

Interim report

1 January–30 June 2008

1 JANUARY–30 JUNE 2008 (compared with same period previous year)

- Net sales rose 6% to SEK 54,852m (51,743).
- Profit before tax was SEK 3,649m (3,876).
- Net profit for the period was SEK 2,919m (3,004).
- Earnings per share were SEK 4.14 (4.26).
- Cash flow from current operations was SEK 695m (919).

EARNINGS TREND

| SEKm | 0806 | 0706 | % | 2008:2 | 2007:2 | % |
|----------------------------------|---------------|--------|----|---------------|--------|-----|
| Net sales | 54,852 | 51,743 | 6 | 27,339 | 26,128 | 5 |
| Gross contribution | 10,604 | 10,420 | 2 | 5,219 | 5,470 | -5 |
| Operating profit | 4,670 | 4,730 | -1 | 2,199 | 2,448 | -10 |
| Financial items | -1,021 | -854 | | -496 | -435 | |
| Profit before tax | 3,649 | 3,876 | -6 | 1,703 | 2,013 | -15 |
| Tax | -730 | -872 | | -321 | -443 | |
| Net profit for the period | 2,919 | 3,004 | -3 | 1,382 | 1,570 | -12 |
| Earnings per share, SEK | 4.14 | 4.26 | -3 | 1.96 | 2.23 | -12 |

CEO'S MESSAGE

"Consolidated net sales rose 6% compared with the same period a year ago. This is mainly a result of favourable sales in our Hygiene operations, where priority growth markets such as South America and Russia continue to show strong growth. The Hygiene part is becoming an increasingly important part of our portfolio and has increased by 3 percentage points compared with a year ago.

We are seeing a continued positive trend in our Tissue operations, where our branded products continue to perform well and where we have made successive improvements to the product mix and raised our prices, which have compensated for higher costs. Operating profit is up 49% compared with a year ago. Our Personal Care operations also showed a slight earnings improvement compared with a year ago. However, the rate of earnings growth has been affected by our marketing efforts in priority growth markets and a generation shift in the production of baby diapers.

Operating profit weakened during the second quarter. Compared with the second quarter a year ago, the largest deviations were in the solid-wood and packaging operations. The price decline for solid-wood products continued, and demand among end-consumers has fallen, primarily in the UK. In the packaging market, demand has weakened, and the high inventory levels of containerboard (testliner) at producers did not decrease during the second quarter, which has put pressure on prices. Earnings for SCA's Packaging operations weakened due to the price decline for liner and higher costs in connection with operating shutdowns and planned production cuts.

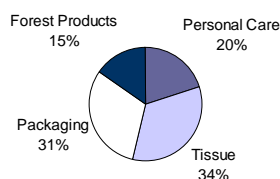
Cash flow for the period was affected by the slightly lower earnings, a high level of working capital, a seasonal effect as well as an intentional inventory build-up ahead of a generation shift in the baby diaper operations, and a lower share of timber harvesting from own forests.

An important divestment was made during the second quarter through the sale of SCA's conventional corrugated board business in the UK and Ireland, with net sales of SEK 2,900m. The sale will result in improved earnings and cash flow for the Packaging business and supports the overall strategy entailing a focus on higher value-added.

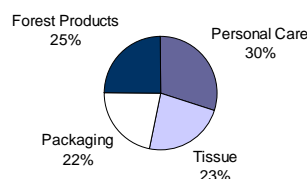
The coming half year will present different challenges in our various businesses. Our Hygiene part of the business will grow and expand. In Packaging we are once again encountering cyclical challenges with price pressure on liner as well as corrugated board. We expect operating profit for Packaging and Forest Products to remain under pressure during the rest of the year at the same time that we see a continued strong hygiene business."

Jan Johansson, President and CEO

SHARE OF NET SALES 0806



SHARE OF OPERATING PROFIT 0806



EARNINGS TREND FOR THE GROUP

| SEKm | 0806 | 0706 | % | 2008:2 | 2007:2 | % |
|-----------------------------------|---------------|---------|----|---------------|---------|-----|
| Net sales | 54,852 | 51,743 | 6 | 27,339 | 26,128 | 5 |
| Cost of goods sold | -44,248 | -41,323 | | -22,120 | -20,658 | |
| Gross contribution | 10,604 | 10,420 | 2 | 5,219 | 5,470 | -5 |
| Sales, general and administration | -5,934 | -5,690 | | -3,020 | -3,022 | |
| Operating profit | 4,670 | 4,730 | -1 | 2,199 | 2,448 | -10 |
| Financial items | -1,021 | -854 | | -496 | -435 | |
| Profit before tax | 3,649 | 3,876 | -6 | 1,703 | 2,013 | -15 |
| Tax | -730 | -872 | | -321 | -443 | |
| Net profit for the period | 2,919 | 3,004 | -3 | 1,382 | 1,570 | -12 |

Earnings per share, SEK - equity holders of the Parent Company

| | | | | | | |
|--------------------------|------|------|----|------|------|-----|
| - after dilution effects | 4.14 | 4.26 | -3 | 1.96 | 2.23 | -12 |
|--------------------------|------|------|----|------|------|-----|

Margins (%)

| | | | | | | |
|-------------------------|-------------|------|--|-------------|------|--|
| Gross margin | 19.3 | 20.1 | | 19.1 | 20.9 | |
| Operating margin | 8.5 | 9.1 | | 8.0 | 9.4 | |
| Financial net margin | -1.9 | -1.7 | | -1.8 | -1.7 | |
| Profit margin | 6.7 | 7.5 | | 6.2 | 7.7 | |
| Tax | -1.3 | -1.7 | | -1.2 | -1.7 | |
| Net margin | 5.3 | 5.8 | | 5.1 | 6.0 | |

OPERATING PROFIT PER BUSINESS AREA

| SEKm | 0806 | 0706 | % | 2008:2 | 2007:2 | % |
|-----------------|--------------|-------|-----|--------------|--------|-----|
| Personal Care | 1,466 | 1,437 | 2 | 721 | 758 | -5 |
| Tissue | 1,123 | 752 | 49 | 577 | 413 | 40 |
| Packaging | 1,065 | 1,311 | -19 | 457 | 622 | -27 |
| Forest Products | 1,208 | 1,413 | -15 | 553 | 750 | -26 |
| Other | -192 | -183 | | -109 | -95 | |
| Total | 4,670 | 4,730 | -1 | 2,199 | 2,448 | -10 |

