

# Q2 2019

## January-June 2019 compared with January-June 2018

- Net sales increased 14% to SEK 10,304m (9,070), mainly attributable to the continued ramp-up of the expanded Östrand pulp mill
- EBITDA rose 31% to SEK 2,900m (2,209). The improvement was mainly related to higher delivery volumes from the expanded Östrand pulp mill and positive exchange rate effects.
- EBITDA margin increased to 28.1% (24.4)
- Operating cash flow amounted to SEK 1,245m (1,265)
- Earnings per share declined to SEK 2.30 (2.57). After adjusting for a non-recurring item in 2018 related to deferred tax, earnings per share increased by 28 percent.
- The investment to increase white-top kraftliner production at the Munksund paper mill was completed in May. The project was implemented on time and on budget.
- SCA acquired approximately 30,000 hectares of forest in the Baltic region through three transactions, two of which were closed during the quarter, with closure of the final transaction expected in the third quarter

## April-June 2019 compared with January-March 2019

- Net sales rose 3% to SEK 5,228m (5,076), which mainly related to higher delivery volumes for Pulp, Kraftliner and Wood
- EBITDA amounted to SEK 1,340m (1,560). Adjusted for the effect of planned maintenance stops of SEK -63m (0) and the positive contribution from restructuring in the French wood business in the first quarter of SEK 0m (90), earnings declined by 5%. The decrease was mainly explained by lower selling prices.

SEKm	Quarter					Jan-Jun		
	2019:2	2018:2	%	2019:1	%	2019	2018	%
Net sales	5,228	4,670	12	5,076	3	10,304	9,070	14
EBITDA	1,340	1,034	30	1,560	-14	2,900	2,209	31
<i>EBITDA margin</i>	25.6	22.1		30.7		28.1	24.4	
Operating profit	943	744	27	1,168	-19	2,111	1,633	29
Net Profit	704	1,109	-37	908	-22	1,612	1,808	-11
<i>Earnings per share SEK</i>	1.00	1.58		1.29		2.30	2.57	
Operating cash flow	619	674		626		1,245	1,265	
Industrial ROCE (%) <sup>1</sup>						17.6	13.1	
Net Debt / EBITDA (LTM) <sup>2</sup>						1.6x	1.7x	

<sup>1</sup> Rolling 12 months

<sup>2</sup> Changed accounting principles related to IFRS 16 (lease) have had a SEK 1.2 billion impact on net debt and a 0.2x impact on net debt / EBITDA as of January 1, 2019



## COMMENTS ON THE FINANCIAL STATEMENTS

Operating profit for the second quarter of 2019 improved year on year, but declined compared with the preceding quarter. The expanded Östrand pulp mill has now reached about 90% of the expected production capacity and work to ramp up the plant toward full capacity is progressing according to plan. Pulp production increased 22% compared with the preceding quarter, which made a positive contribution to earnings.

Demand for SCA's products in the quarter was generally weaker than in the preceding quarter and market prices declined somewhat in all product areas. Market prices were generally higher in Europe and the US compared with Asia and other overseas markets.

SCA's wood consumption continued to increase due to the continued ramp-up of the Östrand pulp mill. Prices for both pulpwood and sawlogs increased slightly.

Wood reported stable consumption, although the market was cautious. Market prices declined compared with the preceding quarter.

Within Pulp, both production and deliveries increased. The market weakened during the quarter and the price of pulp declined. Favorable production combined with a cautious pulp market resulted in a higher proportion of overseas sales volumes.

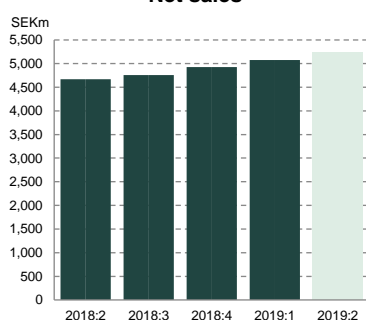
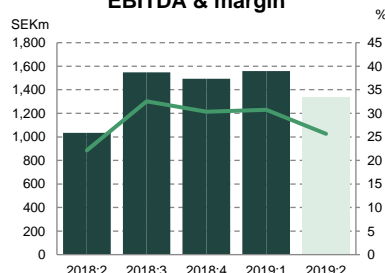
Kraftliner prices fell during the quarter. However, prices stabilized at the end of the quarter and the market situation improved. Implemented and planned capacity reductions in publication paper have, for the time being, created a better balance between supply and demand. The price of publication paper was stable for the quarter.

### Events during the quarter

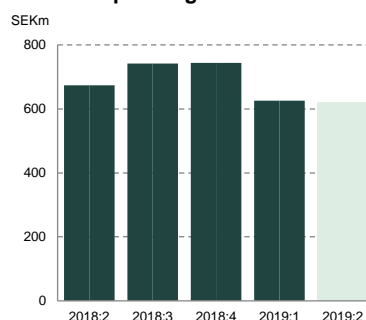
The investment to increase white-top kraftliner production at the Munksund paper mill was completed in May. The project was implemented on time and on budget.

During the period, SCA acquired approximately 30,000 hectares of forest in the Baltic region through three transactions, two of which were closed during the second quarter, with closure of the final transaction expected in the third quarter. The acquisitions strengthen SCA's ability to sustainably source timber in the region. Forest is an asset that offers stable growth and is the base for value creation in SCA's integrated value chain.

SCA has signed an agreement regarding the sale of its logistics terminal in Rotterdam. The transaction is estimated to reduce net debt by about SEK 575m and is expected to be finalized in the third quarter.

**Net sales****EBITDA & margin****Change in net sales (%)**

	1906 vs 1806	2019:2 vs 2018:2	2019:2 vs 2019:1
<b>Total</b>	<b>14</b>	<b>12</b>	<b>3</b>
Price/mix	0	-5	-3
Volume	11	17	8
Currency	4	2	1
Acq. and divestments	-1	-2	-3

**Operating cash flow****GROUP****SALES AND OPERATING PROFIT****January-June 2019 compared with January-June 2018**

Net sales amounted to SEK 10,304m (9,070), an increase of 14%, of which price/mix accounted for 0%, volume for 11%, currency for 4% and acquisitions/divestments for -1%. The growth was mainly related to higher delivery volumes in Pulp from the expanded Östrand pulp mill. The merger with Groupe ISB within Wood had a negative effect on net sales, since the merged company is not consolidated in SCA.

EBITDA increased 31% to SEK 2,900m (2,209), which corresponds to an EBITDA margin of 28.1% (24.4). The increase was mainly attributable to higher delivery volumes within Pulp, positive exchange rate effects and lower costs for planned maintenance and expansion stops of SEK 63m (270). Higher raw material costs had a negative impact on earnings.

Operating profit increased 29% to SEK 2,111m (1,633).

**April-June 2019 compared with April-June 2018**

Net sales for the second quarter grew by 12%, of which price/mix accounted for -5%, volume for 17%, currency for 2%, and acquisitions/divestments for -2%, and amounted to SEK 5,228m (4,670). The growth was mainly related to higher delivery volumes in Pulp. The expansion stop in Östrand had a negative impact on net sales for the second quarter of 2018.

EBITDA amounted to SEK 1,340m (1,034), up 30%. The increase was mainly attributable to higher delivery volumes in Pulp, positive exchange rate effects and lower costs for planned maintenance and expansion stops of SEK 63m (270). Lower selling prices and higher raw material costs had a negative impact on earnings.

