

Q3 2020

- The publication paper market has been structurally declining for a long time and SCA decided in September to discontinue publication paper operations at the Ortviken industrial site. The production will be phased out during the first quarter of 2021. The discontinuation resulted in one-off items with a negative effect on EBITDA of SEK -1,120m (see page 5).
- The company is investing in an increased production of chemical thermomechanical pulp (CTMP). Production will increase from the current 100,000 tonnes to 300,000 tonnes per year and will be moved from Östrand to Ortviken.

January–September 2020 compared with January–September 2019

- Net sales declined 10% to SEK 13,818m (15,279). The decrease was mainly related to lower selling prices.
- EBITDA amounted to SEK 1,943m (4,264), primarily related to the negative earnings impact from the discontinuation of publication paper operations of SEK -1,120m (see page 5)
- EBITDA, excluding the effect of one-off items related to the discontinuation of publication paper operations, amounted to SEK 3,063m (4,264), corresponding to an EBITDA margin of 22.1% (27.9). The decrease was mainly due to lower selling prices.
- Operating profit was SEK 61m (3,066). The decrease was primarily related to the negative earnings impact from the discontinuation of publication paper operations of SEK -1,792m (see page 5).
- Operating cash flow amounted to SEK 1,731m (2,339)
- Earnings per share was SEK -0.02. Excluding the effect of one-off items related to the discontinuation of publication paper operations, earnings per share was SEK 2.02 (3.37).

July–September 2020 compared with April–June 2020

- Net sales declined 7% to SEK 4,338m (4,687), mainly related to lower delivery volumes
- EBITDA, excluding the effect of one-off items related to the discontinuation of publication paper operations, amounted to SEK 1,032m (1,001), corresponding to an EBITDA margin of 23.8% (21.3)
- Operating cash flow increased to SEK 1,118m (273)

SEKm	Quarter						Jan-Sep			
	2020:3	2020:3 ¹	2019:3	% ²	2020:2	% ²	2020	2020 ¹	2019	% ²
Net sales	4,338	4,338	4,975	-13	4,687	-7	13,818	13,818	15,279	-10
EBITDA	-88	1,032	1,364	-24	1,001	3	1,943	3,063	4,264	-28
EBITDA margin (%)	-2.0	23.8	27.4		21.3		14.1	22.1	27.9	
Operating profit	-1,168	624	955	-35	600	4	61	1,853	3,066	-40
Net Profit	-958	475	757	-37	459	3	-16	1,417	2,369	-40
Earnings per share SEK	-1.36	0.68	1.08		0.65		-0.02	2.02	3.37	
Operating cash flow	1,118	1,118	1,094		273		1,731	1,731	2,339	
Net Debt / EBITDA (LTM)		2.0x	1.4x		2.1x			2.0x	1.4x	

¹ Excluding the effect of one-off items related to the discontinuation of publication paper operations in Q3 2020 (see page 5)

² Comparison to earnings excluding the effect of one-off items related to discontinuation of publication paper operations in Q3 2020



SUMMARY OF THE THIRD QUARTER OF 2020

In line with the Group's strategy, SCA decided during the quarter to phase out its exposure to the structurally declining publication paper market. The company will therefore close down Ortvikens three publication paper machines during the first quarter of 2021. Demand for publication paper in Western Europe has declined by approximately 5% per year since 2008, and by 30–40% during the current pandemic (see page 5).

SCA has decided to invest SEK 1.45bn in annual production of 300,000 tonnes of CTMP pulp at Ortvikens, where parts of the existing infrastructure will be used (see page 6). SCA has also signed an agreement with the textile recycling company Renewcell, which is planning to establish textile recycling at Ortvikens. SCA will be Renewcell's landlord for its operations at the site and a supplier of services (see page 6).

During the third quarter, SCA entered into an agreement to acquire forest in Latvia. The acquisition comprises a land area of approximately 19,150 hectares, of which approximately 13,100 hectares of forest land. The acquisition strengthens SCA's opportunities to source timber in the region in the long term (see page 6).

In response to COVID-19, SCA has taken a number of measures to protect risk groups, reduce the spread of the virus and ensure that production and operations are maintained. During the quarter, a focus on cost control resulted in strong cash flow and a continued solid financial position and liquidity (see page 4).

Excluding the effect of one-off items related to the discontinuation of publication paper operations, profit for the third quarter of 2020 improved slightly compared with the preceding quarter, but declined year on year due to lower selling prices across all segments, an unplanned production stop at Östrand and a positive one-off item in the previous year from the sale of the terminal in Rotterdam.

The supply of wood to SCA's industries was stable during the quarter. The price of sawlogs and pulpwood remained stable.

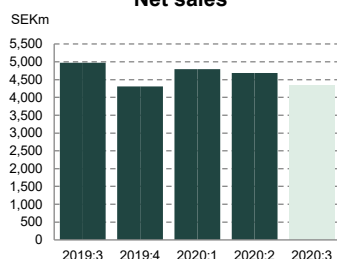
The market for solid-wood products remained strong during the quarter, driven by high demand in the building materials trade in the US, Scandinavia and the rest of Northern Europe. Market prices increased compared with the preceding period.

Delivery volumes in the Pulp segment decreased compared with the preceding quarter, due primarily to an unscheduled production stop in July that limited production volume. Following the restart, production has been stable and at a good level.

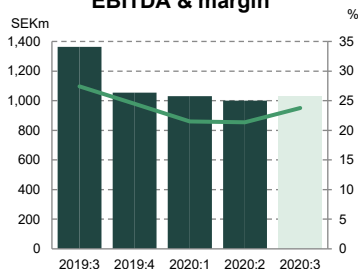
The average selling price for kraftliner was lower than the preceding quarter as a result of a price reduction during the quarter. A planned maintenance stop was carried out at Munksund during the period. The expansion project at Obbola is progressing in line with the schedule and budget.

Climate change is one of the greatest challenges of our time. SCA's operations are climate-positive and contribute to a fossil-free and circular society. SCA strives to increase its contribution, and has established a long-term Group target to increase the company's positive climate benefit from 10 to 15 million tonnes of CO₂ per year by 2030 (see page 6).

