



Profitable Growth in Pulp, Exit Publication Paper

Ulf Larsson, CEO
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Grow pulp, exit publication paper

1 Intention to invest in 300kt CTMP at Ortviken

2 Intention to exit publication paper

- Negotiations initiated for closure of all three paper machines



Profitable growth strategy



Increased
value from
each tree

Growing
forest asset



Invest in integrated value chain:

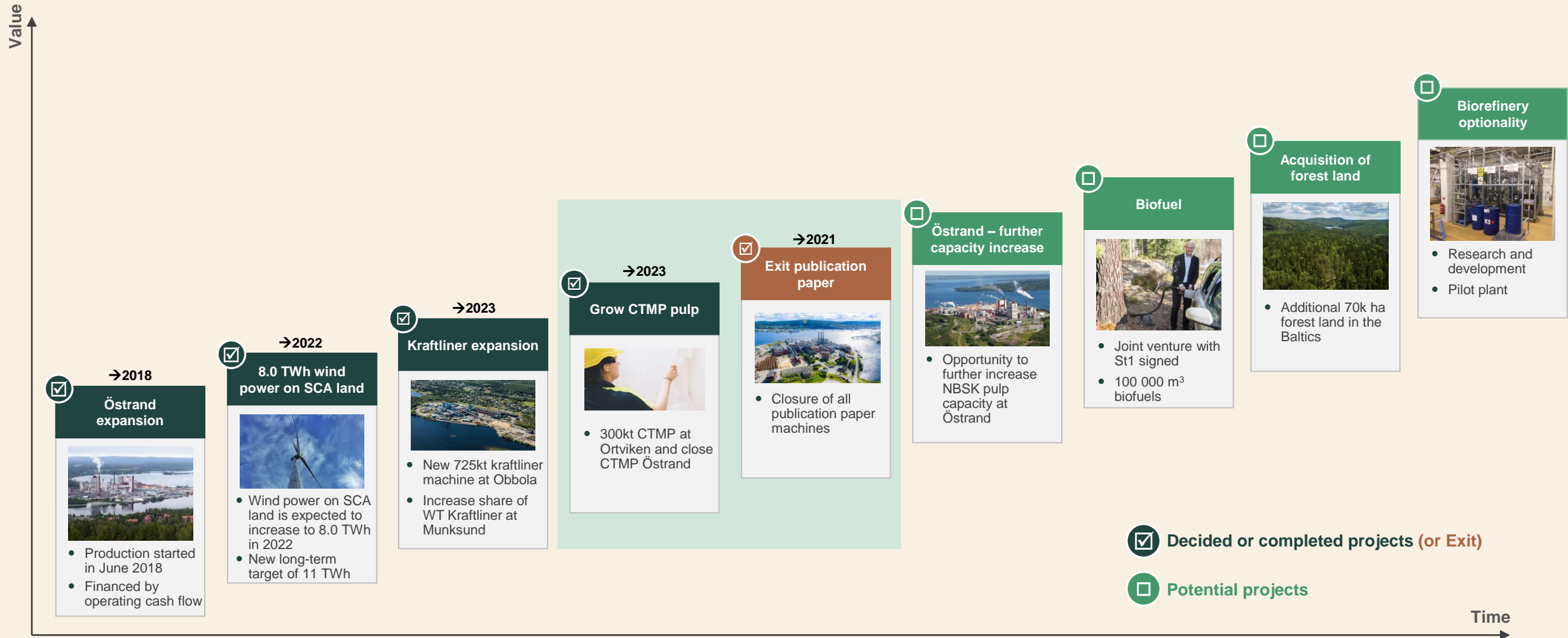
- Grow Pulp
- Grow Kraftliner
- Renewable energy new segment
- Reduce exposure to Publication Paper



Increase forest holdings:

- Increase growth and harvesting level
- Acquire forest land
- Optimize nature conservation

