

Press release

Stockholm, March 6, 2017



Information brochure to SCA's shareholders regarding the proposed distribution of SCA Hygiene AB

In August 2016, SCA announced that the company would initiate work in order to be able to propose to the 2017 Annual General Meeting to decide on a split of the SCA Group into two listed companies; one for the hygiene business and one for the forest products business. On February 23, 2017 SCA's Board of Directors decided, in addition to a proposed cash dividend of SEK 6.00 per share, to propose to the Annual General Meeting on April 5, 2017 to decide on the distribution of all shares in the wholly owned subsidiary SCA Hygiene AB to shareholders of SCA. Additional information to SCA's shareholders regarding the proposed distribution of shares in SCA Hygiene AB has today been published in the form of an information brochure on the company's website www.sca.com and will shortly be distributed to all shareholders.

SCA was founded in 1929 as a forest products company operating in Sweden. Over the years, the company expanded into other business activities (paper products production, personal care, consumer tissue, AfH tissue and packaging) and expanded geographically. SCA has developed and is today a leading global hygiene and forest products company, with the hygiene business accounted for approximately 86% of the SCA Group's 2016 net sales and the forest products business for approximately 14%.

In August 2016, SCA announced that the company would initiate work in order to be able to propose to the 2017 Annual General Meeting to decide on a split of the SCA Group into two listed companies; one for the hygiene business and one for the forest products business. A split of the Group and a distribution and listing of the shares in the subsidiary which today operates the hygiene business, is expected to increase focus, customer value, development opportunities and enables each company to successfully realize its strategies under the leadership of separate and dedicated management teams, two different boards of directors and independent access to capital. This is considered to increase value for SCA's shareholders in the long term. In addition, the synergies between the operations have diminished over time and are currently limited. An evaluation of various methods and structural alternatives to carry out a complete split of the business into two separate companies has been carried out.

In the light of the above, the Board of Directors of SCA has proposed that the Annual General Meeting on April 5, 2017 decides on, in addition to a cash dividend of SEK 6.00 per share, the distribution of all shares in the wholly owned subsidiary SCA Hygiene AB to shareholders of SCA. The company plans to execute the decision to distribute the shares at a suitable time after the Annual General Meeting's decision and following completion of the listing process, but no later than in the second half of 2017. Following the distribution, the former SCA Group will be divided into two independent, listed companies. One will be a leading global hygiene and health company and include the current SCA business areas of Personal Care and Tissue. The other will be an efficient and well-invested forest products company that will include all forest land currently owned by the SCA Group and the forest products operations.



Summary of financial information for SCA Hygiene AB (“Hygiene”)

The tables below display selected financial information for Hygiene for the financial years 2014–2016. The basis for the selected financial information is the Annual Report that has been prepared for SCA Hygiene AB for 2016, which will be published on March 10, 2017. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, RFR 1 “Supplementary Accounting Rules for Groups” and the Annual Accounts Act.

Earnings trend

SEKm	2016	2015	2014
Net sales	101,238	98,519	87,997
Gross profit	28,230	26,292	23,406
Adjusted gross profit ¹⁾	28,762	26,559	23,847
Operating profit	9,008	9,684 ²⁾	8,360
Adjusted operating profit ¹⁾	11,833	10,470	9,369
Financial items	-835	-828 ³⁾	-740
Profit before tax	8,173	8,856	7,620
Adjusted profit before tax ¹⁾	10,998	9,642	8,629
Tax	-3,931	-2,278	-1,939
Adjusted tax ¹⁾	-4,355	-2,745	-2,162
Net profit for the period	4,242	6,578	5,681
Adjusted profit for the period ¹⁾	6,643	6,897	6,467

¹⁾ Excluding items affecting comparability.

²⁾ Including sales of securities, SEK 970m.

³⁾ Excluding sales of securities, SEK 970m.