OPERATING CASH FLOW PER BUSINESS AREA

| SEKm | 0806 | 0706 | % | 2008:2 | 2007:2 | % |
|-----------------|--------------|-------|-----|--------------|--------|-----|
| Personal Care | 978 | 1,298 | -25 | 279 | 657 | -58 |
| Tissue | 585 | 728 | -20 | 443 | 517 | -14 |
| Packaging | 471 | -93 | - | 519 | 167 | 211 |
| Forest Products | 686 | 932 | -26 | 526 | 241 | 118 |
| Other | -69 | -61 | | 28 | 160 | |
| Total | 2,651 | 2,804 | -5 | 1,795 | 1,742 | 3 |

Performance compared
with January–June 2007:



Tissue

Net sales: +17%
Operating profit: +49%



Personal Care

Net sales: +3%
Operating profit: +2%



Forest Products

Net sales: -7%
Operating profit: -15%



Packaging

Net sales: +3%
Operating profit: -19%

GROUP

MARKET

The global economy continued to weaken during the second quarter, and the dampening was most clearly apparent in North America and Western Europe. Emerging markets continue to show favourable growth, however.

Demand for SCA's consumer oriented hygiene products remains stable in the main markets and is strong in emerging markets.

The weakening of the US economy has left its mark on the hotel and restaurant industries, which are beginning to show a business downturn. However, the fast food segment (where SCA has a strong position) is growing as consumers are choosing this type of restaurant over other, more expensive alternatives. In Europe, demand in the Away from home segment is still strong.

SCA's Packaging and Forest Products operations are being adversely affected by the economic downturn.

The European packaging market is still being weighed down by excessively high inventories of containerboard (liner) among producers. The initiatives taken during the second quarter to reduce inventories have not had effect, partly due to a further weakening in demand towards the end of the period. The high inventory levels have put further pressure on liner prices. The need to reduce inventories thus remains in order to avoid the risk of negative price pressure on corrugated board. Prices of recycled fibre fell during the period.

Demand for magazine and catalogue paper rose in Europe during the first half of the year, while demand for newsprint softened in both Europe and North America.

Solid-wood products continue to experience price pressure due to high inventory levels. A softening of demand is now noticeable among end customers, especially in the UK. Prices of pine are expected to continue falling somewhat, while the price situation for spruce is judged to have stabilized.

Energy prices remained at the same level during the second quarter as during the first quarter. Indications are strong for an increase in electricity and gas costs during the third quarter.

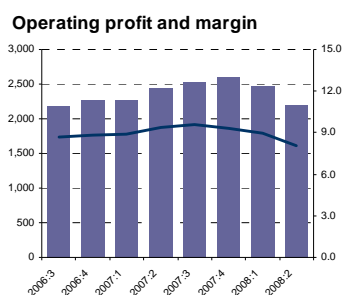
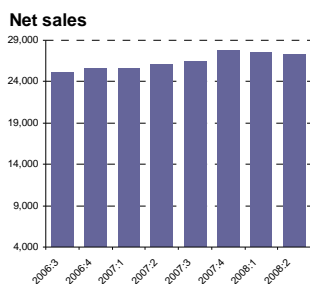
SALES AND EARNINGS

Net sales increased by 6%, or SEK 3,109m compared with a year earlier, to SEK 54,852 (51,743). Volume growth was 7%, of which organic growth was 2% and acquisitions 5%. The sale of the North American packaging business and of the Softis brand reduced net sales by 2%. Higher prices for primarily tissue and corrugated board increased net sales by 3%. Net sales were hurt by 2% by exchange rate movements. Higher prices and larger volumes have not compensated for higher manufacturing costs. Operating profit fell 1% to SEK 4,670m (4,730). Raw material and energy costs increased by SEK 1,400 m and SEK 500m, respectively. An improved product mix and price increases resulted in a SEK 1,500m improvement in earnings.

Compared with the second quarter of 2007, net sales rose 5% to SEK 27,339m (26,128). The increase is mainly attributable to acquisitions, which added 4%, while higher prices and higher volumes each added 2% to sales growth. Exchange rate movements decreased net sales by 3%. Operating profit was 10% lower and amounted to SEK 2,199m (2,448), as higher prices did not compensate for higher raw material and energy costs.

CASH FLOW AND FINANCING

Operating cash surplus decreased by SEK 356m to SEK 7,067m (7,423), partly due to lower harvesting from own forests. A higher level of working capital had a negative effect on operating cash flow in the amount of SEK 2,256m (2,245). Working capital showed a seasonal increase during the first half of the year. Moreover, during the current year, the increase is attributable to an inventory build-up ahead of a shift in



Excluding items affecting comparability

production to a new generation of baby diapers. Current capital expenditures were slightly lower than a year ago and amounted to SEK 1,869m (1,980), which corresponds to approximately 3% of net sales. Operating cash flow was SEK 2,651m (2,804).

Financial items increased by SEK 167m to SEK -1,021m – an effect of higher interest rates and a higher level of net debt. Tax payments were slightly lower than in the same period a year ago and amounted to SEK 939m (1,037). Cash flow from current operations thereby amounted to SEK 695m (919).

Strategic investments and acquisitions amounted to SEK 1,980m (987). Cash out pertained primarily to the second partial payment for the acquisition of Procter & Gamble's European tissue business, the installation of a second paper machine at the tissue plant in Barton, Alabama, USA, and increased ownership in the Chinese tissue company Vinda. The dividend paid to the shareholders amounted to SEK 3,091m (2,807). Net cash flow was SEK -4,344m, compared with SEK 69m in the same period a year ago, which included approximately SEK 2,800m from the sale of the US packaging operation. The divestment of the corrugated board operations in the UK did not affect cash flow during the period.

Net debt at the end of the period was SEK 42,394m, an increase of SEK 5,026m since the start of the year. A negative cash flow of SEK 4,344m was offset by positive exchange rate movements of SEK 425m due to the strengthening of the Swedish krona. Remeasurements according to IAS 19 for pensions and IAS 39 for financial instruments, increased net debt by SEK 1,107m.