Net sales



EBITDA & margin



Note: EBITDA 2020:3 excluding the discontinuation of publication paper operations and 2019:4 excluding the impact of the changed accounting method for the valuation of forest assets

GROUP

SALES AND OPERATING PROFIT

January–September 2020 compared with January–September 2019

Net sales amounted to SEK 13,818m (15,279), a decrease of 10%, of which price/mix accounted for -9%, volume for -2%, currency for 2% and acquisitions/divestments for -1%. The decrease was mainly related to lower selling prices in all segments and lower delivery volumes in publication paper, which were offset by favorable exchange rate effects. The merger with Groupe ISB during the first quarter of 2019, within Wood, had a negative effect on net sales, since the merged company is not consolidated in SCA.

EBITDA decreased to SEK 1,943m (4,264), primarily related to the negative earnings impact from the discontinuation of publication paper operations of SEK -1,120m (see page 5).

EBITDA, excluding the effect of one-off items related to the discontinuation of publication paper operations, decreased 28% to SEK 3,063m (4,264), corresponding to an EBITDA margin of 22.1% (27.9). The decrease was primarily attributable to lower selling prices in all segments and higher costs for planned maintenance stops of SEK 130m (63), which were offset by lower raw material costs and positive exchange rate effects. The decline was also attributable to one-off items in SCA Wood France totaling SEK 0m (90), which increased earnings during the first quarter of 2019 and a positive one-off item of SEK 0m (78) from the sale of the terminal in Rotterdam during the third quarter of 2019.

Operating profit, excluding the effect of one-off items related to the discontinuation of publication paper operations, amounted to SEK 1,853m (3,066).

July–September 2020 compared with July–September 2019

Net sales decreased 13%, of which price/mix accounted for -4%, volume for -10%, currency for 1% and acquisitions/divestments for 0%, and amounted to SEK 4,338m (4,975). The decline was mainly attributable to lower delivery volumes in publication paper and lower selling prices for pulp and paper.

EBITDA decreased to SEK -88m (1,364), primarily related to the negative earnings impact from the discontinuation of publication paper operations of SEK -1,120m (see page 5).

EBITDA, excluding the effect of one-off items related to the discontinuation of publication paper operations, amounted to SEK 1,032m (1,364), corresponding to an EBITDA margin of 23.8% (27.4). The decrease was primarily attributable to lower selling prices, lower delivery volumes in publication paper, higher costs for planned maintenance stops of SEK 62m (0) and a positive non-recurring effect of SEK 0m (78) from the divestment of the terminal in Rotterdam in the preceding year. Earnings were positively impacted by lower raw material costs.

Operating profit, excluding the effect of one-off items related to the discontinuation of publication paper operations, amounted to SEK 624m (955).

July–September 2020 compared with April–June 2020

Net sales decreased 7%, of which price/mix accounted for -1%, volume for -5%, currency for -1% and acquisitions/divestments for 0%, and amounted to SEK 4,338m (4,687). The decrease was mainly attributable to lower sales volumes in wood and pulp.

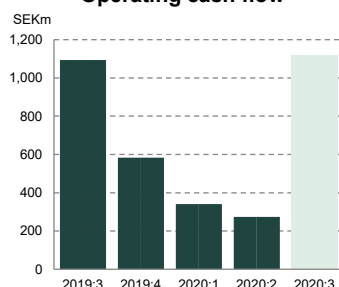
EBITDA decreased to SEK -88m (1,001), primarily related to the negative earnings impact from the discontinuation of publication paper operations of SEK -1,120m (see page 5).

EBITDA, excluding the effect of one-off items related to the discontinuation of publication paper operations, amounted to SEK 1,032m (1,001), corresponding to an EBITDA margin of 23.8% (21.3). Higher prices for solid-wood products and seasonally lower personnel costs due to the vacation period had a positive impact on earnings. An unplanned production stop at Östrand in July had a negative impact on earnings. The cost of planned maintenance stops amounted to SEK 62m (68).

Operating profit, excluding the effect of one-off items related to the discontinuation of publication paper operations, amounted to SEK 624m (600).

Change in net sales (%)

	2009 vs 1909	2020:3 vs 2019:3	2020:3 vs 2020:2
Total	-10	-13	-7
Price/mix	-9	-4	-1
Volume	-2	-10	-5
Currency	2	1	-1
Acquisition and divestment	-1	0	0

Operating cash flow**CASH FLOW****January–September 2020 compared with January–September 2019**

The operating cash surplus excluding the effect of discontinuation of publication paper operations in Q3 amounted to SEK 2,168m (3,650). The cash flow effect of changes in working capital was SEK 523m (-326). Current capital expenditures, net, totaled SEK -926m (-762). Operating cash flow was SEK 1,731m (2,339) (see page 22).

Strategic capital expenditures during the year mainly relate to the expansion of Obbola and amounted to SEK -1,157m (-362). The cash flow effect of acquisitions amounted to SEK 0m (-857) and of divestments to SEK 0m (370). Cash flow for the period was SEK 1,863m (-157) (see page 16).

FINANCING

At September 30, 2020, net debt totaled SEK 8,294m, a decrease during the quarter of SEK 1,102m. The decrease in net debt was mainly related to the strong cash flow during the quarter. Net debt in relation to EBITDA, adjusted for one-off items (see page 5), amounted to 2.0x compared with 1.4x in the year-earlier period.

At September 30, 2020, gross debt amounted to SEK 11,317m, with an average maturity of approximately five years (including the lease liability). The loan structure consists of short-term commercial paper as well as bonds and bilateral bank loans. The lease liability amounted to SEK 792m, a decrease by SEK 19m compared with the preceding quarter. Unutilized credit facilities amounted to SEK 7,398m, of which SEK 1,600m with maturity in 2021, SEK 5,000m with maturity in 2024 and SEK 798m with maturity in 2023–2031. Cash and cash equivalents amounted to SEK 2,306m at the end of the period, an increase by SEK 2,071m during the quarter. In the January–September 2020 period, financial items totaled SEK -83m compared with SEK -101m in the year-earlier period.

