

INFORMATION

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Corporate Communications

Box 7827, SE-103 97 STOCKHOLM, Sweden

Tel 0046 8 788 51 00, Fax 0046 8 678 81 30

www.sca.se



Press releases from SCA - 28 October 1999

- Interim Report 1 January - 30 September 1999 (18 pages)
- Press release "SCA acquires hygiene products and packaging companies" (2 pages)

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Corporate Communications

INFORMATION

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)
Corporate Communications
 Box 7827, SE-103 97 STOCKHOLM, Sweden
 Tel 0046 8-788 51 00. Fax 0046 8-678 81 30
 www.sca.se



Interim Report 1 January - 30 September 1999

	99:3	99:2	99:1	9909	9809
Net sales, SEK M	16,603	16,389	16,242	49,234	45,355
Earnings after financial items, SEK M	1,395	1,287	1,128	3,810	4,052
Excluding nonrecurring items	1,395	1,287	1,128	3,810	3,652
Earnings per share, SEK	4.44	4.25	3.76	12.45	13.39
Cash flow from current operations per share, SEK	8.68	8.57	4.25	21.50	13.95

- **Continued expansion within Hygiene Products and Packaging through additional acquisitions in Great Britain and France during the third quarter.**
- **Fine-paper business was transferred to Modo Paper AB on 1 October. The intention is to list Modo Paper on the stock exchange, if possible during 2000.**
- **Improvement in earnings in all business areas in the third quarter, compared with the second quarter. Group earnings after financial items were 8% higher compared with the second quarter.**
- **Cash flow from operations amounted to SEK 4,276 M, which was in line with the Group's cash-flow target for the period.**
- **A new issue of shares amounting to SEK 4.6 billion was approved at a General Meeting of shareholders in September. The issue of new shares, which ended on 22 October was fully subscribed.**

SALES AND EARNINGS

Consolidated net sales amounted to SEK 49,234 M (45,355), an increase of 9% compared with sales in the corresponding 1998 period. The largest increase was in Packaging, due mainly to acquisitions. Currency movements affected Group net sales positively in the amount of 1%. Net sales in the third quarter were 1% higher than in the second quarter of the year.

Group operating profit amounted to SEK 4,709 M (4,968). Adjusted for nonrecurring items amounting to SEK 400 M in 1998, operating profit for the period increased by 3%. Packaging reported higher earnings, while earnings in the other business areas were marginally lower.

Operating profit in the third quarter was 11% higher than in the second quarter. Operating profit improved in all business areas.

Financial items amounted to an expense of SEK 899 M (916). The effect of a higher net debt attributable to acquisitions was more than offset by lower interest rates. Financial expenses in the third quarter amounted to SEK 315 M, compared with financial expenses of SEK 258 M in the second quarter. The change was due to higher net debt as a result of acquisitions in the third quarter and to the fact that certain dividends were received in the second quarter.

Group earnings after financial items amounted to SEK 3,810 M (4,052). Adjusted for nonrecurring items, this was equal to an increase of 4% compared with the year-earlier period. Earnings after financial items in the third quarter were 8% higher than in the second quarter.

Net earnings after tax amounted to SEK 2,470 M (2,648). Earnings per share after full tax and full dilution amounted to SEK 12.45 (13.39).

Calculated on a rolling 12-month basis, the return on shareholders' equity was 11% (13). The return on capital employed, calculated on the same basis and excluding nonrecurring items in 1998 of SEK 400 M, was 12% (13).

CASH FLOW

Operating cash surplus amounted to SEK 8,031 M (7,454), equal to 16% (16) of net sales.

Operating cash flow amounted to SEK 5,912 M (4,384). Working capital increased by SEK 612 M (1,653) during the nine-month period. The amount of capital tied up in operations decreased by SEK 132 M during the third quarter. Current capital expenditures totaled SEK 1,441 M (1,267).

Cash flow from current operations, that is before strategic capital expenditures and dividends, amounted to SEK 4,276 M (2,363), equal to SEK 21.50 (11.93) per share. Accordingly, calculated on an annual basis, SCA's cash flow is above the short-term target of SEK 5.5 billion, and well above the long-term target of SEK 3.8 billion.

Acquisitions and strategic capital expenditures in machinery and plant amounted to SEK 9,943 M (3,085). Acquisitions amounting to SEK 7,750 M (1,929) included the purchase of packaging companies in Great Britain, Denmark and France, the purchase of a tissue company in Great Britain, and the acquisition of a minority interest in Metsä Tissue. Strategic capital expenditures in machinery and plant amounted to SEK 2,193 M (1,156), mainly in Hygiene Products but also in Packaging.