EQUITY

Consolidated equity decreased during the period by SEK 2,085m to SEK 62,194m. Net profit for the period increased equity by SEK 2,919m, while dividends lowered equity by SEK 3,091m. The effects of remeasurements according to IAS 19 for pensions and IAS 39 for financial instruments, as well as exchange rate movements, etc. decreased equity by SEK 980m and 933m, respectively.

TAX

The estimated tax expense for the year has been revised downward from 21% to 20%.

In July it was announced that the UK will no longer be allowing tax deductions on depreciated values of industrial buildings. As a result of this legislative change, SCA expects its deferred tax liability and deferred tax expense to increase by approximately SEK 140m, which is taken into account in the estimated tax expense rate reported above.

ACQUISITIONS AND DIVESTMENTS

During the second quarter SCA signed an agreement on the sale of its conventional corrugated business in the UK and Ireland. The purchaser is Spanish SAICA, and the purchase price was SEK 1,200m (GBP 100m). The divested business has annual sales of approximately SEK 2,900m (GBP 240m). The transaction will result in improved earnings and cash flow. The value of the assets, which have been reclassified as non-current assets held for sale, amounts to SEK 1,019m. The transaction, which requires approval by the relevant competition authorities, is expected to be completed during the third quarter this year. After the divestment, SCA's operations in the UK and Ireland will be focused on specialized packaging. See also the press release dated 18 June 2008.

During the first quarter, SCA acquired an additional 5% of the Chinese tissue company Vinda for SEK 119m. SCA's ownership stake after the acquisition amounts to 19%.

To meet the European Commission's conditions for approving SCA's acquisition of P&G's European tissue operation, during the first quarter the Softis brand along with accompanying patents and machines were sold to the Italian tissue company Sofidel, in accordance with the established plan.

CAPITAL EXPENDITURES

To support continued growth of Personal Care products, investments totalling SEK 1,050m have been decided on during the year to date.

- For the Tena Lady brand of light incontinence products, which are showing sales growth in both Europe and the USA, during the second quarter SCA decided to invest in production capacity at its plants in Hoogezand, the Netherlands, and in Bowling Green, USA. These investments together amount to approximately SEK 260m.
- To take advantage of growth opportunities in the Russian market, the decision was made during the first quarter to start own production of personal care products in the Moscow region. This investment is worth SEK 450m.
- In addition, to meet rising demand for incontinence products, the decision was made during the first quarter to invest SEK 340m in expanded capacity at SCA's plants in the Netherlands.

SCA's half-owned company Productos Familia, with operations in Colombia, Ecuador, Peru and Venezuela, is investing SEK 420m in a new tissue machine to meet the strong growth in sales in the region.

A new automated sorting plant will be installed at one of SCA's sawmills in Sweden, Tunadal. This investment, worth SEK 210m, will enable lower production costs and higher production volume.

OTHER EVENTS DURING THE PERIOD

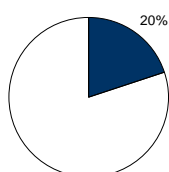
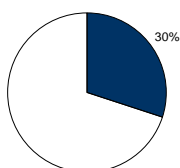
On 1 April and 1 July, the last two units of the P&G acquisition – in Orléans, France, and in Manchester, UK – were taken over. The acquisition is thereby complete. Payment for the Orléans unit, totalling SEK529m (EUR 56m) was made on 1 April, and payment for the Manchester unit, totalling SEK 1,150m (EUR 123m), was made on 1 July.

As a consequence of the integration work in the European tissue operations, SCA has shut down capacity in the UK equivalent to 30,000 tonnes.

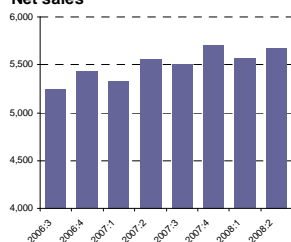
During the second quarter, SCA's Class B shares were delisted from the London Stock Exchange and are now listed on the OMX Nordic Exchange in Stockholm and through an ADR (American Depositary Receipt) programme in the US.

On 1 June SCA announced that it intends to close its containerboard mill (testliner) in New Hythe, UK, in 2010. The mill has a capacity of 240,000 tonnes of paper.

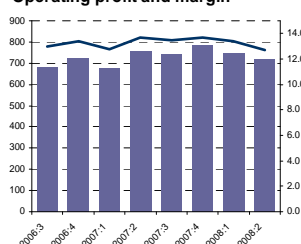
To create a better model for governance and follow-up as well as to facilitate comparisons with other companies, a changeover to a function-based income statement was made as from 1 January 2008. See also the interim report published on 29 April 2008.

Share of group, net sales
0806Share of group, operating profit
0806

Net sales



Operating profit and margin



Deviations, operating profit (%)

| 0806 vs. 0706 | |
|---------------|-----|
| | 2 |
| Price/mix | 3 |
| Volume | 18 |
| Raw material | -10 |
| Energy | -1 |
| Currency | 0 |
| Other | -8 |

PERSONAL CARE

| SEKm | 0806 | 0706 | % | 2008:2 | 2007:2 | % |
|---------------------|--------|--------|-----|--------|--------|-----|
| Volume growth | - | - | 5.3 | - | - | 4.8 |
| Net sales | 11,235 | 10,885 | 3 | 5,671 | 5,554 | 2 |
| Operating surplus | 1,973 | 1,924 | 3 | 974 | 991 | -2 |
| Operating profit | 1,466 | 1,437 | 2 | 721 | 758 | -5 |
| Operating margin, % | 13.0 | 13.2 | | 12.7 | 13.6 | |

January–June 2008 compared with corresponding period a year ago

Net sales rose 3% to SEK 11,235m. The sales increase is an effect of higher volumes, 5%, and an improved product mix. Exchange rate movements affected net sales negatively by 3%. Sales in emerging markets increased by 19%.

Operating profit improved by 2% to SEK 1,466m (1,437). Raw material costs increased primarily for pulp and superabsorbents. The operating margin was level with the preceding year. The gross margin has improved as a result of higher market activity.

Operating cash surplus was SEK 1,982m (1,926), and operating cash flow was SEK 978m (1,298). An improved operating cash surplus was offset by an increase in tied-up working capital and higher net current capital expenditures.

Second quarter 2008 compared with second quarter 2007

Sales rose 2% to SEK 5,671m (5,554). Volume growth was 5% and is mainly attributable to Europe and South America. Exchange rate movements decreased sales by 3%.