TAX**January–September 2020 compared with January–September 2019**

The Group's tax amounted to SEK 6m (-596). One-off items related to the discontinuation of publication paper operations resulted in deferred tax of SEK 359m in the third quarter.

EQUITY**January–September 2020**

Total consolidated equity increased by SEK 460m during the period, to SEK 68,970m at September 30, 2020. Equity increased due to comprehensive income for the period of SEK 449m and other items of SEK 11m.

CURRENCY EXPOSURE AND CURRENCY HEDGING

SCA has a large proportion of exports, and about 85% of sales are priced in currencies other than SEK, primarily EUR, USD and GBP. Most purchasing is conducted in SEK. SCA's currency exposure and currency management are described on page 68 in the 2019 Annual Report.

The company has hedged about 70% of the expected EUR net exposure from sales minus purchases until the end of the first quarter of 2021, as well as approximately 50% for the second quarter of 2021 and 25% for the third quarter of 2021, at the average EUR/SEK exchange rate of 10.61. The company has hedged about 75% of the expected USD net exposure from sales minus purchases until the end of the first quarter of 2021, as well as approximately 50% for the second quarter of 2021 and 25% for the third quarter of 2021, at the average USD/SEK exchange rate of 9.39.

PLANNED MAINTENANCE STOPS

In the third quarter of 2020, a planned maintenance stop was carried out at the kraftliner mill in Munksund (Paper). A planned maintenance stop at the pulp mill in Östrand began at the end of the quarter.

The estimated effect of the planned maintenance stops on earnings in 2020, 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 2019				Total
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	
Pulp	0	0	0	138	138
Paper	0	63	0	47	110
Total	0	63	0	185	248

SEKm	Actual		Forecast		Total
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	
Pulp	0	0	20	125	145
Paper	0	68	42	0	110
Total	0	68	62	125	255

COVID-19

Health and safety are always a top priority at SCA, which is also the case during this challenging time. So far, there has been limited impact on production and deliveries of SCA's products, which include the delivery of important input goods to hygiene products and packaging for food and medicines. The company is actively working to monitor inventory levels, secure the delivery and distribution chain and to secure cash flow. The main negative impact from COVID-19 was felt in the publication paper product category.

There remains significant uncertainty which may impact SCA's future earnings.

KEY EVENTS

SCA discontinues publication paper manufacturing

SCA resolved in September to discontinue the publication paper operations consisting of three paper machines at Ortviken with annual sales of approximately SEK 4bn. Demand for publication paper in Western Europe has shrunk by approximately 5% per year since 2008. Since the outbreak of COVID-19 demand for SCA's grades has declined 30-40% and is not expected to come back. Production levels at Ortviken have been adapted to the reduced order intake. The lower demand combined with a weak price trend has meant that operations have reported negative profitability during the past two quarters, with an operating loss of approximately SEK -40-50m for each quarter.

About 800 employees are affected, primarily at the Ortviken paper mill but also in other parts of SCA's operations. The paper machines are expected to close sequentially during the first quarter of 2021.

A summary of the one-off items related to the discontinuation of publication paper operations is shown in the table below. The earnings impact is recognized in the segment Other.

SEKm	2020:3
Provisions due to restructuring costs ^{1,2}	-870
Impairment of working capital	-250
Effect on EBITDA	-1,120
Impairment of fixed assets	-671
Effect on operating profit	-1,792
Deferred taxes	359
Effect on net profit for the period	-1,433

¹ With impact on future cash flows

² See note 4, Other provisions

SCA invests in increased pulp capacity

SCA will invest SEK 1.45bn in the production of chemically pre-treated thermomechanical pulp (CTMP) to achieve an annual production volume of 300,000 tonnes of CTMP pulp at Ortviken, where the plan is to use existing infrastructure. The investment will begin in 2021 and production is expected to start in the new facility at the beginning of 2023. Currently, SCA has a capacity of 100,000 tonnes of CTMP pulp at the Östrand pulp mill. This production will be phased out when the new facility begins operation.

Renewcell establishes textile recycling operations at Ortviken

SCA has signed an agreement with the textile recycling company Renewcell, which is planning to establish textile recycling at Ortviken. SCA will be Renewcell's landlord for its operations at the site and its supplier of steam, water treatment and other services.

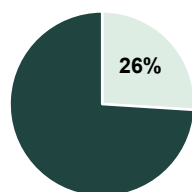
SCA acquires forest in the Baltic states

During the third quarter, SCA entered into an agreement to acquire forest in Latvia. The acquisition comprises a land area of approximately 19,150 hectares, of which approximately 13,100 hectares of forest land. The acquisition strengthens SCA's opportunities to source timber in the region in the long term. The transaction was completed in the fourth quarter of 2020. The purchase price was approximately SEK 450m.

Increase climate benefit from 10 to 15 million tonnes of CO₂ per year by 2030

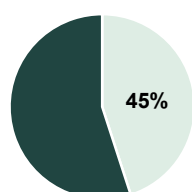
Climate change is one of the greatest challenges of our time. Sustainability forms an integral part of SCA's operations, which are climate positive. SCA strives to increase its contribution to a fossil-free world, and has established a long-term Group target to increase the company's positive climate benefit from 10 to 15 million tonnes of CO₂ per year by 2030. SCA contributes to a fossil-free and circular society by increased net growth in the company's forests that capture and bind CO₂ and increase access to renewable products, through innovation, production of renewable energy and low emissions in our value chain. One part of this target is to halve fossil emissions across the value chain by 2030, which is in line with science-based targets to limit global warming to 1.5°C.

Share of net sales Jan-Sep 2020*



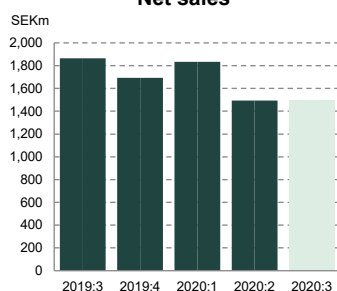
* before elimination of Intra-Group sales

Share of EBITDA Jan-Sep 2020**

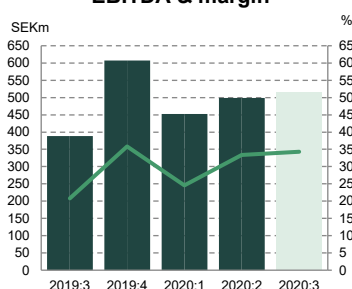


** share calculated of total EBITDA excluding central costs

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 more than 10% of Sweden's fossil CO₂ emissions.