SEK M	9909	9809 ¹
Net sales	49,234	45,355
Operating cash surplus	8,031	7,454
<i>% of net sales</i>	<i>16</i>	<i>16</i>
Current capital expenditures, net	-1,441	-1,267
<i>% of net sales</i>	<i>3</i>	<i>3</i>
Changes in working capital	-612	-1,653
Other operating cash flow changes	-66	-150
Operating cash flow	5,912	4,384
Income taxes paid, etc ²	-1,002	-1,177
Free cash flow	4,910	3,207
<i>per share, SEK</i>	<i>24.69</i>	<i>16.19</i>
Interest paid after taxes	-634	-844
Cash flow from current operations	4,276	2,363
<i>per share, SEK</i>	<i>21.50</i>	<i>11.93</i>
Strategic capital investments, net	-10,167	-1,663
Cash flow before dividend	-5,891	700

¹ Figures for 1998 adjusted to conform to SCA's new cash flow statement (see page 12).

² Tax attributable to operating profit.

FINANCING

Net debt at 30 September 1999 amounted to SEK 27,853 M, which was SEK 6,483 M higher than at 1 January. The increase is the net of a cash flow of SEK 4,276 M from current operations, expenditures of SEK 10,167 M for strategic investments etc., dividends of SEK 1,304 M to the shareholders, and favorable effects of currency movements amounting to SEK 712 M.

As a result of the strengthening of the Swedish krona, shareholders' equity decreased by approximately SEK 1,100 M since 31 December 1998 due to SCA's policy of hedging the Group's assets outside Sweden. This policy is based on the principle that the debt/equity ratio should not be affected by currency movements.

The debt/equity ratio, which was 0.72 as of 31 December 1998, amounted to 0.94 (0.71) at the close of the period. The interest-coverage multiple was 5.2 (5.4).

The debt/equity ratio including reported pension liability of approximately SEK 3.3 billion, was 1.05 (0.83). During the fourth quarter funds totaling about SEK 1.1 billion will be transferred to a newly formed Swedish pension foundation for ITP pensions. As of the fourth quarter, calculation of net debt and the debt/equity ratio will include the Group's remaining reported pension liabilities.

HYGIENE PRODUCTS BUSINESS AREA

Net sales amounted to SEK 20,052 M (19,213), an increase of 4%, of which 3% was attributable to acquisitions, compared with the year-earlier period. Operating profit amounted to SEK 1,801 M (1,821). Higher volumes and lower raw material costs did not have an impact on earnings due to declining prices for products and slightly higher production costs. As a result of continuing strong volume growth and some price increases, earnings in the third quarter were 8% higher than in the second quarter, despite higher raw material costs.

Demand for tissue strengthened in the quarter. Combined with increases in raw material costs, this resulted in higher sales prices. Price competition is still severe in certain markets, however.

Operating profit from consumer products, SEK 684 M (763), declined 10% for the period. This was due to lower sales prices and temporarily higher production and distribution costs as a result of restructuring programs, which were not fully offset by larger volumes and lower raw material costs. The growth in sales of SCA's feminine hygiene products was strong, notably in France where the Group's share of the market now exceeds 20%. The volume of private label baby diapers in Europe has increased sharply and SCA is now the largest company in this segment. SCA's market share of branded baby diapers in the Nordic region has increased markedly, while the trend in the panty-diaper segment has been strong.

Operating profit from consumer products improved by 18% relative to the second quarter due to slightly higher prices and considerably larger volumes. As was the case in the second quarter, higher raw material costs had a negative impact on earnings in the third quarter.

Operating profit from AFH and incontinence products amounted to SEK 1,117 M (1,058), an increase of 6%. Despite lower selling price, continuing good growth in volume and lower raw material and production costs resulted in an improvement in earnings. Earnings in the third quarter were marginally higher than in the second quarter. The strong growth in volume of incontinence products is continuing and the introduction of light incontinence products in Great Britain was well received.

Restructuring programs in the tissue and diaper operations are proceeding according to plan and are expected to yield results in 2000 and 2001.

