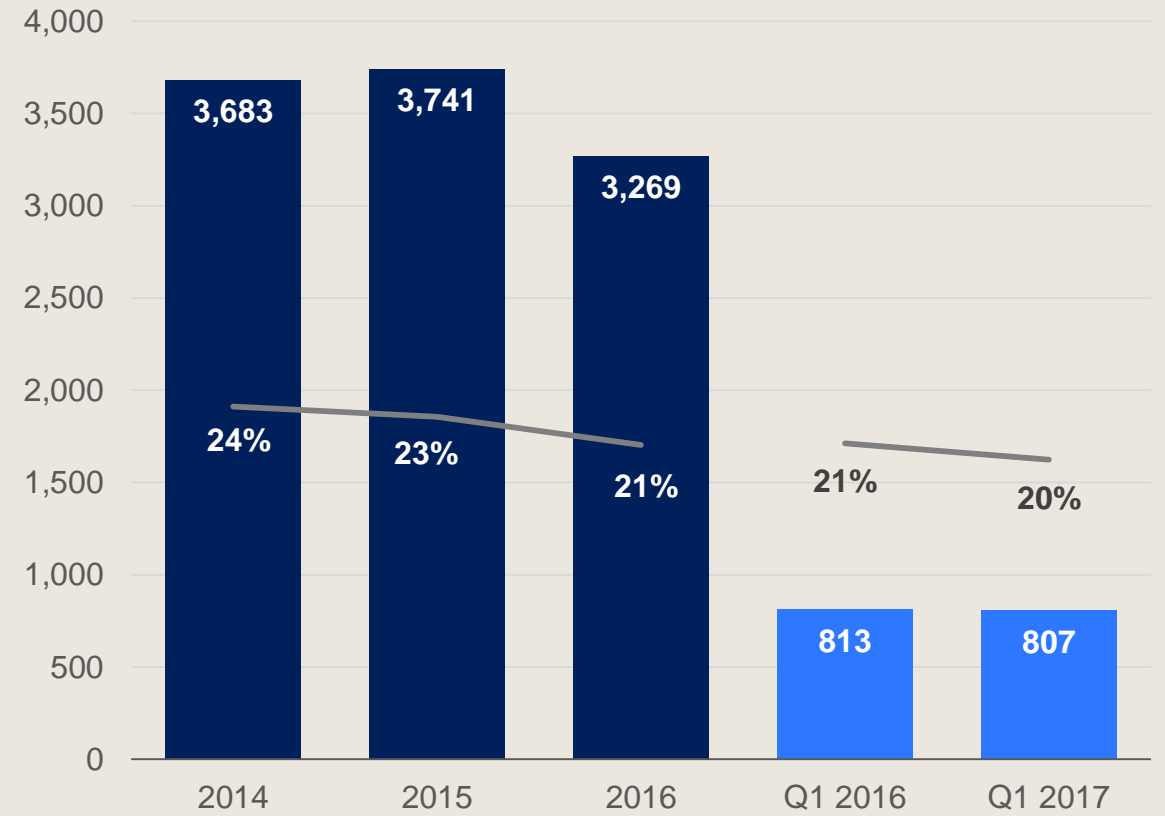


Strong and stable performance

Net sales (SEKm)



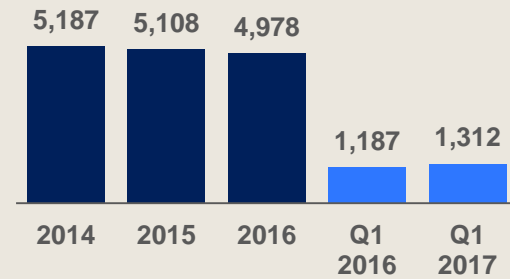
EBITDA (SEKm) and EBITDA margin ¹⁾



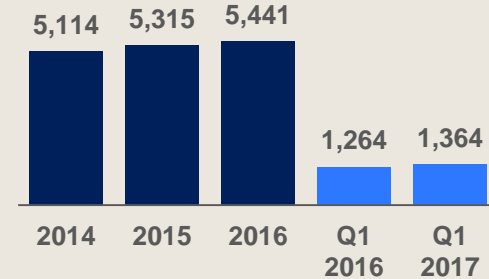
Contribution by segment

Forest

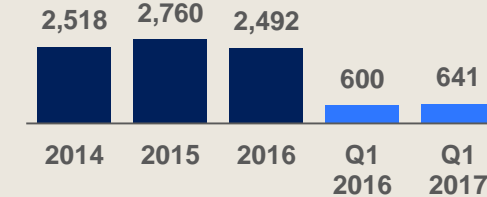
Net sales (SEKm)