Operating profit increased 27% to SEK 943m (744).

**April-June 2019 compared with January-March 2019**

Net sales increased 3%, of which price/mix accounted for -3%, volume for 8%, currency for 1% and acquisitions/divestments for -3%, and amounted to SEK 5,228m (5,076). The sales growth was mainly related to higher delivery volumes in Pulp, Paper and Wood.

EBITDA amounted to SEK 1,340m (1,560), a decrease of 14%. The decrease was primarily related to lower selling prices and higher costs for planned maintenance stops of SEK 63m (0).

The decline was also attributable to the positive restructuring effects in SCA Wood France totaling SEK 0m (90), which strengthened earnings during the first quarter and relate to insurance proceeds for costs related to a fire and the effect on earnings from the merger with Groupe ISB. Higher delivery volumes had a positive impact on earnings.

Operating profit decreased by 19% to SEK 943m (1,168).

**CASH FLOW****January-June 2019 compared with January-June 2018**

The operating cash surplus amounted to SEK 2,598m (1,863). The cash flow effect of changes in working capital was SEK -651m (-345). Net current capital expenditures amounted to SEK -516m (-276). Operating cash flow was SEK 1,245m (1,265). See page 22.

Strategic capital expenditures amounted to SEK -299m (-1,122). The cash flow effect of acquisitions amounted to SEK -847m (0) and pertains to the acquisition of forest assets in the Baltic region totaling SEK -689m and shares in Groupe ISB totaling SEK -158m. Dividends amounted to SEK -1,229m (-1,054). Cash flow for the period totaled SEK -318m (35). See page 18.

## FINANCING

During the quarter SCA signed a SEK 1,000m loan from Nordic Investment Bank (NIB). Furthermore, the earlier credit facility totaling SEK 8,000m was replaced with a new facility with a limit of SEK 5,000m and a maturity of five years.

At June 30, 2019, net debt totaled SEK 9,735m, an increase during the quarter of SEK 585m. The increase is mainly due to the financing of forest acquisitions in the Baltic region. Net debt in relation to EBITDA amounted to 1.6 times (1.6 times in the previous quarter).

At June 30, 2019, gross debt amounted to SEK 10,843m, with an average maturity of five years (six years taking into account the lease liability). The loan structure consists of short-term commercial paper as well as long-term bonds and bilateral bank loans. The lease liability amounted to SEK 1,190m. Unutilized credit facilities amounted to SEK 5,000m. Cash and cash equivalents amounted to SEK 341m at the end of the period.

In the January-June 2019 period, financial items totaled SEK -75m compared with SEK -3m in the year-earlier period.

## TAX

### January-June 2019 compared with January-June 2018

Tax amounted to SEK -424m (178), corresponding to an effective tax rate of 20.9%. A positive non-recurring item totaling SEK 551m arose in the first half of 2018 as a result of a reduction in the Swedish corporate tax rate. Excluding the non-recurring item, the tax expense for the first half of 2018 amounted to SEK -349m.

## EQUITY

### January-June 2019

Total consolidated equity increased by SEK 258m during the period, to SEK 39,320m at 30 June 2019. Equity increased due to comprehensive income for the period of SEK 1,497m, and decreased due to the dividend of SEK 1,229m. Other items reduced equity by SEK 10m.

## CURRENCY EXPOSURE AND CURRENCY HEDGING

About 85% of sales are priced in currencies other than SEK, primarily EUR, USD and GBP. Most purchasing is conducted in SEK, but some purchasing is carried out in other currencies.

The company has hedged about 70% of the expected net exposure from sales minus purchases in each currency respectively until the end of the fourth quarter of 2019, as well as approximately 50% for the first quarter of 2020 and 25% for the second quarter 2020, at the average EUR/SEK exchange rate of 10.50 and average USD/SEK exchange rate of 9.00. All balance sheet items in foreign currency are hedged, as well as major decided and contracted expenses in foreign currency for investments in fixed assets.

## PLANNED MAINTENANCE STOPS

In the second quarter of 2019, one maintenance stop was carried out at the kraftliner mill in Munksund (Paper). The estimated effect of maintenance stops on earnings in 2019, calculated as the total of the direct cost of the maintenance and the effect from lower fixed cost coverage from reduced production during the stops, is shown in the table below.

SEKm	Actual				Total
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	
Pulp	0	236	0	15	251
Paper	0	34	0	82	116
<b>Total</b>	<b>0</b>	<b>270</b>	<b>0</b>	<b>97</b>	<b>367</b>

SEKm	Actual		Forecast		Total
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	
Pulp	0	0	0	115	115
Paper	0	63	0	45	108
<b>Total</b>	<b>0</b>	<b>63</b>	<b>0</b>	<b>160</b>	<b>223</b>



## INVESTMENTS

### Investment in expanded pulp capacity at Östrand

SCA has invested approximately SEK 8 billion in doubling the production capacity at the Östrand pulp mill, an investment financed by operating cash flow. The expanded pulp mill began operating, as planned, in June 2018. Following the start-up curve, production is expected to gradually increase until the end of 2019. 2020 is therefore expected to be the first year with full production, corresponding to 900,000 tonnes. The Östrand mill also has a chemical thermomechanical pulp (CTMP) production capacity of 100,000 tonnes per year, which remains unchanged after the investment.

### Investment to increase production of white-top kraftliner

SCA has invested approximately SEK 200m to increase white-top kraftliner production at the Munksund paper mill. The investment will increase the mill's capacity for white-top kraftliner from 150,000 to 200,000 tonnes per year. The paper mill's total production capacity will not increase following the investment.

Demand for white packaging paper with good printability is growing. This investment will increase production of value-added products in Munksund at the same time as production of brown kraftliner grades can be optimized in the paper mill in Obbola, thereby improving the competitiveness of both paper mills.

The investment was completed in May on time and on budget.

### Merger of SCA Wood France and Groupe ISB

SCA Wood France and the French company Innovation Solutions Bois, ISB, merged their operations in wood processing and the distribution of wood products in France. The merger will create a leading supplier of wood products to the French building materials sector with net sales of approximately SEK 2,700m. SCA's shareholding in the combined company amounts to 38.5%

### SCA acquires 10,000 hectares of forest in Latvia from LFC

In April 2019, SCA acquired Latvian Forest Company's (LFC) forest and land assets in Latvia totaling some 10,000 hectares. The purchase price was approximately EUR 26m (approximately SEK 270m) on a debt-free basis.

Latvian Forest Company owns and runs a number of forest holdings in Latvia. Its assets comprise 10,400 hectares of land, of which 7,600 hectares are forest land. The standing timber volume amounts to approximately 1 million cubic meters.

The acquisition was completed in the second quarter of 2019.

### SCA acquires 10,000 hectares of forest in Estonia from Forestum Group

SCA has acquired Forestum Group AB, a Swedish company that owns forest and land assets in Estonia, totaling approximately 10,000 hectares. The purchase price was approximately EUR 39m (approximately SEK 420m) on a debt-free basis.

Forestum Group has forest assets comprising 10,300 hectares of land, of which 8,800 hectares of forest land, on the Estonian islands of Hiiumaa and Saaremaa. The standing timber volume amounts to approximately 1.3 million cubic meters.

The acquisition was completed in the second quarter of 2019.