SEK M	99:3	99:2	99:1	9909	9809
Net sales	6,764	6,679	6,609	20,052	19,213
Consumer products	3,894	3,774	3,775	11,443	11,232
AFH and incontinence products	2,870	2,905	2,834	8,609	7,981
Operating surplus	948	907	905	2,760	2,758
Consumer products	449	406	424	1,279	1,388
AFH and incontinence products	499	501	481	1,481	1,370
Operating profit	622	583	596	1,801	1,821
Consumer products	242	205	237	684	763
AFH and incontinence products	380	378	359	1,117	1,058
Volume growth, %					
Consumer products	5.4*	-2.4*	1.6*	5.0**	13.0**
AFH and incontinence products	1.5*	2.9*	2.0*	8.2**	8.0**

*) Compared with the immediately preceding quarter.

***) Compared with corresponding period previous year.

PACKAGING BUSINESS AREA

Net sales for the period amounted to SEK 14,271 M (11,203), an increase of 27%. The growth in volume of corrugated board amounted to 15%. The increases were attributable to acquisitions.

Operating profit amounted to SEK 1,371 M (1,164), an improvement of 18%. Acquisitions of companies had a favorable impact on earnings, while lower prices for paper reduced earnings. As a result of the lower paper prices, earnings from the liner operations declined and were offset only to a minor degree by lower energy costs and larger volumes. However, as a result of the lower paper prices, earnings from corrugated board operations increased.

Operating profit from packaging operations increased by 8%, compared with second-quarter results. The improvement was attributable to both liner and corrugated board business.

Demand for corrugated board has been weak during the year. Trends in the various markets are fragmented, with decline in volume in Great Britain and Switzerland, largely unchanged conditions in France and Germany, and increases in volume in Sweden and Italy. The Spanish market for corrugated board continues to show very good growth. During the summer the volume situation improved and the seasonal decline was smaller than usual. The corrugated board field in September was characterized by price-increase announcements and increased order bookings.

During the third quarter price increases of slightly more than 10% were announced for kraftliner, effective as of 1 October. These increases have now been implemented as planned and will have full impact during the fourth quarter. The market for kraftliner in Europe is still strong, due primarily to small volumes of imports from North America.

The improvement in demand for corrugated board during the summer also resulted in increased demand for grades of paper based on recycled fiber, testliner and fluting. The price increases for these products were implemented more rapidly than expected. The price level is expected to be stable during the rest of the year.

The full impact of the higher prices for paper will be felt in the fourth quarter. Corrugated board companies have announced additional price increases but there is a time lag in implementing them, with the result that they will not have an impact on earnings until the beginning of next year.

SEK M	99:3	99:2	99:1	9909	9809
Net sales	4,862	4,664	4,745	14,271	11,203
Operating surplus	823	793	699	2,315	1,747
Operating profit	510	474	387	1,371	1,164
Deliveries m sq. m.					
Corrugated board	838	827	823	2,488	2,155

Production and deliveries, liner products, see table "Volumes" on page 16.

GRAPHIC PAPER BUSINESS AREA

Net sales amounted to SEK 13,826 M (13,943), a decrease of 1%. The change is a net of lower prices, which were offset by larger volumes and favorable effects of currency movements. Net sales decreased by 1%, compared with the second quarter, which was due to the fact that the larger volumes were offset by the negative effects of currency movements, while prices were relatively unchanged.

Operating profit for the period amounted to SEK 1,363 M (1,382), of which wood-containing publication papers accounted for SEK 981 M (954). The improvement in earnings from wood-containing publication papers was due mainly to lower prices for wood combined with favorable effects of currency movements. The lower earnings in the third quarter, compared with second-quarter earnings, were due mainly to the fact that prices of chemical pulp have risen sharply. The market for newsprint is stable, while demand for SC and LWC paper has improved.

Operating profit in the fine-paper and market pulp operations amounted to SEK 382 M (428). The decline was a net effect of weaker fine-paper operations and a certain improvement in market pulp business. The decline in fine-paper operations was due to the fact that lower selling prices did not fully compensate for lower raw material prices. The improvement in market pulp operations was due to the fact that lower wood prices and improved productivity, combined with the favorable effects of currency movements, compensated for lower selling prices.

Operating profit from fine-paper and market pulp operations in the third quarter amounted to SEK 192 M, an improvement of 83% that was due largely to the market pulp operations, where the negative trend of prices has definitely been reversed, with the result that the recovery in earnings that could be discerned in the second quarter was further strengthened in the third quarter.

SEK M	99:3	99:2	99:1	9909	9809
Net sales	4,615	4,642	4,569	13,826	13,943
Operating surplus	823	799	743	2,365	2,387
Wood-containing publication papers	484	524	508	1,516	1,476
Fine papers, paper merchanting, market pulp	339	275	235	849	911
Operating profit	501	457	405	1,363	1,382
Wood-containing publication papers	309	352	320	981	954
Fine papers, paper merchanting, market pulp	192	105	85	382	428

Production and deliveries, see table "Volumes" on page 16.