SCA 2025 – Transforming from publication paper to pulp



Strategic move from structurally declining to growing market



Exit structurally declining publication paper market

- Low and decreasing profitability – now cash flow negative



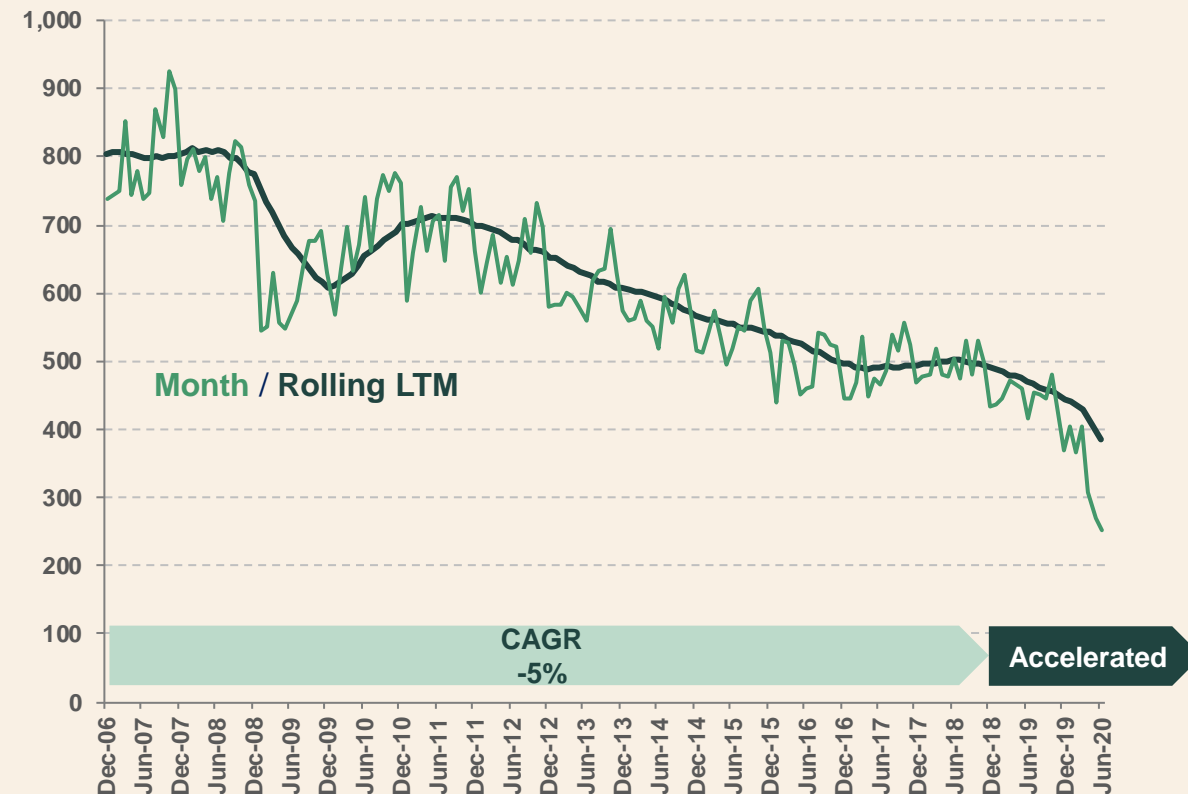
Invest in increased CTMP pulp production

- Attractive CTMP offering
- Low CAPEX per tonne
- Leading cost position



Creates opportunity for further NBSK expansion

LWC volume¹



¹Deliveries from Western Europe (kt/month)