### SCA to acquire 10,000 hectares of forest in Latvia from Livland Skog

SCA intends to acquire the majority of Sundin Mezs SIA from Livland Skog AB. Sundin Mezs SIA owns forest and land assets in Latvia. The purchase price amounts to approximately EUR 24.2m (approximately SEK 260m) on a debt-free basis.

The acquisition comprises 9,600 hectares, of which 8,500 are forest land. The standing timber volume amounts to approximately 900,000 cubic meters.

The parties have entered a purchase agreement and the transaction is expected to be finalized in the third quarter of 2019.

## DIVESTMENTS

### **SCA sells logistics terminal in Rotterdam**

SCA has signed an agreement to divest its subsidiary SCA Logistics B.V. (Rotterdam) to the Dutch company Matrans Holdings B.V. The transaction is expected to reduce SCA's net debt by approximately SEK 575m. In the balance sheet SCA Logistics B.V. has been reported as an asset held for sale. Apart from the balance sheet, no other key figures have been adjusted.

The divestment is expected to reduce SCA's EBITDA by about SEK 30m on an annual basis.

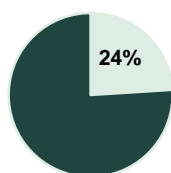
The transaction is expected to be finalized in the third quarter of 2019.

## FOREST VALUATION

### **SCA initiates review of method for valuing forest holding**

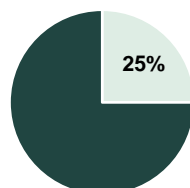
In view of the price of forest land in a number of large and recently completed forest land transactions SCA has initiated a review of the method and assumptions for the valuation of the company's forest land in the company's balance sheet. This review will be carried out and presented in the second half of 2019.

### Share of net sales Jan-Jun 2019\*



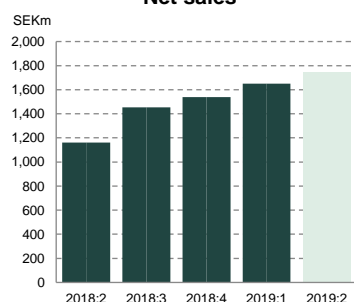
\* before elimination of intra-Group sales

### Share of EBITDA 1906\*\*

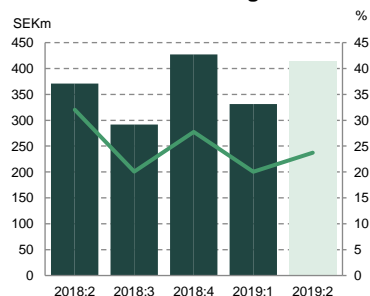


\*\* share calculated of total EBITDA excluding central items

### Net sales



### EBITDA & margin



## FOREST

SCA owns 2.6 million hectares of forest land in Northern Sweden and the Baltic region, an area corresponding to 6% of Sweden's land area. SCA's unique forest holding is a growing resource that provides access to high-quality forest raw materials while absorbing a net of 8% of Sweden's fossil CO<sub>2</sub> emissions.

SEKm	Quarter					Jan-Jun		
	2019:2	2018:2	%	2019:1	%	2019	2018	%
Net sales	1,746	1,162	50	1,651	6	3,397	2,460	38
EBITDA	414	371	12	331	25	745	675	10
Depreciation	-51	-28	82	-50	2	-101	-56	80
Operating profit	363	343	6	281	29	644	619	4
EBITDA margin, %	23.7	31.9		20.0		21.9	27.4	
Operating margin, %	20.8	29.5		17.0		18.9	25.2	
Return on capital employed, %	5.0	5.1		4.1		4.6	4.6	
Harvesting of own forest, thousand m <sup>3</sup> sub	1,517	1,414	7	745	104	2,262	2,109	7
Revaluation of biological assets <sup>1</sup>	54	92	-41	232	-77	286	318	-10

### Management of SCA-owned forest

Forest includes net sales from timber sourced from SCA's own forests, and from timber purchased from other forest owners, which is sold internally to SCA's forest industry operations. The pricing method is based on an average of Forest's externally sourced timber prices.

During the first six months of the year, the volume of timber harvested from SCA-owned forest was approximately 2.3 million m<sup>3</sup> sub. The current planned rate of timber harvested in SCA-owned forest is approximately 4.3 million m<sup>3</sup> sub per year.

### January-June 2019 compared with January-June 2018

Net sales increased 38% to SEK 3,397m (2,460). This increase was primarily attributable to higher selling prices and higher delivery volumes at the expanded pulp mill.

EBITDA improved 10% to SEK 745m (675). This increase was primarily attributable to higher prices and a slightly higher share of harvesting from SCA-owned forest. A higher share of imported wood resulting from increased delivery volumes had a negative impact on earnings.

The EBITDA margin decreased to 21.9% (27.4). The decrease was related to an increase in externally sourced pulpwood to meet higher demand for wood for the expanded pulp mill. Externally sourced wood is sold to the industry at cost and thereby contributes to higher net sales, but not to increased profits, resulting in a lower margin.

### April-June 2019 compared with April-June 2018

Net sales increased 50% to SEK 1,746m (1,162). This increase was primarily attributable to higher selling prices and higher delivery volumes. The expansion stop in Östrand had a negative impact on delivery volumes for the comparative period.

EBITDA amounted to SEK 414m (371), an increase of 12%. This increase was primarily attributable to higher selling prices and a slight increase in the share of harvesting from SCA-owned forest.

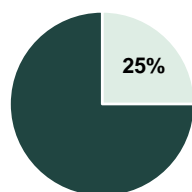
### April-June 2019 compared with January-March 2019

Net sales increased 6% to SEK 1,746m (1,651). This increase was primarily attributable to higher selling prices and higher delivery volumes to the expanded pulp mill.

EBITDA amounted to SEK 414m (331), an increase of 25%. The increase was primarily related to the seasonally higher share of harvesting from SCA-owned forest, which was somewhat offset by lower earnings from the revaluation of biological assets.

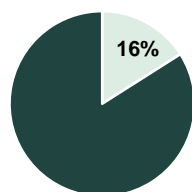
<sup>1</sup> The proportion of timber harvested from SCA-owned forest relative to deliveries from external suppliers varies between quarters. The expected annual change in value of the biological assets is distributed between the quarters in relation to seasonal variations in harvesting of SCA-owned forest. A higher share of harvesting from SCA-owned forest generally leads to a lower impact from the revaluation of biological assets.

### Share of net sales Jan-Jun 2019\*



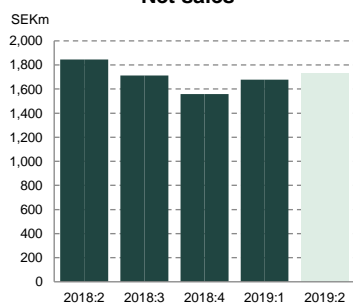
\* before elimination of intra-Group sales

### Share of EBITDA 1906\*\*

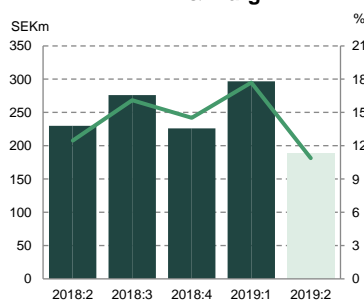


\*\* share calculated of total EBITDA excluding central items

### Net sales



### EBITDA & margin



## WOOD

SCA is one of Europe's leading suppliers of wood-based products for the wood industry and building materials trade, with an annual production capacity of 2.2 m<sup>3</sup> of solid-wood products. SCA has five cost-efficient sawmills located close to its forest holdings in Northern Sweden, as well as wood processing and distribution to the building materials trade in Scandinavia, the UK and France.