SEKm	Quarter					Jan-Sep		
	2020:3	2019:3	%	2020:2	%	2020	2019	%
Net sales	1,500	1,865	-20	1,494	0	4,827	5,262	-8
EBITDA	515	388	33	499	3	1,466	1,133	29
Depreciation	-61	-53	15	-53	15	-168	-154	9
Operating profit	454	335	36	445	2	1,298	979	33
EBITDA margin, %	34.3	20.8		33.4		30.4	21.5	
Operating margin, %	30.3	18.0		29.8		26.9	18.6	
Return on capital employed, %	4.2	4.6		4.2		3.5	4.8	
Harvesting of own forest, thousand m ³ sub	1,147	927	24	1,291	-11	3,189	3,189	0
Revaluation of biological assets	308	208	48	238	29	879	494	78

Management of SCA-owned forest

The Forest segment 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 is set based on an average of Forest's externally sourced timber prices.

During the first nine months of the year, the volume of timber harvested from SCA-owned forest was 3.2 million m³ sub. The current planned rate of timber harvested in SCA-owned forest is expected to gradually increase from approximately 4.3 m³ sub in 2020 to approximately 5.4 million m³ sub in 2025.

Revaluation of biological assets

SCA changed the method for the valuation of forest assets on December 31, 2019 (see page 18, Note 3). According to the new method, the valuation is determined by the annual increase in standing volume (net growth) and the market price of forest land.

January–September 2020 compared with January–September 2019

Net sales declined 8% to SEK 4,827m (5,262), mainly related to lower delivery volumes to SCA's industries and lower selling prices.

EBITDA improved 29% to SEK 1,466m (1,133). The increase is mainly explained by higher earnings from the revaluation of biological assets due to the increased net growth according to the new forest survey and the changed accounting method for the valuation of forest assets.

EBITDA margin increased to 30.4% (21.5), mainly related to higher earnings from the revaluation of biological assets.

July–September 2020 compared with July–September 2019

Net sales decreased 20% to SEK 1,500m (1,865). The decrease was mainly related to lower delivery volumes and lower selling prices.

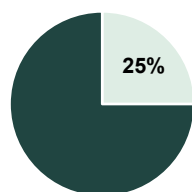
EBITDA amounted to SEK 515m (388), an increase of 33%. Increased harvesting from SCA-owned forest and higher earnings from the revaluation of biological assets had a positive impact on earnings.

July–September 2020 compared with April–June 2020

Net sales were in line with the preceding quarter and amounted to SEK 1,500m (1,494).

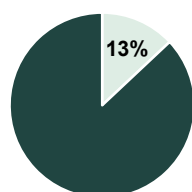
EBITDA amounted to SEK 515m (499), an increase of 3%. Higher earnings from the revaluation of biological assets had a positive impact on earnings, which was offset by seasonally lower harvesting from SCA-owned forest.

Share of net sales Jan-Sep 2020*



* before elimination of Intra-Group sales

Share of EBITDA Jan-Sep 2020**



** share calculated of total EBITDA excluding central costs

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 m³ 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-Sep		
	2020:3	2019:3	%	2020:2	%	2020	2019	%
Net sales	1,592	1,545	3	1,770	-10	4,798	4,949	-3
EBITDA	192	180	7	143	34	429	664	-35
Depreciation	-62	-68	-9	-64	-3	-190	-202	-6
Operating profit	130	111	17	78	67	239	462	-48
EBITDA margin, %	12.1	11.6		8.1		8.9	13.4	
Operating margin, %	8.2	7.2		4.5		5.0	9.3	
Return on capital employed, %	17.0	12.3		9.9		8.2	18.4	
Deliveries, wood products, thousand m ³	624	623	0	709	-12	1,944	1,928	1

January–September 2020 compared with January–September 2019

Net sales declined 3% to SEK 4,798m (4,949). The decrease is mainly related to lower selling prices and the merger with Groupe ISB during the first quarter of 2019, which had a negative effect on net sales, since the merged company is not consolidated in SCA. Higher sales volumes had a positive effect on net sales.

EBITDA decreased to SEK 429m (664), which was mainly attributable to lower selling prices and one-off items in SCA Wood France totaling SEK 0m (90), which increased earnings during the first quarter of 2019.

July–September 2020 compared with July–September 2019

Net sales increased 3% to SEK 1,592m (1,545). This increase was primarily related to stronger sales for wood products to the building materials industry.

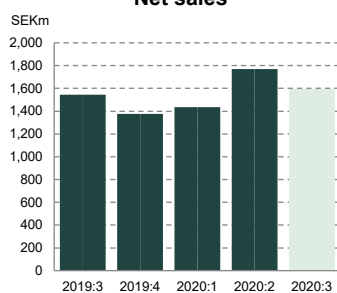
EBITDA amounted to SEK 192m (180), an increase of 7%. This increase was primarily related to stronger earnings for wood products to the building materials industry.

July–September 2020 compared with April–June 2020

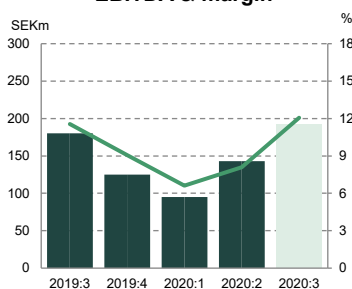
Net sales decreased 10% to SEK 1,592m (1,770). The decrease was primarily attributable to lower delivery volumes and negative exchange rate effects, which was somewhat offset by higher selling prices.

EBITDA amounted to SEK 192m (143), an increase of 34%. This increase was primarily related to higher selling prices, stronger earnings for wood products to the building materials industry, and seasonally lower personnel costs.