Intention to exit publication paper

Overview

Ortviken only remaining publication paper site in SCA

Closure of all three paper machines expected within six months

Subject to negotiations initiated with employee representatives

Annual production capacity 775k tonnes

- 500k tonnes LWC
- 275k tonnes uncoated



CTMP Investment

Kristina Enander

CTMP improves customer product properties at lower cost



Product properties

- ✓ Strength
- ✓ Bending rigidity



- ✓ Absorption capacity
- ✓ Wet strength



- ✓ Porosity
- ✓ Stiffness



- ✓ Bulk properties
- ✓ Opacity

Customer value

- ✓ Lower production cost at same stiffness

- ✓ Higher absorption

- ✓ Increased shape stability

- ✓ Same product thickness with less pulp

Certified wood raw material

Unique competence in birch CTMP

Increasing exposure to structurally growing product segments

Profitable growth

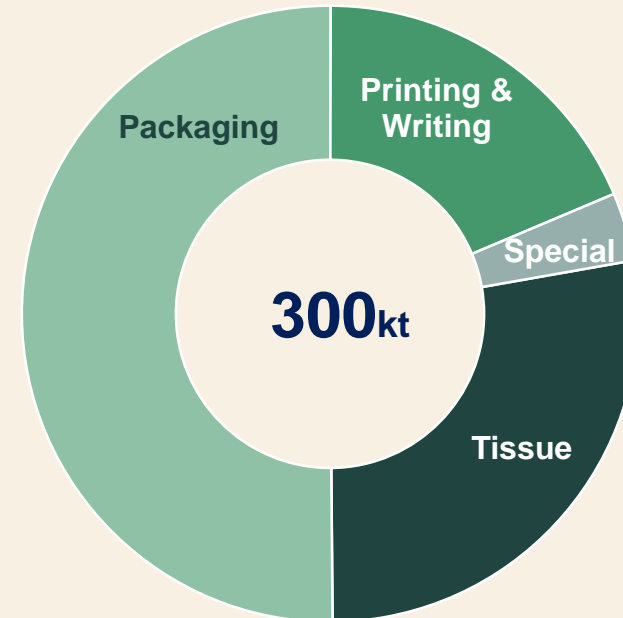
Expanding product offering

- Increase capacity from 100kt to 300kt
- High share of growth with existing customers

Sales to structurally growing product segments

- Increased share of sales to tissue and packaging
- CTMP improves customer product properties at a lower cost

End use segments



SCA invests in businesses with market leading positions

Investment rationale

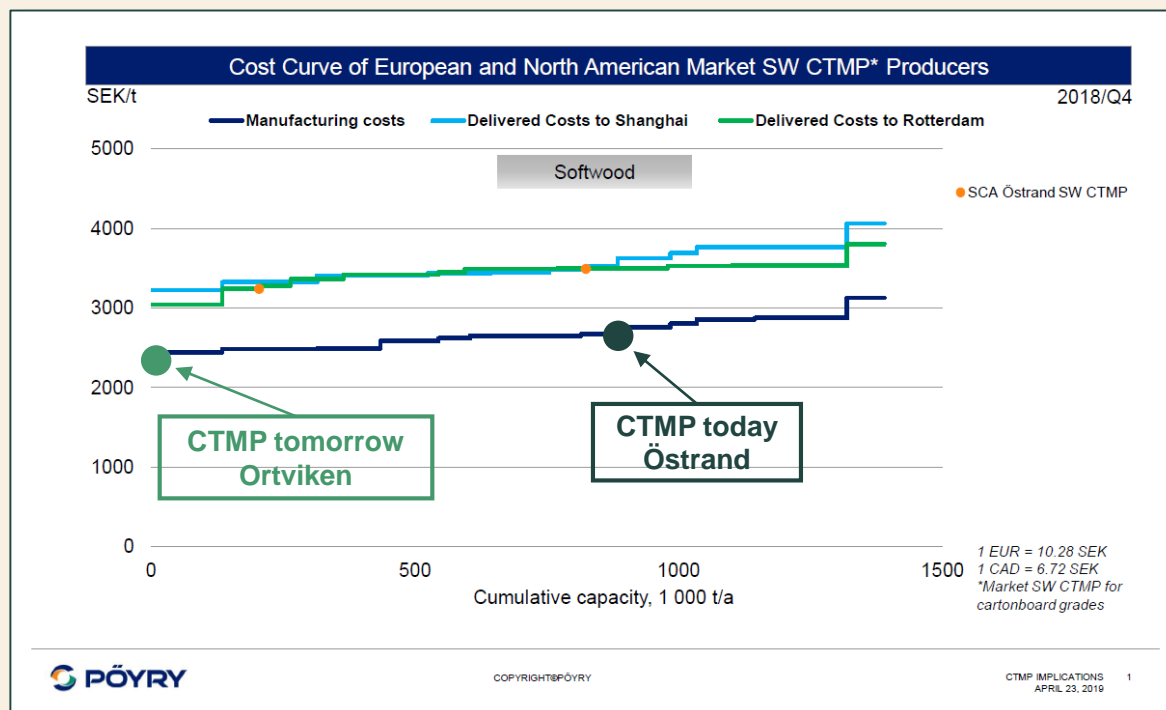
Low CAPEX per tonne

- CAPEX SEK 1.45bn
- CAPEX SEK 5k per tonne
- Utilize existing modern TMP asset

Scale up profitable business

- ~15% lower cash cost per tonne
- Top quartile in cost position

Cost curve SW CTMP producers



Financial Summary

Toby Lawton

Financial effects – exit publication paper

Net sales (SEKbn)