The sales increase for TENA-brand incontinence products was 8%. Sales of products to the healthcare sector rose 5%. Growth was favourable in Germany and France, and in the more rapidly growing markets in Eastern Europe. Sales to the retail sector showed double-digit growth.

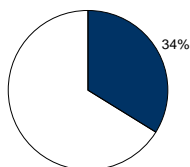
The sales increase for baby diapers was 2%. The major generation shift that is taking place in Europe towards new products, entailing extensive changes in production, had a negative impact on growth. Sales in emerging markets such as South America and Malaysia remained very strong and can be credited to marketing efforts that have been made.

Sales of feminine care products decreased by 2%. A favourable volume trend has not compensated for lower prices and exchange rate movements.

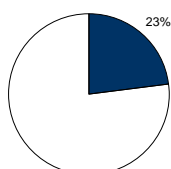
Operating profit fell 5% to SEK 721m. Volume growth has not fully compensated for higher raw material costs. An improved product mix primarily for incontinence products has compensated for lower prices.

TISSUE

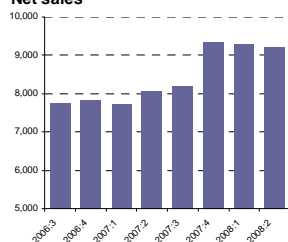
Share of group, net sales
0806



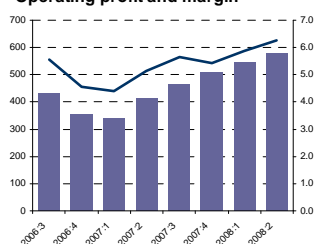
Share of group, operating profit
0806



Net sales



Operating profit and margin



Deviations, operating profit (%)

| 0806 vs. 0706 | | 49 |
|---------------|-----|----|
| Price/mix | 122 | |
| Volume | 6 | |
| Raw material | -72 | |
| Energy | -31 | |
| Currency | -2 | |
| Other | 26 | |

| SEKm | 0806 | 0706 | % | 2008:2 | 2007:2 | % |
|---------------------|--------|--------|------|--------|--------|------|
| Volume growth | - | - | 13.3 | - | - | 11.3 |
| Net sales | 18,482 | 15,785 | 17 | 9,203 | 8,060 | 14 |
| Operating surplus | 2,161 | 1,835 | 18 | 1,089 | 966 | 13 |
| Operating profit | 1,123 | 752 | 49 | 577 | 413 | 40 |
| Operating margin, % | 6.1 | 4.8 | | 6.3 | 5.1 | |

January–June 2008 compared with corresponding period a year ago

Net sales increased by SEK 2,697m, or 17%, to SEK 18,482m (15,785). Volumes increased by 13%. Price increases during the second half of 2007 and in 2008 increased sales by 6%. Exchange rate movements had an adverse impact on net sales by 4%. Sales in emerging markets increased by 14%.

Operating profit improved by SEK 371m to SEK 1,123m (752). Acquisitions and higher prices accounted for approximately SEK 1,100m of this improvement. Price increases were offset by higher raw material and energy costs. Exchange rate movements impacted profit negatively by 2%.

Operating cash surplus amounted to SEK 2,070m (1,778), and operating cash flow was SEK 586m (728). An improved operating cash surplus was offset by a higher level of tied-up working capital and slightly higher net current capital expenditures.

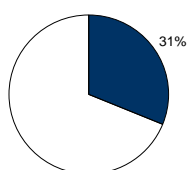
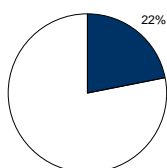
Second quarter 2008 compared with second quarter 2007

Sales rose 14% to SEK 9,203m (8,060). Volumes increased by 11%. Higher prices accounted for 6% of the sales increase. Exchange rate movements reduced sales by 5%.

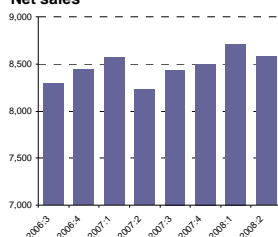
Sales of consumer tissue rose 25%. Excluding acquisitions, net sales increased by 3%, resulting from higher prices. Volume growth was high in Eastern Europe and Latin America.

Sales of AFH tissue fell by 2%. Higher prices in all regions and improved volumes in Europe have not compensated for negative exchange rate movements attributable to the North American operations.

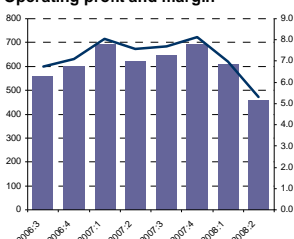
Operating profit increased by SEK 164m to SEK 577m (413), mainly as a result of higher prices and acquisitions. Higher prices are necessary to compensate for higher pulp, recycled fibre and energy costs and to continue improving profitability. Exchange rate movements decreased operating profit by 2%.

Share of group, net sales
0806Share of group, operating profit
0806

Net sales



Operating profit and margin



Deviations, operating profit (%)

| 0806 vs. 0706 | | -19 |
|---------------|--|-----|
| Price/mix | | 65 |
| Volume | | -1 |
| Raw material | | -55 |
| Energy | | -14 |
| Currency | | 1 |
| Other | | -15 |

PACKAGING

| SEKm | 0806 | 0706 | % | 2008:2 | 2007:2 | % |
|--|--------|--------|-----|--------|--------|-----|
| Deliveries | | | | | | |
| - Liner products, ktonnes | 1,194 | 1,192 | 0 | 600 | 607 | -1 |
| - Corrugated board, million m ² | 2,214 | 2,244 | -1 | 1,102 | 1,114 | -1 |
| Net sales | 17,295 | 16,800 | 3 | 8,582 | 8,229 | 4 |
| Operating surplus | 1,868 | 2,066 | -10 | 858 | 1,003 | -14 |
| Operating profit | 1,065 | 1,311 | -19 | 457 | 622 | -27 |
| Operating margin, % | 6.2 | 7.8 | | 5.3 | 7.6 | |

January–June 2008 compared with corresponding period a year ago

Net sales increased by SEK 495m to SEK 17,295m (16,800). Adjusted for the sale of the North American packaging operations in 2007, net sales rose 6%. The increase is mainly attributable to implemented price increases, which for corrugated board amounted to approximately SEK 800m. Exchange rate movements had a marginal impact on net sales.