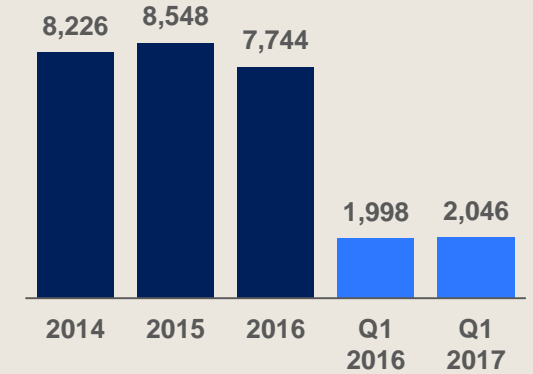
Wood



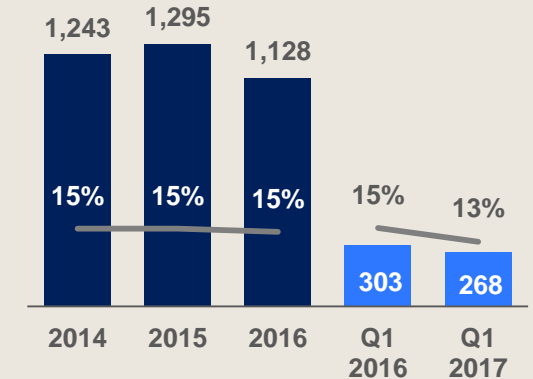
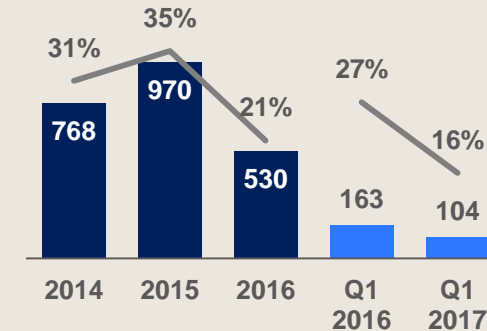
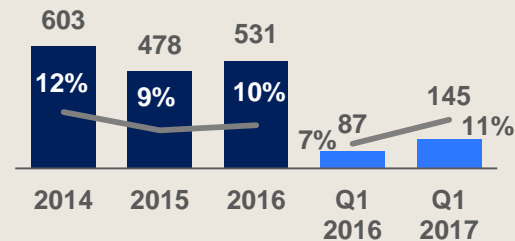
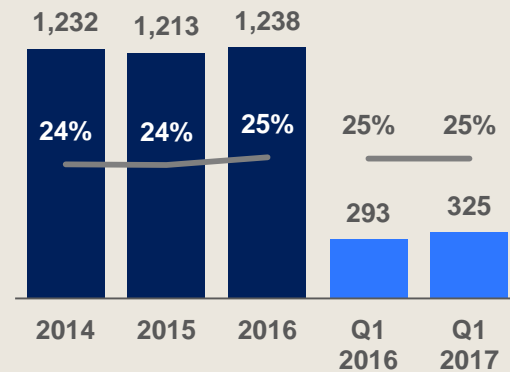
Pulp