Condensed balance sheet

SEKm	2016	2015	2014
Non-current assets			
Intangible assets	26,918	22,763	23,555
Buildings, land, machinery and equipment	47,494	42,402	43,599
Other non-current assets	3,878	3,084	5,214
Total non-current assets	78,290	68,249	72,368
Current assets			
Inventories	10,944	11,229	10,343
Trade receivables	15,843	14,808	14,912
Other current assets	4,963	16,237	17,036
Cash and cash equivalents	4,244	4,828	3,806
Total current assets	35,994	47,102	46,097
Total assets	114,284	115,351	118,465
Shareholders' equity	39,580	48,275	44,925
Liabilities			
Non-current liabilities	41,971	29,170	33,068
Current liabilities	32,733	37,906	40,472
Total liabilities	74,704	67,076	73,540
Total equity and liabilities	114,284	115,351	118,465

Condensed balance sheet after reallocation of net debt

In order to enable external credit rating of Hygiene ahead of the transfer of loans and bonds from SCA excluding Hygiene to Hygiene during the fourth quarter of 2016, an allocation of SCA Group's net debt between the companies was made as of September 30, 2016. Corresponding allocation based on the SCA Group's net debt per December 31, 2016 of in total SEK 35,361m implies an allocation of SEK 30,361m to Hygiene and of SEK 5,000m to SCA forest products. The decisive factor in the allocation has been to give both companies adequately strong balance sheets. Furthermore, it was decided that SCA's proposed cash dividend in April 2017 of SEK 6.00 per share will be financed by Hygiene and therefore increase Hygiene's net debt by SEK 4,214m. The effect of SCA's proposed dividend has not been included in the condensed balance sheet below, which shows the decided debt allocation as if implemented by December 31, 2016.

SEKm	2016
Non-current assets	
Intangible assets	26,918
Buildings, land, machinery and equipment	47,494
Other non-current assets	3,878
Total non-current assets	78,290
Current assets	
Inventories	10,944
Trade receivables	15,843
Other current assets	9,775 ¹⁾
Cash and cash equivalents	4,244
Total current assets	40,806
Total assets	119,096
Shareholders' equity	44,392¹⁾
Liabilities	
Non-current liabilities	41,971
Current liabilities	32,733
Total liabilities	74,704
Total equity and liabilities	119,096

¹⁾ SCA's proposed cash dividend in April 2017 of SEK 6.00 per share, corresponding to SEK 4,214m, will be financed by Hygiene and therefore reduce shareholders' equity and increase net debt by the corresponding amount, which is not included in this figure.



Condensed cash flow statement

SEKm	2016	2015	2014
Profit before tax	8,173	8,856	7,620
Total items not included in cash flow	6,791	4,635	4,384
Paid tax	-3,782	-2,194	-2,099
Change in working capital	1,596	-517	-147
Cash flow from operating activities	12,778	10,780	9,758
Cash flow from investing activities²⁾	-10,119	-3,263	-4,909
Cash flow from financing activities³⁾	-3,389	-6,391	-5,106
Cash flow for the period	-730	1,126	-257
²⁾ Whereof investments in intangible assets and property, plant and equipment	-6,339	-5,679	-4,596
³⁾ Including transactions between Hygiene and SCA excluding Hygiene	-4,168	-2,607	-2,376

Key figures

SEKm if not otherwise stated	2016	2015	2014
Capital employed	74,753	67,333	69,991
Net debt	35,173	19,058	25,066
Net debt after reallocation of net debt	30,361 ³⁾	-	-
Depreciation and amortizations	-5,144	-4,764	-4,301
Adjusted return on capital employed (%)	16.2	14.9	14.0
Adjusted operating margin (%)	11.7	10.6	10.6
Organic sales (%)	3	6	2
Average number of employees	42,149	39,951	40,165
Employees per December 31, 2016	42,520	40,147	39,837

³⁾ SCA's proposed cash dividend in April 2017 of SEK 6.00 per share, corresponding to SEK 4,214m, will be financed by Hygiene and therefore reduce shareholders' equity and increase net debt by the corresponding amount, which is not included in this figure.

Definitions

Guidelines for Alternative Performance Measures (APMs) for companies with securities listed on a regulated market in the EU have been issued by the European Securities and Markets Authority (ESMA). These guidelines are to be applied for APMs used as from July 3, 2016.