Operating profit amounted to SEK 1,065m (1,311), a decrease of SEK 246m, of which SEK 50m is attributable to the sale of the North American packaging operations. Higher prices for corrugated board failed to compensate for higher raw material and energy costs.

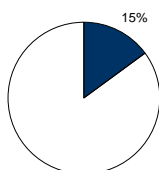
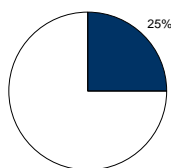
Operating cash surplus amounted to SEK 1,838m (2,010), and operating cash flow was SEK 471m (-93). A lower operating cash surplus was compensated by lower payments for efficiency improvement programmes, a lower level of tied-up working capital and a slightly lower level of current capital expenditures.

Second quarter 2008 compared with second quarter 2007

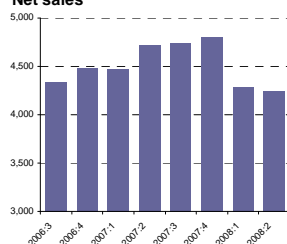
Sales rose 4% compared with the corresponding period a year ago. The increase is attributable to price increases carried out for corrugated board in 2007.

Operating profit decreased by SEK 165m to SEK 457m (622). Higher prices for corrugated board failed to compensate for higher raw material and energy costs. In addition, lower production of liner resulted in lower capacity utilization. During the second quarter, SCA carried out planned production cuts corresponding to 36,000 tonnes. This, together with unforeseen operating shutdowns, gave rise to a negative earnings impact of approximately SEK 60m.

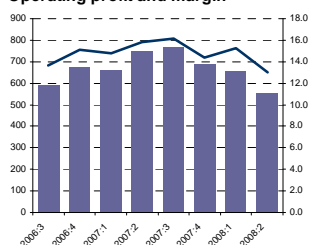
Due to an inventory surplus in the market, during the second quarter SCA increased its external sales of liner to export markets. This gave rise to a negative earnings impact of approximately SEK 55m due to lower prices.

Share of group, net sales
0806Share of group, operating profit
0806

Net sales



Operating profit and margin



Deviations, operating profit (%)

| 0806 vs. 0706 | | -15 |
|---------------|----|-----|
| Price/mix | -8 | |
| Volume | 3 | |
| Raw material | 4 | |
| Energy | -8 | |
| Currency | -7 | |
| Other | 1 | |

FOREST PRODUCTS

| SEKm | 0806 | 0706 | % | 2008:2 | 2007:2 | % |
|--|-------|-------|-----|--------|--------|-----|
| Deliveries | | | | | | |
| - Publication papers, ktonnes | 773 | 729 | 6 | 387 | 374 | 3 |
| - Solid-wood products, km ³ | 860 | 852 | 1 | 464 | 440 | 5 |
| Net sales | 8,529 | 9,198 | -7 | 4,239 | 4,726 | -10 |
| Operating surplus | 1,841 | 2,091 | -12 | 870 | 1,088 | -20 |
| Operating profit | 1,208 | 1,413 | -15 | 553 | 750 | -26 |
| Operating margin, % | 14.2 | 15.4 | | 13.0 | 15.9 | |

January–June 2008 compared with corresponding period a year ago

Net sales decreased by SEK 669m to SEK 8,529m (9,198). Adjusted for SCA's transport operations, which are reported as other income starting in 2008, sales were level with the same period a year ago. Sales of publication paper increased by 2% as a result of higher volumes. Sales of solid-wood products decreased as a result of lower prices.

Operating profit decreased by SEK 205m to SEK 1,208m (1,413). Profit for the publication papers business fell due to higher raw material costs and negative exchange rate effects. Operating profit for solid-wood products decreased due to lower retail prices and higher timber prices. Operating profit for the pulp operations was level with the preceding year, while profit for the forest operations improved.

Operating cash surplus amounted to SEK 1,369m (1,893), and operating cash flow was SEK 686m (932). A lower operating cash surplus was offset by a lower level of tied-up working capital and a lower level of net current capital expenditures.

Second quarter 2008 compared with second quarter 2007

Sales fell 10% to SEK 4,239m (4,726). Adjusted for the handling of the transport operations, sales decreased by 3%.

Sales of publication papers were unchanged, with an increase of magazine paper and a decrease in newsprint. Improved prices and higher volumes for magazine paper were offset by negative exchange rate effects. Prices of newsprint weakened.

Sales for the solid-wood operations decreased as a result of lower prices. Sales for the pulp operations increased as a result of higher volumes. Forest operations sales were level with the same period a year ago.

Operating profit fell 26% to SEK 553m (750). The earnings decline is attributable to the solid-wood products operations, which hurt earnings by approximately SEK 200m as a result of lower prices. The decline is attributable to continued high inventory levels and weaker demand from end-consumers, among other things. Higher earnings for the forest operations compensated for lower earnings for publication papers and pulp.

SCA has planned for production shutdowns in its sawmill operations during the third quarter in order to balance the inventory situation. The earnings impact is estimated to be approximately SEK 50m.

SHARE DISTRIBUTION

| 30 June 2008 | Class A | Class B | Total |
|-----------------------------|-------------|-------------|-------------|
| Registered number of shares | 112,540,207 | 592,569,887 | 705,110,094 |
| - of which treasury shares | | 2,767,605 | 2,767,605 |

During the quarter, 365,000 Class A shares were converted to Class B shares. At the end of the period, the proportion of Class A shares was 16.0%. As a result of the exercise of employee options, the number of treasury shares has decreased during the year to 2,767,605 (3,154,812).

Calculated according to IFRS recommendations, the effects of outstanding employee option programmes correspond to a maximum dilution of 0.01%, which has been taken into account when calculating earnings per share for the period.

RISKS AND UNCERTAINTIES

SCA's financial risk management is presented on pages 72–77 of the 2007 Annual Report. The Group's operations and inherent risks are described on pages 55–57 of the Annual Report. No significant changes have occurred that have changed the risks as reported in the Annual Report.

Strategic risks

Risks in conjunction with company acquisitions are analysed in the due diligence processes that SCA carries out prior to all acquisitions. Acquisitions that might affect the assessment of SCA's financial and operational risks are described under the heading "Acquisitions and Divestments" in this report.