Paper

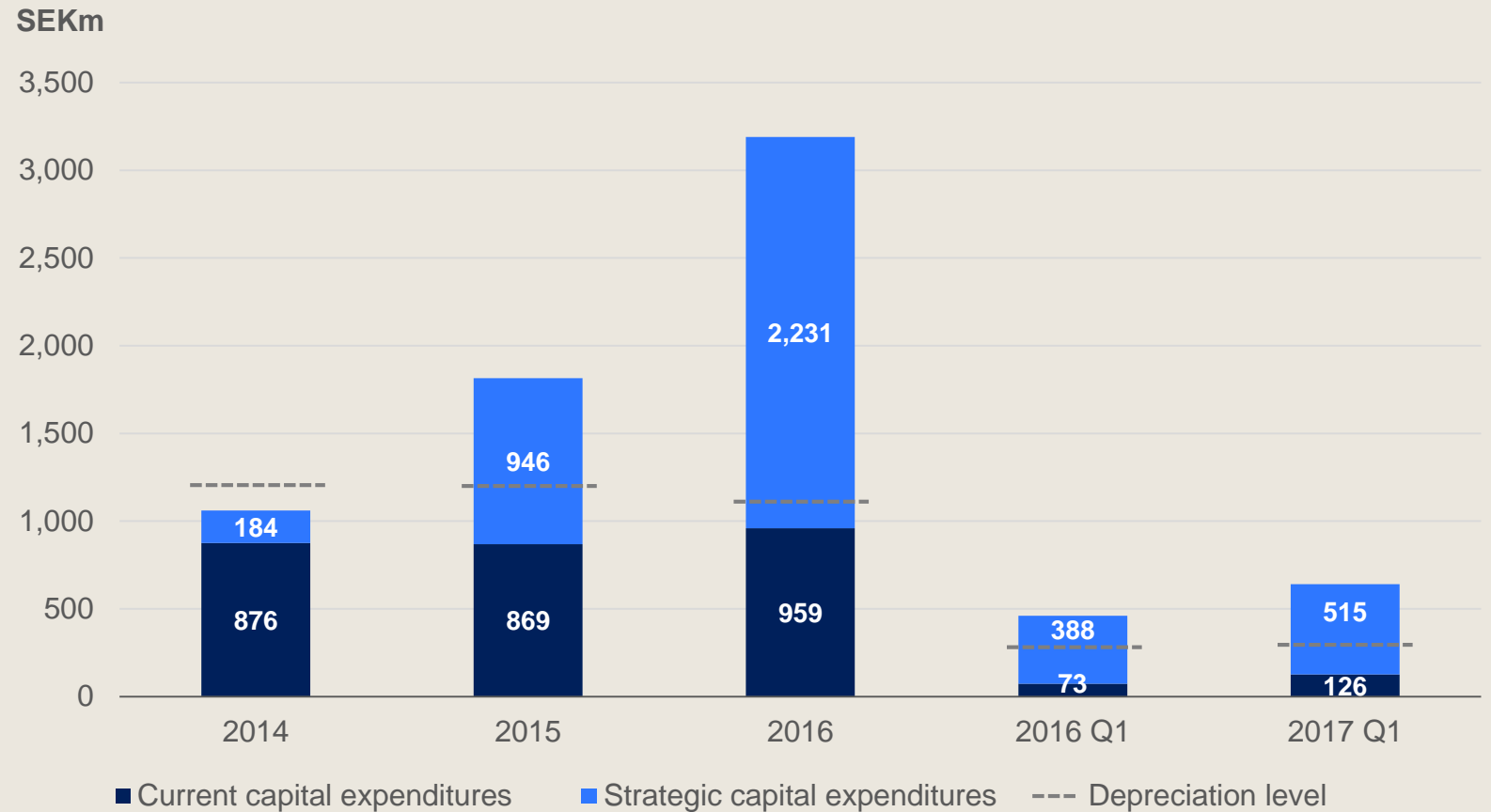


EBITDA (SEKm) and EBITDA margin ¹⁾



Well invested asset base with low maintenance capex

- Increased capex in 2015 and 2016 primarily relates to the Östrand investment
- Stable maintenance capex



Östrand investment on track

Investments

- Planned start-up in June 2018
- SEK 3.1bn invested as per Q1 2017, out of SEK 7.8bn in total

Extended stop in 2018 (preparing for start-up)

- In 2018, lost production volumes by extended stop compensated by higher capacity after planned start-up in June

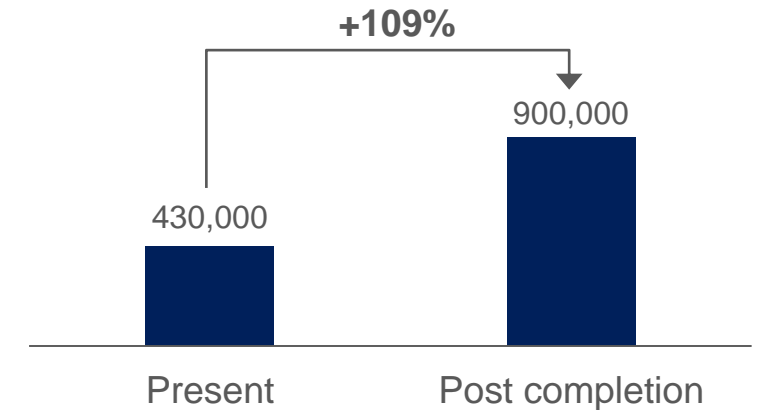
Ramp-up period

- Normal ramp-up period of 12-18 months from start-up, 2020 first full year with new capacity level