-4.0

People affected

~800

One-off closure costs, up to (SEKbn)

~0.9

Write-downs (SEKbn)

~1.1

of which

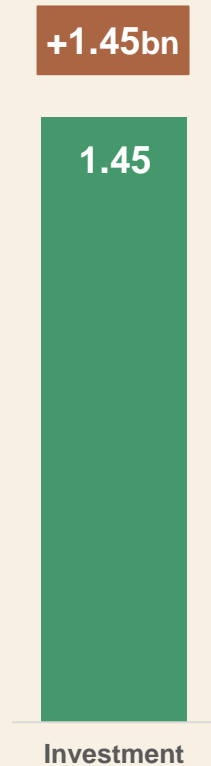
Fixed assets **~750**

Working capital **~350**

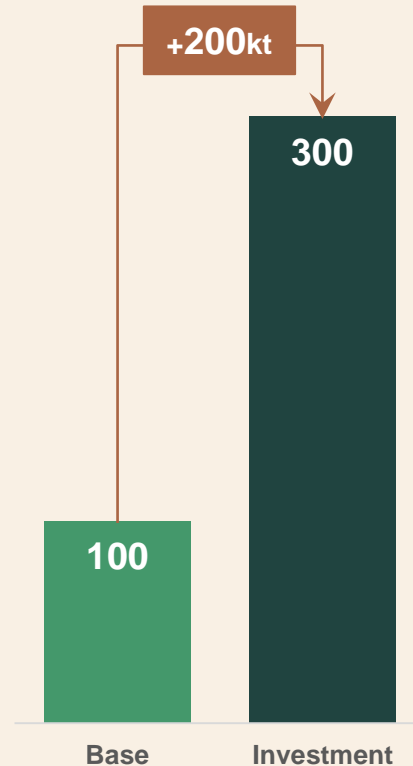


CTMP expansion drives profitable growth

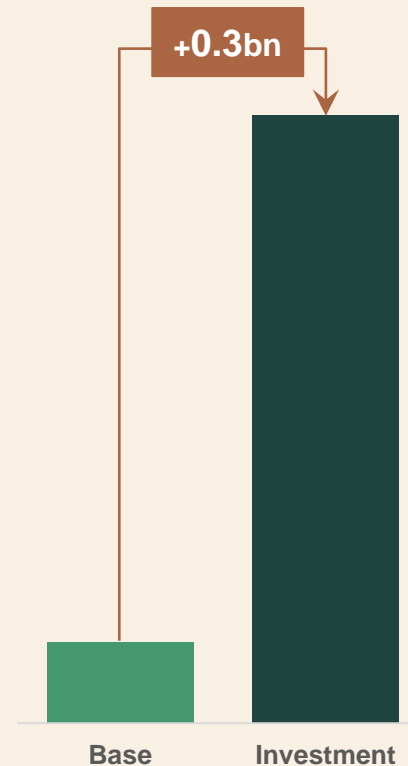
Investment '20-'23 (SEKbn)



CTMP capacity (kt)



EBITDA (SEKbn)



Financial summary

Capex of SEK ~1.45bn

Profitable growth

- +SEK 0.3bn EBITDA
- Secure current business

Expected start-up beginning 2023

- CTMP production to stop at Östrand when new line up and running
- Costs for maintaining Örtviken site SEK ~20m per quarter¹