Operational risks

Management of operational risks is primarily carried out by SCA's business managers. SCA's internal audit function is tasked with examining compliance with internal control processes.

RELATED PARTY TRANSACTIONS

No transactions have been carried out between SCA and related parties that had a material impact on the company's financial position and results.

ACCOUNTING PRINCIPLES

This interim report is prepared according to IAS 34 and recommendation RFR 1.1 of the Swedish Financial Reporting Board, and with regard to the Parent Company, according to RFR 2.1. The accounting principles applied correspond to those described in the 2007 Annual Report.

FUTURE REPORTS

The interim report for the period January–September 2008 will be published on 29 October. The year-end report for 2008 will be released on 29 January 2009.

The Board of Directors and President certify that the half-year interim report provides a true and fair overview of the Parent Company's and Group's operations, financial position and results of operations, and that it describes the significant risks and uncertainties facing the company and the companies included in the Group.

Stockholm, 24 July 2008
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

| | | |
|--|---|--|
| |  Sverker Martin-Löf Chairman of the Board | |
|  Rolf Börjesson Director |  Sören Gyll Director |  Tom Hedelius Director |
|  Leif Johansson Director |  Anders Nyrén Director |  Barbara Milian Thoralfsson Director |
| |  Jan Johansson Director President and CEO | |
|  Lars Jonsson Employee representative |  Lars-Erik Lundin Employee representative |  Örjan Svensson Employee representative |

REVIEW REPORT

We have reviewed the report for SCA AB (publ) for the period 1 January–30 June 2008. The Board of Directors and President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by FAR SRS. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit. Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm, 24 July 2008
PricewaterhouseCoopers AB
Anders Lundin, Authorized Public Accountant

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Johan Karlsson, Investor Relations, +46 8 788 51 30
Pär Altan, Media Relations, +46 8 788 52 37

Note

SCA discloses the information provided herein pursuant to the Securities Markets Act. This report has been prepared in both Swedish and English. In case of variation in the content of the two versions, the Swedish version shall take precedence.

OPERATING CASH FLOW ANALYSIS

| SEKm | 0806 | 0706 |
|--|----------------|----------------|
| Operating cash surplus | 7,067 | 7,423 |
| Change in working capital | -2,256 | -2,245 |
| Current capital expenditures, net | -1,869 | -1,980 |
| Restructuring costs, etc. | -291 | -394 |
| Operating cash flow | 2,651 | 2,804 |
| Financial items | -1,021 | -854 |
| Income taxes paid | -939 | -1,037 |
| Other | 4 | 6 |
| Cash flow from current operations | 695 | 919 |
| Acquisitions | -611 | -504 |
| Strategic capital expenditures, fixed assets | -1,369 | -483 |
| Divestments | 4 | 2,895 |
| Cash flow before dividend | -1,281 | 2,827 |
| Dividend | -3,091 | -2,807 |
| Cash flow after dividend | -4,372 | 20 |
| Sale of treasury shares | 28 | 49 |
| Net cash flow | -4,344 | 69 |
| Net debt at the start of the period | -37,368 | -36,399 |
| Net cash flow | -4,344 | 69 |
| Remeasurement to equity | -1,107 | 2,180 |
| Currency effects | 425 | -693 |
| Net debt at the end of the period | -42,394 | -34,843 |
| Debt/equity ratio | 0.66 | 0.56 |
| Debt payment capacity, % | 32 | 33 |

CASH FLOW STATEMENT

| SEKm | 0806 | 0706 |
|--|---------------|---------------|
| Operating activities | | |
| Profit before tax | 3,649 | 3,876 |
| Adjustment for non-cash items ¹ | 2,131 | 2,291 |
| | 5,780 | 6,167 |
| Paid tax | -939 | -1,037 |
| Cash flow from operating activities before changes in working capital | 4,841 | 5,130 |
| Cash flow from changes in working capital | | |
| Change in inventories | -1,101 | -1,210 |
| Change in operating receivables | -962 | -1,246 |
| Change in operating liabilities | -193 | 211 |
| Cash flow from operating activities | 2,585 | 2,885 |
| Investing activities | | |
| Acquisition of operations | -609 | -473 |
| Sold operations | -3 | 2,828 |
| Acquisition tangible and intangible assets | -3,387 | -2,768 |
| Sale of tangible assets | 149 | 324 |
| Payment of loans to external parties | -57 | -419 |
| Cash flow from investing activities | -3,907 | -508 |
| Financing activities | | |
| Sale of treasury shares | 28 | 49 |
| Borrowings | 2,960 | 950 |
| Dividends paid | -3,091 | -2,807 |
| Cash flow from financing activities | -103 | -1,808 |
| Cash flow for the period | -1,425 | 569 |
| Cash and cash equivalents at the beginning of the year | 3,023 | 1,599 |
| Exchange differences in cash and cash equivalents | -23 | 29 |
| Cash and cash equivalents at the end of the period | 1,575 | 2,197 |
| Reconciliation with operating cash flow analysis | | |
| Cash flow for the period | -1,425 | 569 |
| Deducted items: | | |
| Payment of loans to external parties | 57 | 419 |
| Borrowings | -2,960 | -950 |
| Added items: | | |
| Net debt in acquired and divested operations | 5 | 36 |
| Accrued interest | -21 | 13 |
| Investments through finance leases | - | -18 |
| Net cash flow according to operating cash flow analysis | -4,344 | 69 |
| ¹ Depreciation and impairment, fixed assets | 3,005 | 3,035 |
| Fair value valuation of forest assets | -484 | -211 |
| Payments related to efficiency programmes | -262 | -354 |
| Other | -128 | -179 |
| Total | 2,131 | 2,291 |