In this information brochure references are made to a number of non-IFRS performance measures that are used to help investors as well as management analyze the company's operations. Described below are the non-IFRS performance measures that are used as a complement to the financial information that is reported in accordance with IFRS.

Also described below are a number of financial measures and how these measurements are used to analyze the company's objective.

Adjusted gross profit is calculated as net sales minus cost of goods sold excluding items affecting comparability. Adjusted gross profit is therefore a better measure to show the company's margins before costs such as sales and administrative costs.

Adjusted operating margin refers to operating profit, excluding items affecting comparability, as a percentage of net sales for the year.

Adjusted operating profit is calculated as operating profit before financial items and tax and excluding items affecting comparability. Adjusted operating profit is a key measure for the Group's profit centers and provides a better understanding of the earnings performance of the business than non-adjusted operating profit.

Adjusted profit before tax is calculated as profit before tax excluding items affecting comparability, which is used to show the total profit for the company including financial

items but not affected by tax and items affecting comparability with precedent periods.

Adjusted profit for the period is calculated as the period's profit after deduction for items affecting comparability, which shows the period's total earnings.

Adjusted return on capital employed is calculated as twelve months rolling operating profit, excluding items affecting comparability, as a percentage of average capital employed for the five most recent quarters.

Adjusted tax refers to tax exclusive items affecting comparability, which shows tax without the effect from items disturbing comparability with previous periods.

Capital employed is calculated as an average of the balance sheet's total assets, excluding interest-bearing assets and pension assets, less total liabilities, excluding interest-bearing liabilities and pension liabilities.

Items affecting comparability include costs in connection with acquisitions, restructuring, impairment and other specific events. This measure provides a better understanding of the company's operational activities.

Net debt comprises consolidated interest-bearing liabilities, including pension liabilities and accrued interest less cash and cash equivalents and interest-bearing current and non-current receivables and capital investment shares.

Organic sales refers to sales excluding exchange rate effects, acquisitions and divestments.

Financing

Hygiene's financing amounted per December 31, 2016, before reallocation of net debt, to approximately SEK 35.4bn in interest-bearing loans and pension liabilities amounted to approximately SEK 4.9bn. Cash and cash equivalents amounted to approximately SEK 4.2bn and internal loans to SCA exclud-

ing Hygiene amounted to approximately SEK 1.0bn. Hygiene has committed credit facilities amounting to SEK 19.2bn.

Summary of financial information for SCA excluding SCA Hygiene AB ("Hygiene")

The tables below present selected financial information for the financial year 2016 for SCA, Hygiene and SCA excluding Hygiene, which constitute the remaining operations (SCA forest products) in SCA after the distribution. The basis for the selected financial information is partly SCA's Annual Report for 2016 and partly the Annual Report that has been prepared for SCA Hygiene AB for 2016 and which will be published on March 10, 2017. SCA excluding Hygiene is the difference between SCA's and Hygiene's financial information adjusted for internal transactions and balances. Adjustments are described in further detail in the footnotes below.

As of the first quarterly report for 2017, SCA intends to report its entire operations as Forest Products and Hygiene in accordance with IFRS 5, as "non-current assets held for sale and discontinued operations".



The information presented in the tables below has not been prepared in accordance with IFRS as adopted by the European Union. This information may thus not necessarily be comparable with similar calculations in other companies and has some limitations as an analysis tool.

Earnings trend

SEKm	SCA 2016	Hygiene 2016	SCA excl Hygiene 2016
Net sales ¹⁾	117,314	101,238	16,587
Gross profit	31,064	28,230	2,833
Adjusted gross profit ²⁾	31,593	28,762	2,830
Operating profit	11,279	9,008	2,271
Adjusted operating profit ²⁾	13,989	11,833	2,155
Financial items	-919	-835	-84
Profit before tax	10,360	8,173	2,187
Adjusted profit before tax ²⁾	13,070	10,998	2,071
Tax	-4,348	-3,931	-417
Adjusted tax ²⁾	-4,775	-4,355	-420
Net profit for the period	6,012	4,242	1,770
Adjusted profit for the period ²⁾	8,295	6,643	1,651

¹⁾ In SCA excluding Hygiene, sales to Hygiene amounting to SEK 511m, otherwise eliminated in SCA's figures, is included.