FOREST AND TIMBER

Operating profit for the period was 5% lower than in the year-earlier period. Earnings included capital gains of SEK 67 M (24). Sawmill operations reported lower earnings compared with results in 1998, due to lower prices for sawn goods and lower prices for wood chips, factors that were partially offset by lower indirect costs. Forestry operations reported improved operating profit, relative to the year-earlier period, due in part to the capital gains noted above, but mainly to lower operating costs.

SEK M	99:3	99:2	99:1	9909	9809
Net sales	959	922	941	2,822	2,987
Operating surplus	202	179	188	569	612
Operating profit	175	152	161	488	516

SIGNIFICANT EVENTS

Modo Paper AB was formed as planned on 1 October. SCA holds 50% of the shares in the new company and will be reporting the holding as an associated company, included in share in earnings as of 1 October.

Net sales for the period of the portion of the fine-paper business that has been transferred to Modo Paper AB, the new company, amounted to SEK 7,795 M (7,893). Operating profit amounted to SEK 353 M (428). Operating profits in the first three quarters of the year amounted to SEK 108 M, SEK 121 M and SEK 124 M, respectively.

The deconsolidation of the fine-paper operations will reduce SCA's capital employed by SEK 3.0 billion. Book value of SCA's shareholding in the newly formed company amounts to SEK 3.3 billion. The effect on SCA's net debt will be a reduction of SEK 3.0 billion. The number of employees in the SCA Group will decline by approximately 3,600.

MoDo and SCA intend to list Modo Paper AB on the stock exchange as soon as conditions are deemed appropriate, if possible during 2000. Neither MoDo nor SCA intend to retain a shareholding in Modo Paper AB long term.

To ensure a continuing high rate of growth in Hygiene Products and Packaging, SCA shareholders at a Special General Meeting in September approved a new issue of shares. The issue is the second largest in the history of the Stockholm Stock Exchange. The subscription period for the new issue expired 22 October. The issue was fully subscribed and yielded proceeds of SEK 4.6 billion.

OTHER ITEMS

As additional information in Appendix 1, to facilitate comparisons with competitors in the hygiene products and packaging sectors, which have applied 40-year amortization periods or the pooling method, operating profit and margins for the business areas are shown excluding amortization of goodwill.

Preparations for the changeover to the new millennium are proceeding according to plan. More detailed information is available under the heading "Y2K" on SCA's website (www.sca.se).

PERSONNEL

The number of employees at the end of the third quarter was 35,903 (32,147). The number of employees at 31 December 1998 was 32,211. The increase was attributable to acquisitions of companies.

MARKET OUTLOOK

The European economy is improving gradually and forecast of growth in 2000 has been revised upward. The growth rate in North America is expected to decline slightly, but to be on a good level also next year.

The strengthening of the economy has resulted in greater demand for the Group's products at the same time that opportunities for price increases have improved. However, a continuing strong market for raw materials is expected to result in cost increases in the fourth quarter. SCA expects to implement gradual increases in selling prices in its hygiene and packaging operations, but they will not have full impact until next year.

SHARE DISTRIBUTION

30 September 1999	Series A	Series B	Total
Registered number of shares	62,139,516	135,260,419	197,399,935
Unconverted debenture loans	-	1,289,973	1,289,973
Outstanding warrants	-	1,643,544	1,643,544
Total after full conversion	62,139,516	138,193,936	200,333,452

Calculated in accordance with the recommendations of the Swedish Financial Analysts Association, the effects of the outstanding convertible debenture and warrant programs amount to a maximum dilution of 0.8%, which is taken into account when calculating earnings per share for the period.

Stockholm, 28 October 1999

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Sverker Martin-Löf
President and CEO

AUDITORS' STATEMENT

We have reviewed this interim report in accordance with the recommendations issued by the Swedish Institute of Authorized Public Accountants (FAR). A review is considerably limited in scope compared with an audit. Nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements of the Securities and Clearing Operations Act and the Annual Accounts Act.

Stockholm, 28 October 1999

Öhrlings PricewaterhouseCoopers
Bertil Edlund
Authorized Public Accountant

Year-end Report on operations for the full year 1999 will be released 31 January 2000.

Copies of the Interim Report are available at SCA U.K. Holdings Limited, SCA Packaging House, 543, New Hythe Lane, Aylesford, Kent ME20 7PE, attention, Tony Staples, telephone 0044 1622 883 025.