CONSOLIDATED INCOME STATEMENT

| SEKm | 2008:2 | 2007:2 | 2008:1 | 0806 | 0706 |
|---|---------------|---------|---------|---------------|---------|
| Net sales | 27,339 | 26,128 | 27,513 | 54,852 | 51,743 |
| Cost of goods sold ¹ | -22,120 | -20,658 | -22,128 | -44,248 | -41,323 |
| Gross contribution | 5,219 | 5,470 | 5,385 | 10,604 | 10,420 |
| Sales, general and administration ¹ | -3,020 | -3,022 | -2,914 | -5,934 | -5,690 |
| Operating profit | 2,199 | 2,448 | 2,471 | 4,670 | 4,730 |
| Financial items | -496 | -435 | -525 | -1,021 | -854 |
| Profit before tax | 1,703 | 2,013 | 1,946 | 3,649 | 3,876 |
| Tax | -321 | -443 | -409 | -730 | -872 |
| Net profit for the period | 1,382 | 1,570 | 1,537 | 2,919 | 3,004 |
| Earnings attributable to: | | | | | |
| Equity holders of the Parent Company | 1,377 | 1,565 | 1,534 | 2,911 | 2,994 |
| Minority interests | 5 | 5 | 3 | 8 | 10 |
| Earnings per share, SEK - equity holders of the Parent Company | | | | | |
| - before dilution effects | 1.96 | 2.23 | 2.19 | 4.15 | 4.27 |
| - after dilution effects | 1.96 | 2.23 | 2.18 | 4.14 | 4.26 |
| ¹ Where of depreciations | -1,488 | -1,540 | -1,516 | -3,004 | -3,049 |
| | 2008:2 | 2007:2 | 2008:1 | 0806 | 0706 |
| Gross margin | 19.1 | 20.9 | 19.6 | 19.3 | 20.1 |
| Operating margin | 8.0 | 9.4 | 9.0 | 8.5 | 9.1 |
| Financial net margin | -1.8 | -1.7 | -1.9 | -1.9 | -1.7 |
| Profit margin | 6.2 | 7.7 | 7.1 | 6.6 | 7.4 |
| Tax | -1.2 | -1.7 | -1.5 | -1.3 | -1.7 |
| Net margin | 5.0 | 6.0 | 5.6 | 5.3 | 5.7 |
| Calculation of earnings per share | | | | | |
| Earnings attributable to equity holdings of the Parent Company | 1,377 | 1,565 | 1,534 | 2,911 | 2,994 |
| Average no. of shares before dilution, millions | 702.1 | 701.7 | 702.0 | 702.1 | 701.7 |
| Warrants | 0.2 | 0.5 | 0.4 | 0.2 | 0.5 |
| Average no. of shares after dilution | 702.3 | 702.2 | 702.4 | 702.3 | 702.2 |

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

| SEKm | 0806 | 0706 |
|---|------------|--------------|
| Actuarial gains and losses related to pensions, incl. payroll tax | -957 | 2,224 |
| Available-for-sale financial assets: | | |
| - Gains from fair value measurement taken to equity | -240 | 116 |
| - Transferred to income statement at sale | 0 | -34 |
| Cash flow hedges | | |
| - Gains from remeasurement of derivatives taken to equity | 219 | 32 |
| - Transferred to profit or loss for the period | -21 | -25 |
| Transferred to cost of hedged investments | 1 | -2 |
| Translation difference in foreign operations | -1,401 | 981 |
| Gains from hedging of net investments in foreign operations | 247 | 28 |
| Tax on items taken to/transferred from equity | 217 | -671 |
| Total transactions taken to equity | -1,935 | 2,649 |
| Net profit for the period recognized in the income statement | 2,919 | 3,004 |
| Total income and expenses recognized for the period | 984 | 5,653 |
| <i>Attributable to:</i> | | |
| - Equity holders of the Parent Company | 979 | 5,762 |
| - Minority interests | 5 | -109 |
| | 984 | 5,653 |
| <i>Other changes in equity</i> | | |
| - sale of treasury shares | 28 | 49 |
| - dividend | -3,091 | -2,807 |
| - change in Group structure | -6 | -17 |

CONSOLIDATED BALANCE SHEET

| | 30 June 2008 | 31 December 2007 |
|--|----------------|------------------|
| | SEKm | SEKm |
| Assets | | |
| Goodwill | 17,708 | 18,161 |
| Other intangible assets | 3,610 | 3,455 |
| Tangible assets | 79,649 | 80,352 |
| Shares and participations | 1,001 | 1,018 |
| Non-current financial assets ¹ | 2,731 | 3,663 |
| Other non-current receivables | 1,353 | 1,164 |
| Total non-current assets | 106,052 | 107,813 |
| Operating receivables and inventories | 35,271 | 33,793 |
| Current financial assets | 302 | 366 |
| Non-current assets held for sale | 1,076 | 55 |
| Cash and cash equivalents | 1,575 | 3,023 |
| Total current assets | 38,224 | 37,237 |
| Total assets | 144,276 | 145,050 |
| Equity | | |
| Equity holders of the Parent Company | 61,508 | 63,590 |
| Minority interests | 686 | 689 |
| Total equity | 62,194 | 64,279 |
| Liabilities | | |
| Provisions for pensions | 1,991 | 1,987 |
| Other provisions | 12,261 | 12,212 |
| Non-current financial liabilities | 21,961 | 20,247 |
| Other non-current liabilities | 122 | 133 |
| Total non-current liabilities | 36,335 | 34,579 |
| Current financial liabilities ² | 22,785 | 21,943 |
| Operating liabilities | 22,962 | 24,249 |
| Total current liabilities | 45,747 | 46,192 |
| Total liabilities | 82,082 | 80,771 |
| Total equity and liabilities | 144,276 | 145,050 |
| Debt/equity ratio | 0.66 | 0.58 |
| Visible equity/assets ratio | 43% | 44% |
| Return on capital employed, % | 10 | 11 |
| Return on equity, % | 11 | 12 |
| ¹ Of which pension assets | 1,517 | 2,137 |
| ² Contracted committed credit lines amount to SEK 25,780m. | | |
| Capital employed | 104,588 | 101,647 |
| - of which working capital | 13,410 | 11,623 |
| Net debt | 42,394 | 37,368 |
| Shareholders' equity | 62,194 | 64,279 |
| Provisions for restructuring costs are included in the balance sheet as follows: | | |
| - Other provisions | 1,034 | 869 |
| - Operating liabilities | 629 | 1,040 |