²⁾ Excluding items affecting comparability.

Condensed balance sheet

SEKm	SCA 2016	Hygiene 2016	SCA excl Hygiene 2016
Non-current assets			
Intangible assets	27,007	26,918	89
Biological assets	30,770	-	30,770
Buildings, land, machinery and equipment	62,184	47,494	14,690
Other non-current assets	4,784	3,878 ¹⁾	957 ²⁾
Total non-current assets	124,745	78,290	46,506
Current assets			
Inventories	14,347	10,944	3,403
Trade receivables	17,811	15,843	1,968
Other current assets	4,363	4,963 ³⁾	1,634 ⁴⁾
Cash and cash equivalents	4,482	4,244	238
Total current assets	41,003	35,994	7,243
Total assets	165,748	114,284	53,749
Shareholders' equity	79,519	39,580	39,939
Liabilities			
Non-current liabilities	50,274	41,971 ²⁾	8,354 ¹⁾
Current liabilities	35,955	32,733 ⁴⁾	5,456 ³⁾
Total liabilities	86,229	74,704	13,810
Total equity and liabilities	165,748	114,284	53,749

¹⁾ Intra group receivables/payables amounting to SEK 3m are included here and eliminated in the figures for SCA.

²⁾ Intra group receivables/payables amounting to SEK 48m are included here and eliminated in the figures for SCA.

³⁾ Intra group receivables/payables amounting to SEK 1,490m are included here and eliminated in the figures for SCA.

⁴⁾ Intra group receivables/payables amounting to SEK 744m are included here and eliminated in the figures for SCA.

Condensed balance sheet after reallocation of net debt

In order to enable external credit rating of Hygiene ahead of the transfer of loans and bonds from SCA excluding Hygiene to Hygiene during the fourth quarter of 2016, an allocation of SCA Group's net debt between the companies was made as of September 30, 2016. Corresponding allocation based on the SCA Group's net debt per December 31, 2016 of in total SEK 35,361m implies an allocation of SEK 30,361m to Hygiene and of SEK 5,000m to SCA forest products. The decisive factor in the allocation has been to give both companies adequately strong balance sheets. Furthermore, it was decided that SCA's proposed cash dividend in April 2017 of SEK 6.00 per share will be financed by Hygiene and therefore increase Hygiene's net debt by SEK 4,214m. The effect of SCA's proposed dividend has not been included in the condensed balance sheets below, which shows the decided debt allocation as if implemented by December 31, 2016.

SEKm	SCA 2016	Hygiene 2016	SCA excl Hygiene 2016
Non-current assets			
Intangible assets	27,007	26,918	89
Biological assets	30,770	-	30,770
Buildings, land, machinery and equipment	62,184	47,494	14,690
Other non-current assets	4,784	3,878 ¹⁾	957 ²⁾
Total non-current assets	124,745	78,290	46,506
Current assets			
Inventories	14,347	10,944	3,403
Trade receivables	17,811	15,843	1,968
Other current assets	4,363	9,775 ^{3,4)}	1,634 ⁴⁾
Cash and cash equivalents	4,482	4,244	238
Total current assets	41,003	40,806	7,243
Total assets	165,748	119,096	53,749
Shareholders' equity	79,519	44,392⁵⁾	35,127
Liabilities			
Non-current liabilities	50,274	41,971 ²⁾	8,354 ¹⁾
Current liabilities	35,955	32,733 ⁴⁾	10,268 ³⁾
Total liabilities	86,229	74,704	18,622
Total equity and liabilities	165,748	119,096	53,749

¹⁾ Intra group receivables/payables amounting to SEK 3m are included here and eliminated in the figures for SCA.

²⁾ Intra group receivables/payables amounting to SEK 48m are included here and eliminated in the figures for SCA.