Statement of Earnings

1 January – 30 September

	1999		1998	
	SEK M	EUR M	SEK M	ECU M
Net sales	49,234	5,559	45,355	5,174
Operating expenses	-41,291	-4,662	-37,511	-4,279
Operating surplus	7,943	897	7,844	895
Depreciation according to plan	-3,255	-367	-2,970	-339
Share in earnings of associated companies	21	2	94	11
Operating profit	4,709	532	4,968	567
Financial items	-899	-102	-916	-104
Earnings after financial items	3,810	430	4,052	463
Income taxes	-1,294	-146	-1,324	-151
Minority interest	-46	-5	-80	-9
Net earnings after tax	2,470	279	2,648	303
Operating margin	10 %		11 %	
Return on shareholders' equity	11 %		13 %	
Return on capital employed	12 %		14 %	

Business Areas

Net sales

1 January - 30 September

SEK M	1999	1998
Hygiene Products	20,052	19,213
Consumer products	11,443	11,232
AFH and incontinence products	8,609	7,981
Packaging	14,271	11,203
Graphic Paper	13,826	13,943
Wood-containing publication papers	5,585	5,499
Fine papers, paper merchanting, market pulp	8,241	8,444
Forest and Timber	2,822	2,987
Other operations	1,302	1,282
Divested units	-	141
Intra-Group deliveries	-3,039	-3,414
Total net sales	49,234	45,355

Earnings

1 January - 30 September

SEK M	1999	1998
Hygiene Products	1,801	1,821
Consumer products	684	763
AFH and incontinence products	1,117	1,058
Packaging	1,371	1,164
Graphic Paper	1,363	1,382
Wood-containing publication papers	981	954
Fine papers, paper merchanting, market pulp	382	428
Forest and Timber	488	516
Other operations	-75	315
Divested units	-	4
Goodwill amortization, common	-239	-234
Total operating profit	4,709	4,968
Financial items	-899	-916
Earnings after financial items	3,810	4,052
of which nonrecurring items	-	400
Earnings after financial items excluding nonrecurring items	3,810	3,652

Balance Sheet

	1999-09-30		1998-12-31	
	SEK M	EUR M	SEK M	ECU M
Assets				
Long-term assets*	60,899	6,998	55,147	5,823
Receivables and inventories	20,750	2,384	18,790	1,984
Financial receivables and investments	2,801	322	2,617	276
Cash and bank balances	2,419	278	1,819	192
Total assets	86,869	9,982	78,373	8,275
Equity, provisions and liabilities				
Shareholders' equity	28,402	3,264	28,404	2,999
Minority interests	1,276	147	1,386	146
Provisions	10,977	1,261	10,906	1,152
Interest-bearing debt	33,073	3,800	25,806	2,725
Operating liabilities and other noninterest-bearing debt	13,141	1,510	11,871	1,253
Total equity, provisions and liabilities	86,869	9,982	78,373	8,275
Debt/equity	0.94 times		0.72 times	
Equity/assets	34 %		38 %	

* of which goodwill amounting to SEK 9,819 M (6,134).

Cash Flow Statement

1 January – 30 September

SEK M	1999	1998 ³
Operating cash surplus ¹	8,031	7,454
Changes in working capital	-612	-1,653
Current capital expenditures	-1,441	-1,267
Other operating cash flow changes	-66	-150
Operating cash flow	5,912	4,384
Financial items	-899	-916
Income taxes paid	-696	-875
Other	-41	-230
Cash flow from current operations	4,276	2,363
Strategic capital expenditures	-2,193	-1,156
Strategic structural expenditures ²	-254	-
Acquisitions	-7,750	-1,929
Divestments	30	1,422
Cash flow before dividend	-5,891	700
Dividend	-1,304	-1,145
Net cash flow *	-7,195	-445
Net debt, 1 January	-21,370	-19,018
Net cash flow	-7,195	-445
Currency effects	712	-746
Net debt, 30 September	-27,853	-20,209
Debt payment capacity	35 %	39 %

* Additional information in accordance with Swedish Financial Accounting Standards Council's recommendation regarding reporting of cash flow:

Net cash flow	-7,195	-445
Change in interest-bearing debt	7,916	284
Change in cash and bank balances	721	-161
Cash and bank balances at beginning of period	1,819	1,582
Change in cash and bank balances	721	-161
Currency effects on cash and bank balances	-121	-19
Cash and bank balances at end of period	2,419	1,402

¹ Operating surplus adjusted for significant noncash items in accordance with the principles being applied by SCA effective at midyear 1999.