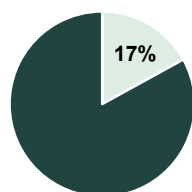
Net sales



EBITDA & margin

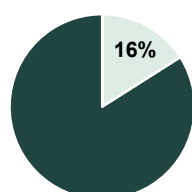


Share of net sales Jan-Sep 2020*



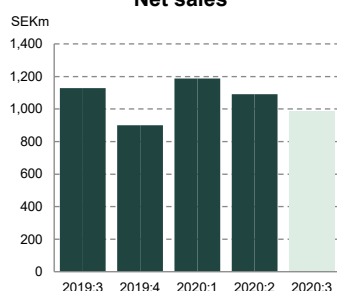
* before elimination of Intra-Group sales

Share of EBITDA Jan-Sep 2020**

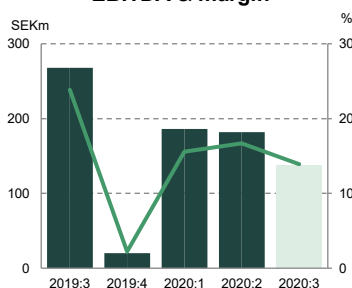


** share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



PULP

SCA produces market pulp at Östrand pulp mill. Östrand is 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-Sep		
	2020:3	2019:3	%	2020:2	%	2020	2019	%
Net sales	986	1,129	-13	1,091	-10	3,265	3,477	-6
EBITDA	137	268	-49	182	-25	505	963	-48
Depreciation	-135	-141	-4	-135	0	-401	-402	0
Operating profit	2	128	-98	47	96	104	562	-81
EBITDA margin, %	13.9	23.8		16.7		15.5	27.7	
Operating margin, %	0.2	11.3		4.3		3.2	16.2	
Return on capital employed, %	0.2	5.4		3.2		-0.1	8.8	
Deliveries, pulp, thousand tonnes	189	205	-8	201	-6	616	574	7

January–September 2020 compared with January–September 2019

Net sales declined 6% to SEK 3,265m (3,477). The decrease was mainly related to lower selling prices, which was offset by higher delivery volumes due to the ramp-up of the expanded pulp mill.

EBITDA declined 48% to SEK 505m (963), which was mainly attributable to lower selling prices. Favorable exchange rate effects and lower raw material costs had a positive earnings effect. The cost of planned maintenance stops was SEK 20m (0).

July–September 2020 compared with July–September 2019

Net sales decreased 13% to SEK 986m (1,129). The decrease was primarily attributable to lower selling prices and lower delivery volumes. Production volume during the third quarter was limited by an unscheduled production stoppage in July, which resulted in a loss of production. Following the restart, production has been stable and at a good level.

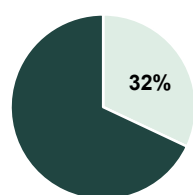
EBITDA decreased to SEK 137m (268). The decrease was mainly explained by the cost of the unscheduled production stoppage in July, lower selling prices and lower revenue from energy due to lower electricity prices. Lower raw material costs and favorable exchange rate effects had a positive earnings effect. The cost of planned maintenance stops at the end of the quarter was SEK 20m (0).

July–September 2020 compared with April–June 2020

Net sales decreased 10% to SEK 986m (1,091). The decrease was primarily attributable to lower delivery volumes due to the unscheduled production stoppage that resulted in a loss of production.

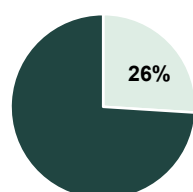
EBITDA decreased to SEK 137m (182). The decrease was mainly explained by lower selling prices, lower sales volumes and higher costs arising from the unscheduled production stop. The cost of planned maintenance stops at the end of the quarter was SEK 20m (0).

Share of net sales Jan-Sep 2020*



* before elimination of Intra-Group sales

Share of EBITDA Jan-Sep 2020**



** share calculated of total EBITDA excluding central costs

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 Ortvik paper mill in Sundsvall, with a capacity of 775,000 tonnes per year.

SEKm	Quarter					Jan-Sep		
	2020:3	2019:3	%	2020:2	%	2020	2019	%
Net sales	1,817	2,380	-24	1,876	-3	5,935	7,121	-17
EBITDA	240	577	-58	229	5	848	1,682	-50
Depreciation	-142	-140	1	-139	2	-425	-417	2
Operating profit	99	436	-77	89	11	424	1,265	-66
EBITDA margin, %	13.2	24.2		12.2		14.3	23.6	
Operating margin, %	5.4	18.3		4.7		7.1	17.8	
Return on capital employed, %	6.3	24.7		5.3		10.1	24.3	
Deliveries, kraftliner, thousand tonnes	197	221	-11	194	2	611	626	-2
Deliveries, publication paper, thousand tonnes	136	181	-25	129	5	440	525	-16

January–September 2020 compared with January–September 2019

Net sales declined 17% to SEK 5,935m (7,121). The decrease was primarily related to lower selling prices for kraftliner and publication paper and lower delivery volumes for publication paper.

EBITDA declined 50% to SEK 848m (1,682). The decrease was primarily attributable to lower selling prices for kraftliner and publication paper and lower delivery volumes for publication paper. Lower raw material costs and favorable exchange rate effects had a positive earnings effect. The cost of planned maintenance stops amounted to SEK 110m (63).

July–September 2020 compared with July–September 2019

Net sales declined 24% to SEK 1,817m (2,380). The decrease was primarily attributable to lower selling prices for publication paper and kraftliner and lower delivery volumes for publication paper.

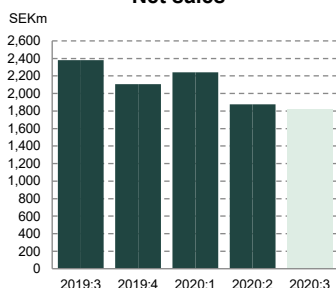
EBITDA amounted to SEK 240m (577), a decrease of 58%. The decrease was primarily attributable to lower selling prices and a 25% drop in delivery volumes for publication paper, which resulted in lower fixed cost coverage. The cost of planned maintenance stops was SEK 42m (0).