³⁾ Intra group receivables/payables amounting to SEK 6,302m are included here and eliminated in the figures for SCA.

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⁵⁾ SCA's proposed cash dividend in April 2017 of SEK 6.00 per share, corresponding to SEK 4,214m, will be financed by Hygiene and therefore reduce shareholders' equity and increase net debt by the corresponding amount, which is not included in this figure.



Condensed cash flow statement

SEKm	SCA 2016	Hygiene 2016	SCA excl Hygiene 2016
Profit before tax	10,360	8,173	2,187
Total items not included in cash flow	7,025	6,791	234
Paid tax	-3,799	-3,782	-17
Change in working capital	1,970	1,596	374
Cash flow from operating activities	15,556	12,778	2,778
Cash flow from investing activities¹⁾	-12,972	-10,119	-2,853
Cash flow from financing activities²⁾	-3,292	-3,389	97
Cash flow for the period	-708	-730	22
¹⁾ Whereof investments in intangible assets and property, plant and equipment	-9,388	-6,339	-3,049
²⁾ Including transactions between Hygiene and SCA excluding Hygiene	-	-4,168	4,168

Key figures

SEKm if not otherwise stated	SCA 2016	Hygiene 2016	SCA excl Hygiene 2016
Capital employed	114,880	74,753	40,127
Net debt	35,361	35,173	188
Net debt after reallocation of net debt	35,361	30,361 ¹⁾	5,000
Depreciation and amortizations	-6,258	-5,144	-1,114
Adjusted return on capital employed (%)	12.5	16.2	5.5
Adjusted operating margin (%)	11.9	11.7	13.0
Organic sales (%)	2	3	-3
Average number of employees	46,171	42,149	4,022
Employees per December 31, 2016	46,429	42,520	3,909

¹⁾ SCA's proposed cash dividend in April 2017 of SEK 6.00 per share, corresponding to SEK 4,214m, will be financed by Hygiene and therefore reduce shareholders' equity and increase net debt by the corresponding amount, which is not included in this figure.

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Organic sales refers to sales excluding exchange rate effects, acquisitions and divestments.

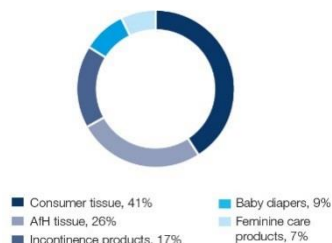
Financing

SCA has signed an agreement in principle for a medium term credit facility with a bank consortium concerning the financing of SCA excluding Hygiene which will be used and replace intra-group financing at the time of the planned listing of Hygiene.



SCA HYGIENE AB (HYGIENE)

Net sales by product segment, 2016



Net sales by region, 2016

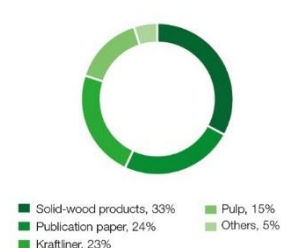


Net sales by distribution channel, 2016

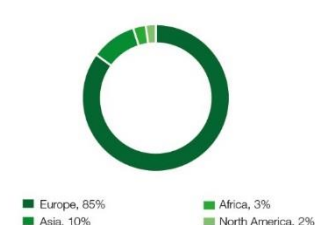


SCA FOREST PRODUCTS OPERATIONS

Net sales by product segment, 2016



Net sales by region, 2016



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SCA is a leading global hygiene and forest products company. The Group develops and produces sustainable personal care, tissue and forest products. Sales are conducted in about 100 countries under many strong brands, including the leading global brands TENA and Tork, and regional brands, such as Libero, Libresse, Lotus, Nosotras, Saba, Tempo, Vinda and Zewa. As Europe's largest private forest owner, SCA places considerable emphasis on sustainable forest management. The Group has about 46,000 employees. Sales in 2016 amounted to approximately SEK 117bn (EUR 12.4bn). SCA was founded in 1929, has its headquarters in Stockholm, Sweden, and is listed on NASDAQ Stockholm. More information at www.sca.com.