SEKm	Quarter					Jan-Jun		
	2019:2	2018:2	%	2019:1	%	2019	2018	%
Net sales	1,727	1,846	-6	1,678	3	3,405	3,349	2
EBITDA	188	230	-18	297	-37	485	402	21
Depreciation	-66	-52	27	-68	-3	-134	-108	24
Operating profit	121	177	-32	230	-47	351	293	20
EBITDA margin, %	10.9	12.5		17.7		14.2	12.0	
Operating margin, %	7.0	9.6		13.7		10.3	8.7	
Return on capital employed, %	13.3	22.2		28.3		21.9	18.7	
Deliveries, wood products, thousand m <sup>3</sup>	667	697	-4	638	5	1,305	1,304	0

### January-June 2019 compared with January-June 2018

Net sales increased 2% to SEK 3,405m (3,349). The increase was mainly attributable to positive exchange rate effects and slightly higher selling prices. The merger with Groupe ISB, within Wood, had a negative effect on net sales, since the merged company is not consolidated in SCA.

EBITDA improved 21% to SEK 485m (402). Restructuring effects in SCA Wood France had a positive impact on earnings of approximately SEK 90m (0), and relate to insurance compensation for costs related to a fire and the impact on earnings from the merger with Groupe ISB. Earnings were positively impacted by higher selling prices and favorable exchange rate effects, but adversely impacted by higher raw material costs.

### April-June 2019 compared with April-June 2018

Net sales declined 6% to SEK 1,727m (1,846). The decrease was primarily attributable to lower delivery volumes. The merger with Groupe ISB, within Wood, had a negative effect on net sales since the merged company is not consolidated in SCA.

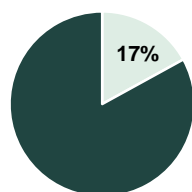
EBITDA amounted to SEK 188m (230), a decrease of 18%. The decrease was primarily attributable to lower delivery volumes, higher raw material costs and slightly lower selling prices. Favorable exchange rate effects had a positive earnings effect.

### April-June 2019 compared with January-March 2019

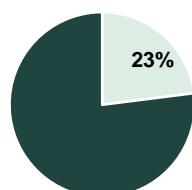
Net sales increased 3% to SEK 1,727m (1,678). This increase was primarily attributable to higher delivery volumes, which were somewhat offset by lower selling prices.

EBITDA declined 37% to SEK 188m (297). The decline was primarily attributable to restructuring effects in SCA Wood France totaling SEK 0m (90), which strengthened earnings during the first quarter. Lower selling prices and slightly higher raw material costs had an adverse impact on earnings, which was somewhat offset by higher delivery volumes.



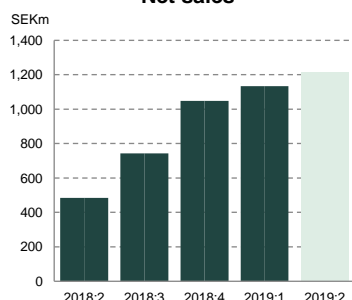
Share of net sales  
Jan-Jun 2019\*

\*before elimination of intra-Group

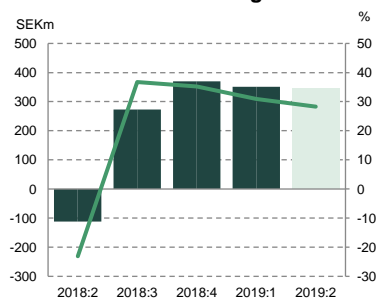
Share of  
EBITDA 1906\*\*

\*\* share calculated of total EBITDA excluding central items

Net sales



EBITDA &amp; margin



## PULP

SCA produces market pulp at Östrand pulp mill. The expansion of the mill was completed in the summer of 2018. Östrand is now one of the largest and most cost-efficient production lines for softwood kraft pulp in the world. Together with thermomechanical pulp production, Östrand's annual capacity amounts to 1 million tonnes. SCA's pulp has high-strength properties, suitable for tissue and specialty paper.

SEKm	Quarter					Jan-Jun		
	2019:2	2018:2	%	2019:1	%	2019	2018	%
Net sales	1,214	485	150	1,134	7	2,348	1,074	119
EBITDA	344	-112	-	351	-2	695	66	953
Depreciation	-132	-63	110	-129	2	-261	-128	104
Operating profit	213	-175	-	221	-4	434	-62	-
EBITDA margin, %	28.4	-23.1		31.0		29.6	6.1	
Operating margin, %	17.5	-36.1		19.5		18.5	-5.8	
Return on capital employed, %	8.9	-8.8		12.2		9.6	1.8	
Deliveries, pulp, thousand tonnes	201	74	172	168	20	369	175	111

The expanded pulp mill was put into operation in June 2018 following an expansion stop in the second quarter of 2018. Production during the second quarter of 2019 was about 210,000 tonnes, up 22% compared with the preceding quarter. Following the start-up curve, production is expected to gradually increase until the end of 2019.

### January-June 2019 compared with January-June 2018

Net sales increased by 119% to SEK 2,348m (1,074). This increase was primarily attributable to higher delivery volumes due to the ramp-up of the expanded pulp mill. The expansion stop in Östrand in the comparative period had a negative impact on delivery volumes for the second quarter of 2018. Favorable exchange rate effects had a positive impact on net sales, which was offset by lower selling prices.

EBITDA improved 953% to SEK 695m (66), which is mainly related to higher delivery volumes due to the ramp-up of the expanded pulp mill and lower costs for the expansion stop of SEK 0m (236). In addition, earnings were positively impacted by a better energy balance in the expanded mill and favorable exchange rate effects. Lower selling prices had a negative impact on earnings.

### April-June 2019 compared with April-June 2018

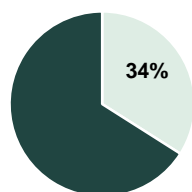
Net sales increased 150% to SEK 1,214m (485). This increase was primarily attributable to higher delivery volumes due to the ramp-up of the expanded pulp mill and the expansion stop in the second quarter of 2018.

EBITDA totaled SEK 344m (-112). This increase was primarily attributable to higher delivery volumes due to the ramp-up of the expanded pulp mill and lower costs for the expansion stop of SEK 0m (236). Lower selling prices had a negative impact on earnings.

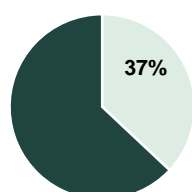
### April-June 2019 compared with January-March 2019

Net sales increased 7% to SEK 1,214m (1,134). This increase was attributable to higher delivery volumes due to the continued ramp-up, which was offset by lower selling prices.

EBITDA declined 2% to SEK 344m (351), which was mainly due to lower selling prices. Favorable production combined with an uncertain pulp market yielded a higher proportion of sales from overseas volumes. Higher delivery volumes due to the continued ramp-up had a positive impact on earnings.