July–September 2020 compared with April–June 2020

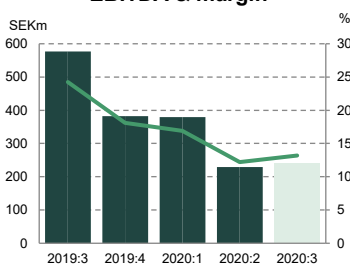
Net sales declined 3% to SEK 1,817m (1,876). The decrease was primarily attributable to lower selling prices for kraftliner and publication paper and negative exchange rate effects, which was somewhat offset by slightly higher delivery volumes.

EBITDA amounted to SEK 240m (229), an increase of 5%. The increase was primarily attributable to lower raw material costs and lower costs for maintenance stops of SEK 42m (68), which were offset by lower selling prices.

Net sales



EBITDA & margin



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 now one of Europe's largest producers of forest-based bioenergy, with a total production of about 11.9 TWh per year. In Sweden, SCA has three pellets factories that have an annual production capacity of 300,000 tonnes.

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

SCA leases out land for wind power production. At the end of the third quarter of 2020, 538 wind turbines were operating on SCA's land with an annual production capacity of 5.1 TWh, equivalent to about 20% of Sweden's total wind power production. Together with previously agreed but not yet completed projects, production on SCA's land is expected to increase to 8.0 TWh by 2022.

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

SHARE DISTRIBUTION

September 30, 2020	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 first three quarters. The total number of votes in the company amounts to 1,283,631,537.

FUTURE REPORTS

- The year-end report will be published on January 29, 2021.

CAPITAL MARKETS DAY

SCA is holding a capital market day in Galtström in Sundsvall, Sweden, on December 3, 2020. The presentations will be webcast at www.sca.com from 08:30 to approximately 12:00 CET.

INVITATION TO PRESS CONFERENCE ON INTERIM REPORT FOR THE THIRD QUARTER OF 2020

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: Friday, October 30, 2020 at 10:00 a.m.

Venue: Kreugersalen, Tändstickspalatset, Västra Trädgårdsgatan 15 in Stockholm, Sweden.

The press conference will be webcast live at www.sca.com. It is also possible to participate by telephone by calling:

Sweden: +46 (0)8 5069 2180
UK: +44 (0)2071 928000
US: +1 631 510 7495

Specify "SCA" or the conference ID: 1789554.

For further information, please contact

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

Josefine Bonnevier, Investor Relations Director, +46 (0)60 19 33 90

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 October 30, 2020 at 8:00 a.m. CET. The report has not been reviewed by the company's auditors.

Björn Lyngfelt, Vice President, Communications, +46 (0)70 626 82 23

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

SEKm	Quarter					Jan-Sep		
	2020:3	2019:3	%	2020:2	%	2020	2019	%
Net sales	4,338	4,975	-13	4,687	-7	13,818	15,279	-10
Other income	385	570	-32	363	6	1,259	1,593	-21
Change in inventories	-293	-54		-42		-591	190	
Change in value in biological assets	308	208	48	238	29	879	494	78
Raw materials and consumables	-1,614	-1,905	-15	-1,777	-9	-5,117	-5,799	-12
Personnel costs	-1,167	-685	70	-804	45	-2,758	-2,259	22
Other external costs	-2,052	-1,746	18	-1,661	24	-5,556	-5,237	6
Share of profits of associates	7	1		-3		9	2	
EBITDA	-88	1,364	-106	1,001	-109	1,943	4,264	-54
Depreciation and impairment	-1,079	-409	164	-401	169	-1,882	-1,198	57
Operating profit	-1,167	955	-222	600	-295	61	3,066	-98
Financial items	-28	-26		-31		-83	-101	
Profit before tax	-1,195	929	-229	569	-310	-22	2,965	-101
Tax	237	-172		-110		6	-596	
Net Profit for the period	-958	757	-227	459	-309	-16	2,369	-101
<i>Earnings per share SEK ¹</i>	<i>-1.36</i>	<i>1.08</i>		<i>0.65</i>		<i>-0.02</i>	<i>3.37</i>	
Earnings attributable to:								
Owners of the parent	-958	757		459		-16	2,369	
Average no. of shares, millions	702.3	702.3		702.3		702.3	702.3	
Margins (%)								
EBITDA margin	-2.0	27.4		21.3		14.1	27.9	
Operating margin	-26.9	19.2		12.8		0.4	20.1	
Net margin	-22.1	15.2		9.8		-0.1	15.5	

¹ There are no dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Jan-Sep	
	2020:3	2019:3	2020:2	2020	2019
Profit for the period	-958	757	459	-16	2,369
Other comprehensive income for the period:					
Items that may not be reclassified to the income statement					
Change of value land assets	181	-	533	714	-
Result from Equity investments recognized at fair value	-	-	-	-	-2
Revaluation of defined benefit pension plans	394	55	70	-108	91
Income tax attributable to components of other comprehensive income	-118	-13	-125	-125	-18
Total	457	42	478	481	71
Items that have been or may be reclassified subsequently to the income statement					
Cash flow hedges	99	-51	295	-51	-256
Hedge cost	1	-	33	27	-
Translation differences in foreign operations	6	16	-75	3	35
Income tax attributable to components of other comprehensive income	-21	11	-67	5	53
Total	85	-24	186	-16	-168
Other comprehensive income for the period, net of tax	542	18	664	465	-97
Total comprehensive income for the period	-416	775	1,123	449	2,272
Total comprehensive income attributable to:					
Owners of the parent	-416	775	1,123	449	2,272
Non-controlling interests	-	0	-	-	0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Sep	
	2020	2019
Attributable to owners of the parent		
Value, January 1	68,510	39,062
Total comprehensive income for the period	449	2,272
Cash flow hedge transferred at cost of hedged investments	15	-21
Tax on cash flow hedge transferred at cost of hedged investments	-3	4
Cash dividend	-	-1,229
Acquisition of non-controlling interests	0	0
Remeasurement effect upon acquisition of non-controlling interests	-1	-1
Value, September 30	68,970	40,087
Non-controlling interests		
Value, January 1	0	-
Total comprehensive income for the period	0	-
Acquisition of non-controlling interests	0	0
Value, September 30	-	0
Total equity, value September 30	68,970	40,087