² Restructuring measures taken to improve SCA's competitive position.

³ Figures for 1998 adjusted in accordance with SCA's new cash flow statement.

Quarterly Data

Group

SEK M	1999				1998		
	III	II	I	IV	III	II	I
Net sales	16,603	16,389	16,242	15,918	15,234	14,857	15,264
Operating surplus	2,783	2,627	2,533	2,476	2,506	2,427	2,911
Depreciation according to plan	-1,078	-1,093	-1,084	-1,043	-1,006	-966	-998
Share in earnings of associated companies	5	11	5	27	32	41	21
Operating profit	1,710	1,545	1,454	1,460	1,532	1,502	1,934
Financial items	-315	-258	-326	-343	-338	-298	-280
Earnings after financial items	1,395	1,287	1,128	1,117	1,194	1,204	1,654
of which nonrecurring items	-	-	-	-	-	-	400
Income taxes	-497	-425	-372	-356	-426	-376	-522
Minority interest	-15	-21	-10	-30	-19	-29	-32
Net earnings after tax	883	841	746	731	749	799	1,100
Earnings per share, SEK	4.44	4.25	3.76	3.68	3.77	4.05	5.57

Quarterly Data

Business Areas - Net sales

SEK M	1999				1998		
	III	II	I	IV	III	II	I
Hygiene Products	6,764	6,679	6,609	6,951	6,490	6,395	6,328
Consumer products	3,894	3,774	3,775	4,081	3,820	3,714	3,698
AFH and incontinence products	2,870	2,905	2,834	2,870	2,670	2,681	2,630
Packaging	4,862	4,664	4,745	3,832	3,725	3,650	3,828
Graphic Paper	4,615	4,642	4,569	4,959	4,779	4,491	4,673
Wood-containing publication papers	1,884	1,894	1,807	1,979	1,900	1,761	1,838
Fine papers, paper merchanting, market pulp	2,731	2,748	2,762	2,980	2,879	2,730	2,835
Forest and Timber	959	922	941	998	901	1,033	1,053
Other operations	440	487	375	365	467	404	411
Divested units	-	-	-	3	1	-1	141
Intra-Group deliveries	-1,037	-1,005	-997	-1,190	-1,129	-1,115	-1,170
Total net sales	16,603	16,389	16,242	15,918	15,234	14,857	15,264

Business Areas - Operating Surplus

SEK M	1999				1998		
	III	II	I	IV	III	II	I
Hygiene Products	948	907	905	925	919	887	952
Consumer products	449	406	424	431	457	460	471
AFH and incontinence products	499	501	481	494	462	427	481
Packaging	823	793	699	523	580	592	575
Graphic Paper	823	799	743	785	835	823	729
Wood-containing publication papers	484	524	508	533	540	490	446
Fine papers, paper merchanting, market pulp	339	275	235	252	295	333	283
Forest and Timber	202	179	188	236	171	221	220
Other	-13	-51	-2	7	1	-96	435
Total operating surplus	2,783	2,627	2,533	2,476	2,506	2,427	2,911

Quarterly Data

Business Areas - Operating profit

SEK M	1999				1998		
	III	II	I	IV	III	II	I
Hygiene Products	622	583	596	583	600	605	616
Consumer products	242	205	237	244	234	276	253
AFH and incontinence products	380	378	359	339	366	329	363
Packaging	510	474	387	316	396	395	373
Graphic Paper	501	457	405	469	492	425	465
Wood-containing publication papers	309	352	320	380	358	317	279
Fine papers, paper merchanting, market pulp	192	105	85	89	134	108	186
Forest and Timber	175	152	161	206	140	188	188
Other operations	-19	-40	-16	-30	-16	-34	365
Divested units	-	-	-	-1	-1	-	5
Goodwill amortization, common	-79	-81	-79	-83	-79	-77	-78
Total operating profit	1,710	1,545	1,454	1,460	1,532	1,502	1,934
of which nonrecurring items	-	-	-	-	-	-	400
Operating profit excluding nonrecurring items	1,710	1,545	1,454	1,460	1,532	1,502	1,534