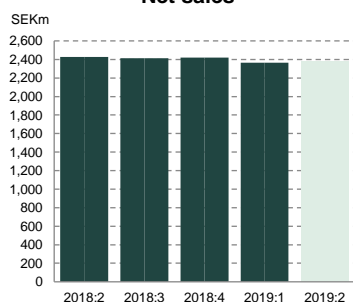
Share of net sales  
Jan-Jun 2019\*

\* before elimination of intra-Group sales

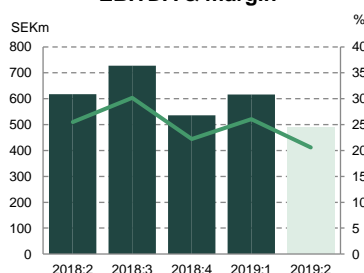
Share of  
EBITDA 1906\*\*

\*\* share calculated of total EBITDA excluding central items

## Net sales



## EBITDA &amp; margin



## PAPER

SCA produces kraftliner – paper for corrugated transport packaging – and publication paper for magazines, catalogs and commercial print. SCA is Europe's largest independent producer of kraftliner, with a total capacity of 865,000 tonnes per year. Kraftliner is produced at the paper mills in Munksund, Piteå, and in Obbola, Umeå. Publication paper is produced at the Ortvikens paper mill in Sundsvall, with a capacity of 775,000 tonnes per year.

SEKm	Quarter					Jan-Jun		
	2019:2	2018:2	%	2019:1	%	2019	2018	%
Net sales	2,375	2,426	-2	2,366	0	4,741	4,809	-1
EBITDA	489	618	-21	616	-21	1,105	1,204	-8
Depreciation	-140	-140	0	-137	2	-277	-271	2
Operating profit	350	477	-27	479	-27	829	932	-11
EBITDA margin, %	20.6	25.5		26.0		23.3	25.0	
Operating margin, %	14.7	19.7		20.2		17.5	19.4	
Return on capital employed, %	19.2	30.5		28.7		26.9	26.2	
Deliveries, kraftliner, thousand tonnes	212	203	4	193	10	405	410	-1
Deliveries, publication paper, thousand tonnes	170	177	-4	174	-2	344	372	-8

## January-June 2019 compared with January-June 2018

Net sales were in line with the year-earlier period and amounted to SEK 4,741m (4,809). Lower delivery volumes for publication paper had an adverse impact on net sales, which was offset by positive exchange rate effects.

EBITDA decreased 8% to SEK 1,105m (1,204). The decrease was primarily attributable to lower selling prices for kraftliner and higher raw material costs. Higher selling prices for publication paper and positive exchange rate effects had a positive impact on earnings. The cost of planned maintenance stops amounted to SEK 63m (34).

## April-June 2019 compared with April-June 2018

Net sales declined 2% to SEK 2,375m (2,426). The decrease was primarily attributable to lower selling prices for kraftliner, which was somewhat offset by positive exchange rate effects and higher prices for publication paper.

EBITDA amounted to SEK 489m (618), a decrease of 21%. The decrease was mainly explained by lower selling prices for kraftliner and higher raw material costs. Higher selling prices for publication paper and favorable exchange rate effects had a positive impact on earnings. The cost of planned maintenance stops amounted to SEK 63m (34).

## April-June 2019 compared with January-March 2019

Net sales were in line with the preceding quarter and amounted to SEK 2,375m (2,366). Higher delivery volumes of kraftliner had a positive impact on net sales, which was offset by lower selling prices for kraftliner.

EBITDA declined 21% to SEK 489m (616). The decrease was primarily related to lower selling prices for kraftliner and higher costs for planned maintenance stops of SEK 63m (0). Higher delivery volumes for kraftliner had a positive impact on earnings.

## RENEWABLE ENERGY

*SCA's forest assets and industrial operations provide the company with significant potential to develop new business opportunities in the field of renewable energy. Greater value creation from by-products from the forest and industry create conditions for profitable and sustainable growth.*

SCA is one of Europe's largest producers of forest-based bioenergy, with a total production of about 9 TWh per year. In Sweden, SCA has three pellets factories that have an annual production capacity of 300,000 tonnes.

SCA leases out forest land for wind power production. At the end of the second quarter of 2019, 334 wind turbines were operating on SCA's land with an annual production of 2.7 TWh. Together with decided but not yet completed projects, production on SCA's land is expected to increase to 6.7 TWh by 2021.

The expanded pulp mill in Östrand will produce 1.2 TWh of green electricity, corresponding to about 1% of Sweden's total electricity consumption. The mill is self-sufficient in electricity and the surplus of 0.5 TWh is sold on the electricity market.

SCA also develops products for next-generation biofuels and green chemicals.

## SHARE DISTRIBUTION

June 30, 2019	Class A	Class B	Total
Registered number of shares	64,587,672	637,754,817	702,342,489

At the end of the period, the proportion of Class A shares was 9.2%. No change was made to Class A and Class B shares during the second quarter. The total number of votes in the company amounts to 1,283,631,537.

## FUTURE REPORTS

- Financial statements for the third quarter will be published on October 30, 2019.
- The year-end report will be published on January 30, 2020.

## INVITATION TO PRESS CONFERENCE ON INTERIM REPORT FOR THE SECOND QUARTER OF 2019

Members of the media and analysts are hereby invited to attend a press conference where this interim report will be presented by the President and CEO, Ulf Larsson, and CFO, Toby Lawton.

Time: July 26, 2019 at 10:00 a.m.

The press conference will be webcast live at [www.sca.com](http://www.sca.com). It is also possible to participate by telephone by calling:

Sweden: +46 (0)8 5069 2180  
 UK: +44 (0) 2071 92 80 00  
 USA: +1 631 510 7495

Specify "SCA" or the conference ID: 3676018.

### For further information, please contact

Toby Lawton, CFO, +46 (0)60 19 31 09

Björn Lyngfelt, Vice President, Communications, +46 (0)60 19 34 98

Andreas Ewertz, Investor Relations Director, +46 (0)60 19 31 97

### Please note:

This is information that SCA is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. The information was submitted for publication, through the agency of the contact person set out below, on July 26, 2019 at 08:00 a.m. CEST. The report has been reviewed by the company's auditors.

Björn Lyngfelt, Vice President, Communications, +46 (0)60 19 34 98

The Board of Directors and President certify that the six-month report gives a true and fair view of the Parent Company's and the Group's operations, financial position and results, and describes material risks and uncertainties facing the company and the companies included in the Group.

Sundsvall, July 26, 2019

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Pär Boman  
Chairman of the Board

Charlotte Bengtsson  
Board Member

Roger Boström  
Board Member  
Employee representative

Lennart Evrell  
Board Member

Annemarie Gardshol  
Board Member

Martin Lindqvist  
Board Member

Lotta Lyrå  
Board Member

Bert Nordberg  
Board Member

Anders Sundström  
Board Member

Barbara Milian  
Thoralfsson  
Board Member

Hans Wentjärv  
Board Member,  
Employee representative

Johanna Viklund  
Lindén  
Board Member,  
Employee representative

Ulf Larsson  
Board member,  
President and CEO

## Review report

Svenska Cellulosa Aktiebolaget SCA (publ), corp. reg. no. 556012-6293

### Introduction

We have reviewed the condensed interim report for Svenska Cellulosa Aktiebolaget SCA (publ) as at June 30, 2019 and for the six-month period then ended. The Board of Directors and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. 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 International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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 Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm July 26, 2019  
Ernst & Young AB