NET SALES

| SEKm | 2008:2 | 2008:1 | 2007:4 | 2007:3 | 2007:2 | 2007:1 | 2006:4 | 2006:3 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Personal Care | 5,671 | 5,564 | 5,706 | 5,510 | 5,554 | 5,331 | 5,429 | 5,246 |
| Tissue | 9,203 | 9,279 | 9,343 | 8,204 | 8,060 | 7,725 | 7,844 | 7,743 |
| Packaging | 8,582 | 8,713 | 8,494 | 8,434 | 8,229 | 8,571 | 8,445 | 8,288 |
| Forest Products | 4,239 | 4,290 | 4,803 | 4,743 | 4,726 | 4,472 | 4,480 | 4,339 |
| - Publication papers | 2,198 | 2,199 | 2,259 | 2,225 | 2,149 | 2,082 | 2,167 | 2,279 |
| - Pulp, timber and solid-wood products | 2,041 | 2,091 | 2,544 | 2,518 | 2,577 | 2,390 | 2,313 | 2,060 |
| Other | 351 | 369 | 318 | 320 | 341 | 357 | 336 | 326 |
| Intra-group deliveries | -707 | -702 | -856 | -849 | -782 | -841 | -884 | -847 |
| Total net sales | 27,339 | 27,513 | 27,808 | 26,362 | 26,128 | 25,615 | 25,650 | 25,095 |

OPERATING PROFIT

| SEKm | 2008:2 | 2008:1 | 2007:4 | 2007:3 | 2007:2 | 2007:1 | 2006:4 | 2006:3 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Personal Care | 721 | 745 | 781 | 742 | 758 | 679 | 726 | 681 |
| Tissue | 577 | 546 | 508 | 464 | 413 | 339 | 358 | 431 |
| Packaging | 457 | 608 | 692 | 648 | 622 | 689 | 598 | 560 |
| Forest Products | 553 | 655 | 691 | 766 | 750 | 663 | 676 | 591 |
| - Publication papers | 91 | 83 | 125 | 143 | 141 | 128 | 208 | 168 |
| - Pulp, timber and solid-wood products | 462 | 572 | 566 | 623 | 609 | 535 | 468 | 423 |
| Other ¹ | -109 | -83 | 219 | -94 | -95 | -88 | -97 | -87 |
| Total operating profit¹ | 2,199 | 2,471 | 2,891 | 2,526 | 2,448 | 2,282 | 2,261 | 2,176 |
| Financial items | -496 | -525 | -549 | -507 | -435 | -419 | -458 | -423 |
| Profit before tax¹ | 1,703 | 1,946 | 2,342 | 2,019 | 2,013 | 1,863 | 1,803 | 1,753 |
| Tax | -321 | -409 | -204 | 0 | -443 | -429 | -352 | -227 |
| Net profit for the period² | 1,382 | 1,537 | 2,138 | 2,019 | 1,570 | 1,434 | 1,451 | 1,526 |

¹ The fourth quarter 2007 includes items affecting comparability, 300 SEKm specified per business area in annual report 2007.

² The fourth quarter 2007 includes items affecting comparability, 252 SEKm.

OPERATING MARGIN

| % | 2008:2 | 2008:1 | 2007:4 | 2007:3 | 2007:2 | 2007:1 | 2006:4 | 2006:3 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Personal Care | 12.7 | 13.4 | 13.7 | 13.5 | 13.6 | 12.7 | 13.4 | 13.0 |
| Tissue | 6.3 | 5.9 | 5.4 | 5.7 | 5.1 | 4.4 | 4.6 | 5.6 |
| Packaging | 5.3 | 7.0 | 8.1 | 7.7 | 7.6 | 8.0 | 7.1 | 6.8 |
| Forest Products | 13.0 | 15.3 | 14.4 | 16.2 | 15.9 | 14.8 | 15.1 | 13.6 |
| - Publication papers | 4.1 | 3.8 | 5.5 | 6.4 | 6.6 | 6.1 | 9.6 | 7.4 |
| - Pulp, timber and solid-wood products | 22.6 | 27.4 | 22.2 | 24.7 | 23.6 | 22.4 | 20.2 | 20.5 |

CONSOLIDATED INCOME STATEMENT

| SEKm | 2008:2 | 2008:1 | 2007:4 | 2007:3 | 2007:2 |
|--|---------------|---------------|---------------|---------------|---------------|
| Net sales | 27,339 | 27,513 | 27,808 | 26,362 | 26,128 |
| Cost of goods sold | -22,120 | -22,128 | -22,453 | -21,036 | -20,658 |
| Gross contribution | 5,219 | 5,385 | 5,355 | 5,326 | 5,470 |
| Sales, general and administration ¹ | -3,020 | -2,914 | -2,464 | -2,800 | -3,022 |
| Operating profit¹ | 2,199 | 2,471 | 2,891 | 2,526 | 2,448 |
| Financial items | -496 | -525 | -549 | -507 | -435 |
| Profit before tax¹ | 1,703 | 1,946 | 2,342 | 2,019 | 2,013 |
| Taxes | -321 | -409 | -204 | 0 | -443 |
| Net profit for the period² | 1,382 | 1,537 | 2,138 | 2,019 | 1,570 |

¹ The fourth quarter 2007 includes items affecting comparability, 300 SEKm.

² The fourth quarter 2007 includes items affecting comparability, 252 SEKm.

INCOME STATEMENT PARENT COMPANY

| | | |
|----------------------------------|--------------|-------|
| MSEK | 0806 | 0706 |
| Administration costs | -232 | -229 |
| Other operating income | 85 | 82 |
| Other operating expenses | -85 | -82 |
| Operating profit | -232 | -229 |
| Financial items | 900 | 972 |
| Profit before tax | 668 | 743 |
| Taxes | 347 | 284 |
| Net profit for the period | 1,015 | 1,027 |

BALANCE SHEET PARENT COMPANY

| | 30 June 2008 | 31 December 2007 |
|-------------------------------------|---------------|------------------|
| | SEKm | SEKm |
| Intangible assets | 4 | 5 |
| Tangible assets | 6,215 | 6,205 |
| Financial investments | 62,540 | 62,576 |
| Total fixed assets | 68,759 | 68,786 |
| Total current assets | 992 | 1,604 |
| Total assets | 69,751 | 70,390 |
| Restricted equity | 10,996 | 10,996 |
| Unrestricted equity | 7,452 | 9,496 |
| Total shareholders' equity | 18,448 | 20,492 |
| Untaxed reserves | 128 | 128 |
| Provisions | 1,348 | 1,330 |
| Long-term liabilities | 0 | 0 |
| Current liabilities | 49,827 | 48,440 |
| Total equity and liabilities | 69,751 | 70,390 |