Business Areas - Operating surplus margins

%	1999				1998		
	III	II	I	IV	III	II	I
Hygiene Products	14	14	14	13	14	14	15
Consumer products	12	11	11	11	12	12	13
AFH and incontinence products	17	17	17	17	17	16	18
Packaging	17	17	15	14	16	16	15
Graphic Paper	18	17	16	16	17	18	16
Wood-containing publication papers	26	28	28	27	28	28	24
Fine papers, paper merchanting, market pulp	12	10	8	8	10	12	10
Forest and Timber	21	19	20	24	19	21	21

Quarterly Data

Business Areas - Operating margins

%	1999				1998		
	III	II	I	IV	III	II	I
Hygiene Products	9	9	9	8	9	9	10
Consumer products	6	5	6	6	6	7	7
AFH and incontinence products	13	13	13	12	14	11	14
Packaging	10	10	8	8	11	10	10
Graphic Paper	11	10	9	9	10	9	10
Wood-containing publication papers	17	19	18	19	19	18	15
Fine papers, paper merchanting, market pulp	7	4	3	3	5	4	7
Forest and Timber	18	16	17	21	16	18	18

Group - margins

Operating surplus margin	16.8	16.0	15.6	15.6	16.5	16.3	19.1
Operating margin	10.3	9.4	9.0	9.2	10.1	10.1	12.7
Financial net margin	-1.9	-1.6	-2.0	-2.2	-2.2	-2.0	-1.8
Profit margin	8.4	7.8	7.0	7.0	7.9	8.1	10.9

Volumes

Thousand metric tons	99:3	99:2	99:1	98:4	98:3	98:2	98:1
Liner products							
Production	535	562	550	497	562	555	554
Deliveries	559	582	557	516	518	543	586
Wood-containing publication papers							
Production	307	295	302	295	301	303	301
Deliveries	304	295	290	311	300	300	288
Fine papers							
Production	193	197	186	179	190	183	184
Deliveries	197	203	183	182	193	164	181

Five-year summary

Full year	1998	1997	1996	1995	1994
Earnings after financial items, SEK M	5,169	4,457	3,573	5,731	1,060
Earnings per share after tax, SEK	17.07	13.98	10.71	17.55	2.94
Debt/equity ratio, times	0.72	0.73	0.67	0.69	0.52
Return on capital employed, %	14	12	11	16	6
Return on shareholders' equity, %	13	12	10	17	3

APPENDIX 1, page 1 (2)

ADDITIONAL INFORMATION - BUSINESS AREAS

Business Areas - Earnings excluding goodwill amortization

1 January - 30 September

SEK M	1999	1998
Hygiene Products	1,866	1,870
Consumer products	728	795
AFH and incontinence products	1,138	1,075
Packaging	1,479	1,183
Graphic Paper	1,363	1,383
Wood-containing publication papers	981	954
Fine papers, paper merchanting, market pulp	382	429
Forest and Timber	488	516
Other operations	-75	315
Divested units	-	4
Goodwill amortization*	-412	-303
Total operating profit	4,709	4,968
Financial items	-899	-916
Earnings after financial items	3,810	4,052
of which nonrecurring items	-	400
Earnings after financial items excluding nonrecurring items	3,810	3,652

* Goodwill amortization:

Hygiene Products	65	49
Packaging	108	19
Fine papers, paper merchanting, market pulp	0	1
Common**	239	234
Group	412	303

** Goodwill reported on a Groupwide basis pertains to surplus values in companies acquired in 1990, with operations that were integrated in SCA's various business areas. Goodwill attributable to later acquisitions has been charged to the business area that made the purchase.

APPENDIX 1, page 2 (2)

ADDITIONAL INFORMATION - BUSINESS AREAS

Business Areas - Operating profit excluding goodwill amortization

SEK M	1999				1998		
	III	II	I	IV	III	II	I
Hygiene Products	649	602	615	602	620	619	631
Consumer products	260	218	250	257	247	285	263
AFH and incontinence products	389	384	365	345	373	334	368
Packaging	550	505	424	327	401	405	377
Graphic Paper	500	458	405	469	492	426	465
Wood-containing publication papers	309	352	320	380	358	317	279
Fine papers, paper merchanting, market pulp	191	106	85	89	134	109	186
Forest and Timber	175	152	161	206	140	188	188
Other operations	-19	-40	-16	-30	-16	-34	365
Divested units	-	-	-	-1	-1	-	5
Goodwill amortization*	-145	-132	-135	-113	-104	-102	-97
Total operating profit	1.710	1.545	1.454	1.460	1.532	1.502	1.934
of which nonrecurring items	-	-	-	-	-	-	400
Operating profit excluding nonrecurring items	1.710	1.545	1.454	1.460	1.532	1.502	1.534
* Goodwill amortization:							
Hygiene Products	27	19	19	19	20	14	15
Packaging	40	31	37	11	5	10	4
Fine papers, paper merchanting, market pulp	-1	1	0	0	0	1	0
Common	79	81	79	83	79	77	78
Group	145	132	135	113	104	102	97