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	Sep 30, 2020	Dec 31, 2019
ASSETS		
Non-current assets		
Goodwill and other intangible assets	316	211
Buildings, land, machinery and equipment	18,346	18,184
Forest assets	71,537	69,682
<i>whereof land assets</i>	20,926	20,170
<i>whereof biological assets</i>	50,611	49,512
Right-of-use assets	771	841
Other non-current assets	1,117	1,468
Total non-current assets	92,087	90,386
Current assets		
Inventories	4,326	5,014
Trade receivables	2,425	2,313
Other current receivables	828	898
Cash and cash equivalents	2,306	454
Total current assets	9,885	8,679
Total assets	101,972	99,065
EQUITY AND LIABILITIES		
Equity		
Owners of the Parent		
Share capital	2,350	2,350
Share premium	6,830	6,830
Reserves	15,255	14,693
Retained earnings	44,535	44,637
Non-controlling interests	-	0
Total equity	68,970	68,510
Non-current liabilities		
Non-current financial liabilities	8,478	5,888
Provisions for pensions	308	522
Deferred tax liabilities	15,791	15,780
Other non-current liabilities	161	161
Total non-current liabilities	24,738	22,351
Current liabilities		
Current financial liabilities	2,531	3,730
Trade payables	3,514	3,336
Other current liabilities	2,219	1,138
Total current liabilities	8,264	8,204
Total liabilities	33,002	30,555
Total liabilities and equity	101,972	99,065

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Jan-Sep	
	2020	2019
Operating activities		
Profit before tax	-22	2,965
Adjustment for non-cash items ¹	1,761	362
Paid tax	-86	-464
Cash flow from operating activities before changes in working capital	1,653	2,863
Cash flow from changes in working capital		
Change in inventories	677	-386
Change in operating receivables	-102	-98
Change in operating liabilities	282	159
Cash flow from operating activities	2,510	2,538
Investing activities		
Acquisitions	0	-857
Divestments	0	370
Current capital expenditures in non-current assets, net	-853	-704
Strategic capital expenditures in non-current assets	-1,157	-362
Acquisition of financial asset	-11	-26
Cash flow from investing activities	-2,021	-1,579
Financing activities		
Loans raised	3,915	1,181
Amortization of loans	-2,392	-1,068
Amortization of loans, leasing	-149	-
Dividend	-	-1,229
Cash flow from financing activities	1,374	-1,116
Net cash flow for the period	1,863	-157
Cash and cash equivalents at the beginning of the period	454	648
Translation differences in cash and cash equivalents	-11	16
Cash and cash equivalents at the end of the period	2,306	507
Cash flow from operating activities per share SEK	3.57	3.61
¹ Depreciation/amortization and impairment of non-current assets	1,881	1,199
Fair-value measurement of biological assets	-879	-494
Gains/loss on assets sales and swaps of assets	-3	-26
Unpaid costs related to due to discontinuation of publication paper operations	803	-
Other	-41	-317
Total	1,761	362

INCOME STATEMENT PARENT COMPANY

SEKm	Jan-Sep	
	2020	2019
Other operating income	192	194
Other operating expenses	-127	-138
Personnel costs	-81	-66
EBITDA	-16	-10
Depreciation	-65	-65
Operating profit	-81	-75
Financial items	21	68
Profit before tax	-60	-7
Appropriations and tax	352	1,259
Profit for the period	292	1,252

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	Sep 30, 2020	Dec 31, 2019
Tangible non-current assets	8,708	8,641
Financial non-current assets	9,668	9,681
Total non-current assets	18,376	18,322
Current assets	14,609	12,563
Total assets	32,985	30,885
Restricted equity	11,373	11,373
Non-restricted equity	8,843	8,551
Total equity	20,216	19,924
Provisions	1,590	1,594
Non-current liabilities	7,862	5,236
Current liabilities	3,317	4,131
Total equity, provisions and liabilities	32,985	30,885

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 2019 Annual Report.

The definition of business acquisitions in IFRS 3 Business acquisitions has been changed. The criteria for classifying an acquisition as a business acquisition is that it must contain at least an input and a substantive process that together obviously make a significant contribution to the ability to create output. The change in IFRS 3 had no impact on the Group's interim report, but may affect future periods if the Group makes acquisitions.

Several amendments and interpretations apply for the first time from 2020, but they are not judged to have any material impact on the Group's interim report.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

SEKm	Jan-Sep	
	2020	2019
Sweden	2,053	1,914
EU excluding Sweden	7,860	9,154
Rest of Europe	1,010	1,037
Rest of world	2,895	3,174
Total Group	13,818	15,279

3. FOREST VALUATION

Accounting principles

The accounting principles for forest assets are described in detail on page 105, Note D3, of SCA's 2019 Annual Report.

Key assessments and assumptions

SCA has based its valuation of forest assets in Sweden on forest transactions in the areas where SCA owns forest assets. The calculated market prices comprise a weighted average based on forest transactions over the most recent three-year period. On September 30, the market price was SEK 281/m³fo. The market price for 2019 was SEK 276/m³fo.

SCA carried out a new forest survey in Sweden in 2019. As part of the new survey, a new estimate was drawn up and established for the forest portfolio's timber volume.

At December 31, 2020, the expected total timber volume is estimated at approximately 256 million m³fo, of which about 3 million m³fo in the Baltic states. The change in value as a result of changes in market prices and estimated annual volume growth is accrued over the course of the year.

The new forest survey also resulted in a new harvesting calculation. Higher growth gives greater long-term harvesting potential. Annual harvesting will gradually increase from about 4.3 million m³sub in 2020 to 5.4 million m³sub in 2025.

Forest assets

SEKm	Sep 30, 2020	Dec 31, 2019
Forest assets in Sweden ¹	70,498	68,723
Forest assets in the Baltics ²	1,039	959
Total value of forest assets³	71,537	69,682
Deferred tax on forest assets	14,366	13,977

¹ The fair value of SCA's forest assets in Sweden is based on a timber volume of 253 million m³fo at the end of the year, multiplied by the market price of SEK 281/m³fo. At September 30 approximately 75% of the expected annual change in value is reported.