Hamish Mabon  
Authorized Public Accountant



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

SEKm	Quarter					Jan-Jun		
	2019:2	2018:2	%	2019:1	%	2019	2018	%
Net sales	5,228	4,670	12	5,076	3	10,304	9,070	14
Other income	453	419	8	570	-21	1,023	961	6
Change in inventories	48	11		196		244	63	
Change in value in biological assets	54	92	-41	232	-77	286	318	-10
Raw materials and consumables	-1,869	-1,624	15	-2,025	-8	-3,894	-3,278	19
Personnel costs	-807	-786	3	-767	5	-1,574	-1,518	4
Other external costs	-1,767	-1,748	1	-1,723	3	-3,490	-3,408	2
Share of profits of associates	0	0		1		1	1	
<b>EBITDA</b>	<b>1,340</b>	<b>1,034</b>	<b>30</b>	<b>1,560</b>	<b>-14</b>	<b>2,900</b>	<b>2,209</b>	<b>31</b>
Depreciation	-397	-290	37	-392	1	-789	-576	37
<b>Operating profit</b>	<b>943</b>	<b>744</b>	<b>27</b>	<b>1,168</b>	<b>-19</b>	<b>2,111</b>	<b>1,633</b>	<b>29</b>
Financial items	-45	-4		-30		-75	-3	
<b>Profit before tax</b>	<b>898</b>	<b>740</b>	<b>21</b>	<b>1,138</b>	<b>-21</b>	<b>2,036</b>	<b>1,630</b>	<b>25</b>
Tax	-194	369		-230		-424	178	
<b>Net Profit for the period from continuing operations</b>	<b>704</b>	<b>1,109</b>	<b>-37</b>	<b>908</b>	<b>-22</b>	<b>1,612</b>	<b>1,808</b>	<b>-11</b>
<i>Earnings per share SEK</i>	<i>1.00</i>	<i>1.58</i>		<i>1.29</i>		<i>2.30</i>	<i>2.57</i>	
<b>Earnings attributable to:</b>								
Owners of the parent	704	1,109		908		1,612	1,808	
Average no. of shares, millions	702.3	702.3		702.3		702.3	702.3	
<b>Margins (%)</b>								
EBITDA margin	25.6	22.1		30.7		28.1	24.4	
Operating margin	18.0	15.9		23.0		20.5	18.0	
Net margin	13.5	23.7		17.9		15.6	19.9	

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Jan-Jun	
	2019:2	2018:2	2019:1	2019	2018
<b>Profit for the period, continuing operations</b>	<b>704</b>	<b>1,109</b>	<b>908</b>	<b>1,612</b>	<b>1,808</b>
<b>Other comprehensive income for the period:</b>					
<b>Items that may not be reclassified to the income statement</b>					
Transitional effect on the introduction of new accounting standards	0	-	0	0	0
Result from Equity investments recognized at fair value	-2	-	0	-2	0
Revaluation of defined benefit pension plans	1	-264	35	36	-423
Income tax attributable to components of other comprehensive income	-1	60	-4	-5	95
<b>Total</b>	<b>-2</b>	<b>-204</b>	<b>31</b>	<b>29</b>	<b>-328</b>
<b>Items that have been or may be reclassified subsequently to the income statement</b>					
Available-for-sale financial assets	-	0	-	0	0
Cash flow hedges	-1	48	-204	-205	-49
Translation differences in foreign operations	5	-20	14	19	26
Income tax attributable to components of other comprehensive income	0	-9	42	42	13
<b>Total</b>	<b>4</b>	<b>19</b>	<b>-148</b>	<b>-144</b>	<b>-10</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>2</b>	<b>-185</b>	<b>-117</b>	<b>-115</b>	<b>-338</b>
<b>Total comprehensive income for the period</b>	<b>706</b>	<b>924</b>	<b>791</b>	<b>1,497</b>	<b>1,470</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent	706	924	791	1,497	1,470
Non-controlling interests	-	-	0	0	0

**CONDENSED CONSOLIDATED BALANCE SHEET**

SEKm	Jun 30, 2019	Dec 31, 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill and other intangible assets	207	128
Buildings, land, machinery and equipment	18,391	18,713
Biological assets	33,016	32,065
Right-of-use assets	874	-
Other non-current assets	1,188	788
<b>Total non-current assets</b>	<b>53,676</b>	<b>51,694</b>
<b>Current assets</b>		
Inventories	4,896	4,499
Trade receivables	3,230	2,629
Other current receivables	782	1,079
Cash and cash equivalents	323	648
<b>Total current assets</b>	<b>9,231</b>	<b>8,855</b>
Assets held for sale	612	-
<b>Total assets</b>	<b>63,519</b>	<b>60,549</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Owners of the Parent</b>		
Share capital	2,350	2,350
Share premium	6,830	6,830
Reserves	-274	-113
Retained earnings	30,342	29,995
Equity directly associated with the assets held for sale	66	-
<b>Non-controlling interests</b>	<b>6</b>	<b>0</b>
<b>Total equity</b>	<b>39,320</b>	<b>39,062</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	6,926	5,263
Provisions for pensions	605	528
Deferred tax liabilities	8,350	8,269
Other non-current liabilities & provisions	103	115
<b>Total non-current liabilities</b>	<b>15,984</b>	<b>14,175</b>
<b>Current liabilities</b>		
Current financial liabilities	2,791	2,562
Trade payables	3,328	3,368
Other current liabilities	1,550	1,382
<b>Total current liabilities</b>	<b>7,669</b>	<b>7,312</b>
Liabilities directly associated with the assets held for sale	546	-
<b>Total liabilities</b>	<b>24,199</b>	<b>21,487</b>
<b>Total liabilities and equity</b>	<b>63,519</b>	<b>60,549</b>

Note: SCA Logistics B.V. is reported in the balance sheet for 30<sup>th</sup> June 2019 as an asset held for sale. Apart from the balance sheet, no other key figures have been adjusted.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<b>SEKm</b>	<b>Jan-Jun</b>	<b>Full year</b>
	<b>2019</b>	<b>2018</b>
<b>Attributable to owners of the parent</b>		
Opening balance, January 1	39,062	36,751
Total comprehensive income for the period	1,497	3,397
Cash flow hedge transferred at cost of hedged investments	-20	-34
Tax on cash flow hedge transferred at cost of hedged investments	4	7
Cash dividend	-1,229	-1,054
Acquisition of non-controlling interests	0	0
Remeasurement effect upon acquisition of non-controlling interests	0	-5
<b>Closing balance</b>	<b>39,314</b>	<b>39,062</b>
<b>Non-controlling interests</b>		
Opening balance, January 1	-	2
Total comprehensive income for the period	-	-2
Acquisition of non-controlling interests	6	0
<b>Closing balance</b>	<b>6</b>	<b>-</b>
<b>Total equity, closing balance</b>	<b>39,320</b>	<b>39,062</b>