Depreciation

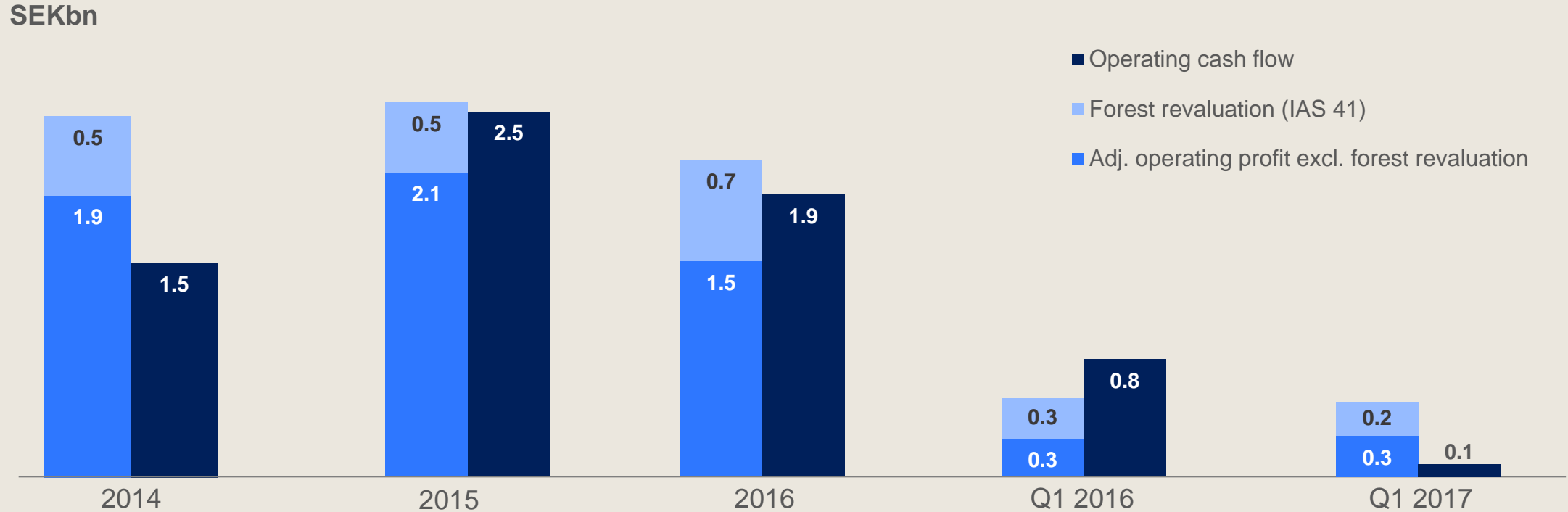
- Project increases depreciation level by about SEK 300m, full year effect from 2019

NBSK capacity (tonnes/year)



One-off costs (SEKm)	2016	2017e
Additional operating costs	30	100
Depreciation of old assets	45	50
Total	75	150

Strong operating cash flow



- Track record of delivering operating cash flow ahead of operating profit excluding forest revaluation

Balance sheet structure

SEKm	Dec 31, 2016	March 31, 2017
<i>Forest assets (gross value before deferred taxes)</i>	30,770	31,001
<i>Deferred tax relating to Forest assets</i>	-6,769	-6,820
Forest assets, net of deferred tax	24,001	24,181
Working capital	2,740	3,031
Other capital employed	13,386	13,601
Total capital employed	40,127	40,813
Forest	26,518	
Wood	2,898	
Pulp	4,797	
Paper	7,199	
Other	-1,285	
Pro forma net debt after reallocation	5,000	5,376 ¹⁾
<i>Net debt/EBITDA</i>	1.5x	1.6x
Pro forma equity after reallocation of net debt	35,127 ²⁾	35,437 ²⁾
<i>Net debt/Equity</i>	14%	15%

A leading industrial ecosystem, driven by the force of the forest

Rising demand for renewable fiber-based products

Efficient integrated value chain close to the forest

Well-invested asset base positioned to capture growth opportunities

People behind the results

Strong and stable cash flow