Business Areas - Operating margins excluding goodwill amortization

%	1999				1998		
	III	II	I	IV	III	II	I
Hygiene Products	10	9	9	9	10	10	10
Consumer products	7	6	7	6	6	8	7
AFH and incontinence products	14	13	13	12	14	12	14
Packaging	11	11	9	9	11	11	10
Graphic Paper	11	10	9	9	10	9	10
Wood-containing publication papers	16	19	18	19	19	18	15
Fine papers, paper merchanting, market pulp	7	4	3	3	5	4	7
Forest and Timber	18	16	17	21	16	18	18
Operating margin excl goodwill amortization	11.2	10.2	9.8	9.9	10.7	10.8	13.3

INFORMATION

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Corporate Communications

Box 7827, SE-103 97 STOCKHOLM, Sweden

Tel +46 8-788 51 00, Fax +46 8-678 81 30

www.sca.se



SCA acquires hygiene products and packaging companies

SCA has acquired two smaller companies – one in the tissue segment and the second in corrugated board packaging. The projects are part of the ongoing acquisition being implemented for the purpose of increasing the Group's market shares in the hygiene products and packaging sectors in Europe.

Acquisition of Panosa

The first acquisition involves all shares in Papelera Noya S.A. (Panosa), a Spanish tissue manufacturing company. Panosa is a privately owned company with operations concentrated in the private-label sector. It has a market share of about 12% and ranks as Spain's fourth largest manufacturer of tissue products. The acquisition will nearly double SCA's share of the Spanish tissue market to 26% and establish the Group as the market leader in Spain. After the acquisition, SCA's total sales of hygiene products (including incontinence products and feminine hygiene products) in the Spanish market will amount to approximately SEK 1.3 billion annually. The Spanish market is showing highly favorable market growth in the area (4-5%), due among other factors to the lower per capita consumption of 5.5 kilograms of consumer tissue, compared with the 19 kilograms in Sweden.

Sales by Panosa in 1999 are estimated at about EUR 50 million, or about SEK 430 million. The company's total conversion and paper capacity is about 35,000 tons. Panosa has approximately 140 employees. As a result of this acquisition and the acquisition of Marpo in the beginning of 1998, SCA's annual sales in Spain amount to about 75,000 tons of tissue. All converting capacity maintains modern and high technical standards, but the paper machines are small and older. SCA, however, plans to replace the paper machines with a modern unit. Depending on the technical specifications, this investment amount is estimated at SEK 700 to 900 M, which will cover SCAs total tissue capacity needs in the region. This measure will secure a very favorable competitiveness for SCA's operations on the Iberian Peninsula. The acquisition of Panosa, even with due consideration for the investment in a new tissue machine, shows profitability that exceeds SCA's weighted capital costs by about 30% (CVA-index 1.3).

At the request of the seller, the purchase price is not being disclosed. Based on the company's results over the past 12 months, the purchase price corresponds to a multiple of about 5 times the operating surplus (EBITDA).

The acquisition is subject to approval by the Spanish competition authorities.

Acquisition of Len-Pak

In the second acquisition, SCA purchased the privately owned Irish packaging company Len-Pak for IEP 8.3 M, nearly SEK 100 M, on a debt-free basis. The acquisition corresponds to 5,8 times operating surplus (EBITDA), respectively 7,8 times operating profit (EBIT), based on expected earnings in 1999. The multiples are lower than the acquisitions of Rexam, Danapak Papemballage and Nicollet.

It is assessed that the acquisition can exceed SCA's weighted capital costs by about 80% (CVA-index 1.8) when coordination effects with SCA's current operations and the company's special tax status are taken into account.

After the acquisition, SCA's market share will amount to 20% in one of Europe's most consolidated markets. Len-Pak's corrugated board production amounts to 9 million sq. m., with sales of about SEK 120 M and some 80 employees.

Len-Pak conducts converting operations in two sheet plants located near Dublin and in Dundalk. Production includes standard and advanced products.

Stockholm, 28 October 1999

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)
Corporate Communications

For further information please contact:

Sverker Martin-Löf, President and CEO. Phone 46 8 788 51 51 or

Sten Lindholm, Senior VP, Corporate Communications. Phone 46 8 788 51 62.