## CONSOLIDATED CASH FLOW STATEMENT

SEKm	Jan-Jun	
	2019	2018
<b>Operating activities</b>		
Profit before tax	2,037	1,630
Adjustment for non-cash items <sup>1</sup>	302	255
Paid tax	-312	-13
<b>Cash flow from operating activities before changes in working capital</b>	<b>2,027</b>	<b>1,872</b>
Cash flow from changes in working capital		
Change in inventories	-497	-127
Change in operating receivables	-417	-679
Change in operating liabilities	263	461
<b>Cash flow from operating activities</b>	<b>1,376</b>	<b>1,527</b>
<b>Investing activities</b>		
Acquisitions	-847	0
Current capital expenditures in non-current assets, net	-474	-276
Strategic capital expenditures in non-current assets	-299	-1,122
Repayment of loans from external parties	0	-1
Acquisition of financial asset	-26	-
<b>Cash flow from investing activities</b>	<b>-1,646</b>	<b>-1,399</b>
<b>Financing activities</b>		
Loans raised	1,181	2,680
Amortization of loans	-	-1,719
Dividend	-1,229	-1,054
<b>Cash flow from financing activities</b>	<b>-48</b>	<b>-93</b>
<b>Net cash flow for the period</b>	<b>-318</b>	<b>35</b>
Cash and cash equivalents at the beginning of the period	648	538
Translation differences in cash and cash equivalents	11	16
<b>Cash and cash equivalents at the end of the period</b>	<b>341</b>	<b>589</b>
Cash flow from operating activities per share SEK	1.96	2.17
<sup>1</sup> Depreciation/amortization and impairment of non-current assets	789	576
Fair-value measurement of biological assets	-286	-318
Gains/loss on assets sales and swaps of assets	0	-26
Other	-201	23
<b>Total</b>	<b>302</b>	<b>255</b>



## INCOME STATEMENT PARENT COMPANY

SEKm	Jan-Jun	
	2019	2018
Other operating income	129	124
Other operating expenses	-94	-90
Personnel costs	-44	-57
<b>EBITDA</b>	<b>-9</b>	<b>-23</b>
Depreciation	-43	-38
<b>Operating profit</b>	<b>-52</b>	<b>-61</b>
Result from participations in Group companies	850	0
Financial items	41	75
<b>Profit before tax</b>	<b>-11</b>	<b>864</b>
Appropriations and tax	1,055	105
<b>Profit for the period</b>	<b>1,044</b>	<b>969</b>

Other operating income was mainly related to remuneration for the granting of felling rights for the Parent Company's forest land.

## BALANCE SHEET PARENT COMPANY

SEKm	Jun 30, 2019	Dec 31, 2018
Tangible non-current assets	8,465	8,489
Financial non-current assets	4,798	4,838
<b>Total non-current assets</b>	<b>13,263</b>	<b>13,327</b>
Current assets	17,509	17,699
<b>Total assets</b>	<b>30,772</b>	<b>31,026</b>
Restricted equity	11,373	11,373
Non-restricted equity	8,197	8,381
<b>Total equity</b>	<b>19,570</b>	<b>19,754</b>
Provisions	1,581	1,575
Non-current liabilities	6,212	5,255
Current liabilities	3,409	4,442
<b>Total equity, provisions and liabilities</b>	<b>30,772</b>	<b>31,026</b>

## NOTES

### 1. ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1 of the Swedish Financial Reporting Board, and with regards to the Parent Company, RFR 2. The accounting principles are described in detail in SCA's 2018 Annual Report.

IFRIC 23 Uncertainty over income tax treatments applies from January 1, 2019. This interpretation clarifies how the requirements on accounting and measurement in IAS 12 must be applied when there is uncertainty surrounding the treatment of income tax. The interpretation is to be applied either retrospectively or by applying the modified retrospective approach. SCA has elected to apply the modified retrospective approach, meaning comparative figures are not restated. Following an evaluation of the interpretation, SCA found that the interpretation does not entail any material impact on the Group's balance sheet.

IFRS 16 Leases applies from January 1, 2019 and replaces IAS 17 Leases and associated interpretations. On this date, SCA applied the modified retrospective approach, meaning that comparative figures were not restated.

The lease liability was measured at the present value of the outstanding lease payments and the right-of-use asset for all leases totaling an amount corresponding to the lease liability, adjusted for the prepaid lease payments. The transition does not have any impact on equity. SCA has elected to utilize the available exemption for short-term leases and contracts for which the underlying asset has a low value. SCA has also chosen, on the first date of application, not to remeasure whether a contract is or contains a lease agreement.

On January 1, 2019, SCA recognized a lease liability of SEK 1,211m and a right-of-use asset of SEK 1,223m. The right-of-use asset includes prepaid leasing expenses of SEK 12m. The lease liability resulted in an increase of SEK 1,211m in net debt as of January 1, 2019. At the end of the quarter, the lease liability amounted to SEK 1,190m. Right-of-use assets are presented on the line item right-of-use assets in the Group's balance sheet and the lease liability is presented on the line items for non-current financial liabilities and current financial liabilities. A summary of the opening lease liability is presented in the table below:

The average incremental borrowing rate on January 1, 2019 was 3.5%.

After the standard came into effect, the right-of-use assets are measured at cost after deduction for accumulated depreciation and any impairment. No impairment losses were recognized in the second quarter. The measurement of right-of-use assets also encompasses any remeasurement of the lease liability. The liability increases by the interest on the lease liability but is reduced in line with paid lease payments. The measurement of the liability is also to reflect any change in lease fees and a remeasurement is recognized as an adjustment of the right of use. No such events that give rise to a revaluation of the lease liability occurred in the second quarter.

An estimate of the anticipated full-year effects in 2019 on the Group in total and by segment is presented in the table below:

A complete description of the transition to IFRS 16 was presented in SCA's 2018 Annual Report.

SEKm	EBITDA	Depreciations	EBIT	Interest	Result before tax
Forest	70	-70	0	-	-
Wood	50	-45	5	-	-
Pulp	25	-20	5	-	-
Paper	50	-40	10	-	-
Other	5	-5	0	-	-
<b>Estimated effect on consolidated profit or loss</b>	<b>200</b>	<b>-180</b>	<b>20</b>	<b>-50</b>	<b>-30</b>

## 2. REVENUE FROM CONTRACTS WITH CUSTOMERS

SEKm	Jan-Jun	
	2019	2018
Sweden	1,306	1,282
EU excl. Sweden	6,202	5,869
Rest of Europe	688	491
Rest of world	2,108	1,428
<b>Total Group</b>	<b>10,304</b>	<b>9,070</b>

## 3. RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 51-54 of the 2018 Annual Report. No significant changes have taken place that have affected the reported risks.

## 4. RELATED PARTY TRANSACTIONS

No transactions took place between SCA and related parties with any material impact on the company's financial position or results.

## 5. FINANCIAL INSTRUMENTS BY CATEGORY

SEKm	Measure- ment level	Jun 30, 2019	Dec 31, 2018
<b>Financial assets measured at fair value in the income statement</b>			
Derivatives - Current financial assets	2	3	9
Derivatives - Other current receivables	2	13	33
<b>Total</b>		<b>16</b>	<b>42</b>
<b>Financial liabilities measured at fair value in the income statement</b>			
Derivatives - Current financial liabilities	2	2	-
Derivatives - Other financial liabilities	2	39	37
<b>Total</b>		<b>41</b>	<b>37</b>
<b>Financial assets measured at fair value through other comprehensive income</b>			
Equity instruments	3	17	19
<b>Total</b>		<b>17</b>	<b>19</b>
<b>Financial liabilities measured at amortized cost</b>			
Current financial liabilities	-	6,200	5,263
Non-current financial liabilities	-	2,805	2,562
<b>Total</b>		<b>6,200</b>	<b>5,263</b>
<b>Derivatives used for hedge accounting</b>			
Other non-current assets	1.2	32	74
Other current receivables	1.2	98	259
<b>Total</b>		<b>130</b>	<b>333</b>
<b>Derivatives used for hedge accounting</b>			
Non-current financial liabilities	2	14	0
Other non-current financial liabilities	2	1	2
Other current financial liabilities	2	101	92
<b>Total</b>		<b>116</b>	<b>94</b>

The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, and the fair value of trade payables is estimated to be equal to their carrying amount. The total fair value of current and non-current financial liabilities was SEK 9,001m (7,813). The value of electricity derivatives is based on published prices in an active market. Other financial instruments are marked to market, based on prevailing currency and interest rates on the balance sheet date. The fair value of debt instruments is determined using valuation models, such as discounting future cash flows at quoted market rates for the respective maturity.