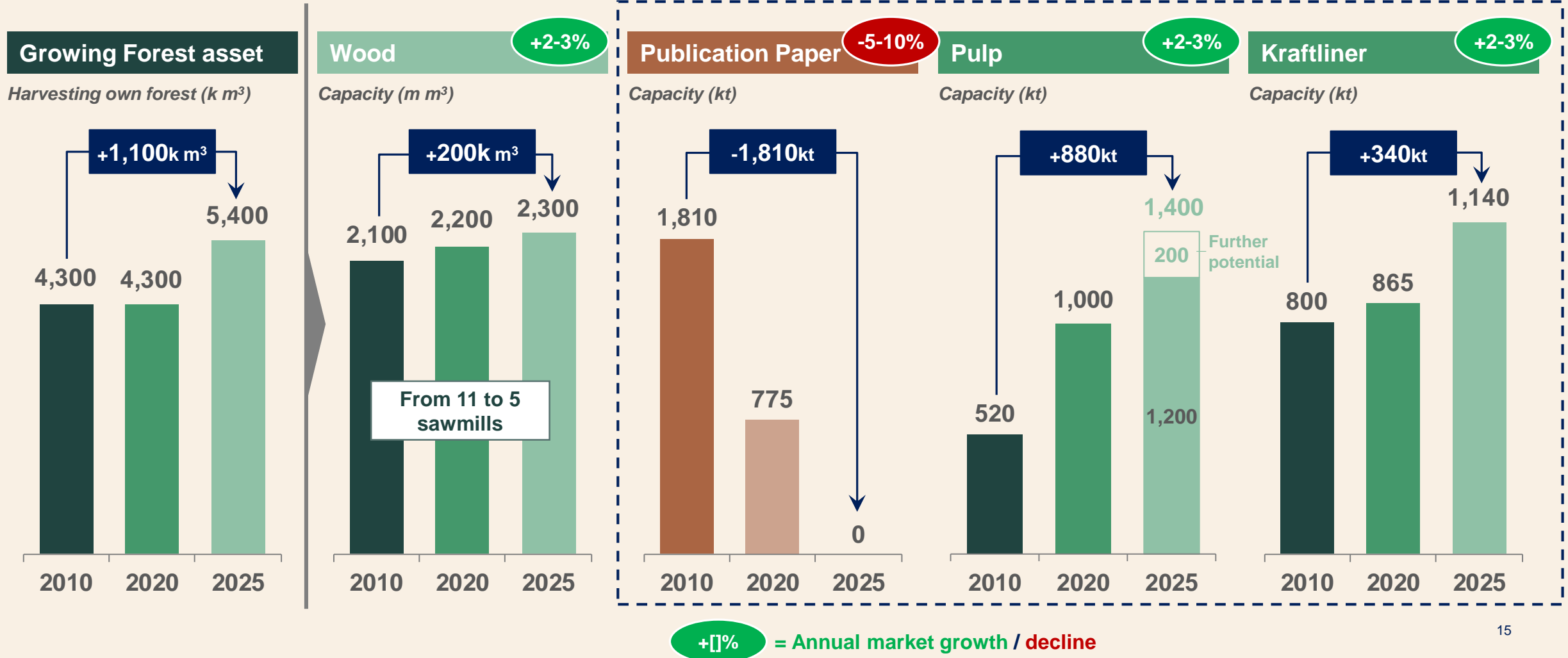
Creates opportunity for further NBSK expansion at Östrand

Note: Assuming CTMP trend price of 528 USD/t
¹To be reported in segment Other

Summary

Ulf Larsson

SCA 2025 – shifting the portfolio to growing product areas



Appendix

Pulp portfolio overview



NBSK

- Produced by cooking wood chips in white liquor
- Gives pulp with long, strong fibers
- Possible to bleach to full brightness with no yellowing effect
- Provides high strength and brightness to paper products
- Higher consumption of wood per ton pulp
- Creates a energy surplus

Raw material

Pine and spruce (softwood)

SCA capacity

900k tonnes at Östrand

CTMP

- Produced by grinding wood chips in a refiner
- Gives shorter, stiffer fibers that provide absorption capacity, bulk and stiffness to paper products
- Not possible to bleach to full brightness
- Lower consumption of wood per ton pulp
- No energy surplus

Both softwood and hardwood

100k tonnes today at Östrand (to be closed)
300k tonnes tomorrow at Ortviken



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