## 6. CONTINGENT LIABILITIES AND PLEDGED ASSETS

SEKm	Parent		Group	
	Jun 30, 2019	Dec 31, 2018	Jun 30, 2019	Dec 31, 2018
<b>Contingent liabilities</b>				
Guarantees for subsidiaries	748	704	-	-
associates	-	-	5	5
customers and others	-	-	35	39
Other contingent liabilities	263	231	19	23
<b>Total</b>	<b>1 011</b>	<b>935</b>	<b>59</b>	<b>67</b>
<b>Pledged assets</b>				
Chattel mortgages	20	20	20	20
<b>Total</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>

## 7. ALTERNATIVE PERFORMANCE MEASURES

For definitions of alternative performance measures, refer to SCA's 2018 Annual Report, page 77.

SEKm	Quarter			Jan-Jun	Full year
	2019:2	2018:2	2019:1	2019	2018
EBITDA	1,340	1,034	1,560	2,900	5,252
Changes in value biological assets and other non cash flow items	-56	-93	-246	-302	-749
<b>Operating cash surplus</b>	<b>1,284</b>	<b>941</b>	<b>1,314</b>	<b>2,598</b>	<b>4,503</b>
Change in working capital	-298	-186	-353	-651	-843
Current capital expenditures, net <sup>1</sup>	-348	-200	-168	-516	-1,002
Other operating cash flow	-19	119	-167	-186	93
<b>Operating cash flow</b>	<b>619</b>	<b>674</b>	<b>626</b>	<b>1,245</b>	<b>2,751</b>

<sup>1</sup> Including SEK 42m of new leasing contracts in 2019

### CAPITAL STRUCTURE

SEKm	Jun 30, 2019	Dec 31, 2018
Biological assets	33,016	32,065
Deferred tax relating to biological assets	-6,664	-6,605
<b>Biological assets, net of deferred tax</b>	<b>26,352</b>	<b>25,460</b>
Working capital	4,246	3,735
Other capital employed, net	18,457	16,887
<b>Total capital employed</b>	<b>49,055</b>	<b>46,082</b>
<i>Return on capital employed (%) <sup>1</sup></i>	9.6	9.0
<i>Industrial return on capital employed (%) <sup>1</sup></i>	17.6	16.4
<b>Net debt, SEKm</b>	<b>9,735</b>	<b>7,020</b>
Net debt/EBITDA (LTM)	1.6x	1.3x
<b>Equity, SEKm</b>	<b>39,320</b>	<b>39,062</b>
Net debt/Equity (%)	24.8	18.0

<sup>1</sup> Rolling 12 months

**WORKING CAPITAL**

<b>SEKm</b>	<b>Jun 30, 2019</b>	<b>Dec 31, 2018</b>
Inventories	4,896	4,499
Accounts receivable	3,247	2,629
Other current receivables	793	1,060
Accounts payable	-3,346	-3,368
Other current liabilities	-1,367	-1,140
Adjustments <sup>1</sup>	23	55
<b>Working capital</b>	<b>4,246</b>	<b>3,735</b>
Working capital / net sales <sup>2</sup>	19.2	17.5
<sup>1</sup> Adjustments:		
Other current receivables, green certificates	-5	-16
Accounts payable, strategic capital expenditures	22	167
Other current provisions	-67	4
Other current liabilities, emission rights	73	-100
<b>Sum adjustments</b>	<b>23</b>	<b>55</b>

<sup>2</sup> Calculated as an average of working capital for 13 months as a percentage of 12-month rolling net sales

**NET DEBT**

<b>SEKm</b>	<b>Jun 30, 2019</b>	<b>Dec 31, 2018</b>
Surplus in funded pension plans	698	630
Non-current financial assets	66	46
Current financial assets	3	9
Cash and cash equivalents	341	648
<b>Financial receivables</b>	<b>1,108</b>	<b>1,333</b>
Non-current financial liabilities	7,237	5,263
Provisions for pensions	631	528
Current financial liabilities	2,975	2,562
<b>Financial liabilities</b>	<b>10,843</b>	<b>8,353</b>
<b>Net debt</b>	<b>-9,735</b>	<b>-7,020</b>

*Note: Alternative performance measures have not been adjusted due to divestment of the terminal in Rotterdam. See page 6.*



## 8. QUARTERLY DATA BY SEGMENT

### NET SALES

SEKm	Quarter								
	2019:2	2019:1	2018:4	2018:3	2018:2	2018:1	2017:4	2017:3	2017:2
Forest	1,746	1,651	1,540	1,455	1,162	1,298	1,287	1,261	1,210
Wood	1,727	1,678	1,558	1,712	1,846	1,503	1,426	1,567	1,637
Pulp	1,214	1,134	1,049	743	485	589	672	644	585
Paper	2,375	2,366	2,421	2,413	2,426	2,383	2,220	2,096	2,072
Intra-group deliveries	-1,834	-1,753	-1,642	-1,564	-1,249	-1,373	-1,363	-1,337	-1,282
<b>Total net sales</b>	<b>5,228</b>	<b>5,076</b>	<b>4,926</b>	<b>4,759</b>	<b>4,670</b>	<b>4,400</b>	<b>4,242</b>	<b>4,231</b>	<b>4,222</b>

### EBITDA

SEKm	Quarter								
	2019:2	2019:1	2018:4	2018:3	2018:2	2018:1	2017:4	2017:3	2017:2
Forest	414	331	427	292	371	304	358	316	364
Wood	188	297	226	276	230	172	184	187	154
Pulp	344	351	370	273	-112	178	149	158	71
Paper	489	616	536	728	618	586	481	439	291
Other	-95	-35	-65	-20	-73	-65	-94	-51	-156
<b>Total EBITDA</b>	<b>1,340</b>	<b>1,560</b>	<b>1,494</b>	<b>1,549</b>	<b>1,034</b>	<b>1,175</b>	<b>1,078</b>	<b>1,049</b>	<b>724</b>

### EBITDA MARGIN

Percent	Quarter								
	2019:2	2019:1	2018:4	2018:3	2018:2	2018:1	2017:4	2017:3	2017:2
Forest	23.7	20.0	27.7	20.1	31.9	23.4	27.8	25.1	30.1
Wood	10.8	17.7	14.5	16.1	12.5	11.4	12.9	11.9	9.4
Pulp	28.4	31.0	35.3	36.7	-23.1	30.2	22.2	24.5	12.1
Paper	20.6	26.0	22.2	30.2	25.5	24.6	21.7	20.9	14.1
<b>EBITDA margin</b>	<b>25.6</b>	<b>30.7</b>	<b>30.3</b>	<b>32.5</b>	<b>22.1</b>	<b>26.7</b>	<b>25.4</b>	<b>24.8</b>	<b>17.1</b>