² The fair value of forest assets acquired in the Baltics has been assessed to correspond to the acquisition price.

³ The total change in value at September 30, 2020 amounted to SEK 1,855m whereof SEK 879m constitutes the change in value of biological assets.

The change in value of biological assets was based on market statistics and discounted cash flows. When establishing the change in value of biological assets, the same valuation model was used as in the past with a required return of 3.5% (3.6) after tax. The change in value of biological assets was SEK 879m at September 30, 2020.

The value of land assets constitutes the residual amount between the total value in accordance with market price based on forest transactions and the value of the biological assets. At September 30, 2020, the change in value pertaining to land amounted to SEK 714m and is recognized as other comprehensive income and does not impact profit for the year.

4. OTHER CURRENT LIABILITIES AND PROVISIONS

Accounting principles

Provisions are recognized in the consolidated balance sheet when there is a legal or informal obligation arising from events that have occurred and it is probable that payments will be required to settle the obligation. It must also be possible to reliably estimate the amount to be paid. The provision is valued at the present value of the anticipated future expenditure to settle the obligation.

A provision for restructuring measures is recognized when the Group has established a detailed plan and either implementation has begun or the main features of the measures have been communicated to the parties involved. Restructuring costs include, for example, costs for plant closures, impairment of production machinery or costs for personnel reductions.

Other provisions

SEKm	Efficiency programs	Environment	Discontinuation	Other	Total
Value, January 1	4	55	-	56	115
Provisions	-	28	870	2	900
Utilization	-1	-28	-	-29	-58
Value, September 30	3	55	870	29	957

SCA resolved in September to discontinue the publication paper operations in Ortviken. Approximately 800 employees are affected, primarily at the Ortviken paper mill but also in other parts of SCA's operations. The paper machines are expected to close sequentially during the first quarter of 2021.

The discontinuation entails provisions arising from non-recurrent costs of SEK 870m, of which just over half pertain to personnel costs and almost 20% demolition costs at the Ortviken paper mill. The provisions are recognized in the segment Other.

5. RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 64-68 of SCA's 2019 Annual Report.

Health and safety are always a top priority at SCA, which is also the case during this challenging time with the coronavirus pandemic. So far, there has been limited impact on production and deliveries of SCA's products. The company is actively working to monitor inventory levels, secure the delivery and distribution chain and to ensure cash flow. The main negative impact of the pandemic was felt in the publication paper product category. There remains significant uncertainty and the pandemic may impact SCA's future earnings (see page 5).

6. RELATED PARTY TRANSACTIONS

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

7. FINANCIAL INSTRUMENTS BY CATEGORY

SEKm	Measure- ment level	Sep 30, 2020	Dec 31, 2019
Financial assets measured at fair value in the income statement			
Derivatives - Current financial assets	2	2	3
Derivatives - Other current receivables	2	50	23
Total		52	26
Financial liabilities measured at fair value in the income statement			
Derivatives - Current financial liabilities	2	1	1
Derivatives - Other current financial liabilities	2	52	15
Total		53	16
Financial assets measured at fair value through other comprehensive income			
Equity instruments	3	14	14
Total		14	14
Financial liabilities measured at amortized cost			
Non-current financial liabilities excluding leasing	-	7,817	5,190
Non-current financial liabilities, leasing	-	638	698
Current financial liabilities excluding leasing	-	3,572	3,574
Current financial liabilities, leasing	-	154	156
Total		12,181	9,618
Derivatives used for hedge accounting			
Non-current financial assets	2	-	0
Other non-current assets	1.2	2	2
Other current receivables	1.2	106	78
Total		108	80
Derivatives used for hedge accounting			
Non-current financial liabilities	2	24	-
Other non-current liabilities	2	40	54
Other current liabilities	2	79	52
Total		143	106

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 10,216m (8,749). The value of electricity derivatives is based on published prices in an active market. Other financial instruments are market 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.

8. CONTINGENT LIABILITIES, PLEDGED ASSETS AND COMMITMENTS

SEKm	Parent		Group	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Contingent liabilities				
Guarantees for subsidiaries	750	750	-	-
associates	-	-	5	5
customers and others	-	-	28	31
Other contingent liabilities	328	285	16	18
Total	1,078	1,035	49	54
Pledged assets				
Chattel mortgages	-	20	-	20
Total	-	20	-	20

Commitments

SCA has a decided investment in Obbola totaling SEK 7.5bn over a five-year period. As of September 30, 2020, SEK 5.7bn remained, of which SEK 2.3bn was a contracted commitment. The commitment in its entirety refers to fixed assets.

9. ALTERNATIVE PERFORMANCE MEASURES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Including and excluding the effect one-off items related to the discontinuation of publication paper operations

SEKm	Quarter					
	2020:3	2020:3 ¹	2019:3	% ²	2020:2	% ²
Net sales	4,338	4,338	4,975	-13	4,687	-7
Other income	385	385	570	-32	363	6
Change in inventories	-293	-104	-54	93	-42	148
Change in value in biological assets	308	308	208	48	238	29
Raw materials and consumables	-1,614	-1,595	-1,905	-16	-1,777	-10
Personnel costs	-1,167	-688	-685	0	-804	-14
Other external costs	-2,052	-1,619	-1,746	-7	-1,661	-3
Share of profits of associates	7	7	1		-3	
EBITDA	-88	1,032	1,364	-24	1,001	3
Depreciation and impairment	-1,079	-408	-409	0	-401	2
Operating profit	-1,167	624	955	-35	600	4
Financial items	-28	-28	-26		-31	
Profit before tax	-1,195	596	929	-36	569	5
Tax	237	-121	-172		-110	
Net Profit for the period	-958	475	757	-37	459	3
<i>Earnings per share SEK¹</i>	<i>-1.36</i>	<i>0.68</i>	<i>1.08</i>		<i>0.65</i>	
Earnings attributable to:						
Owners of the parent	-958	475	757		459	
Average no. of shares, millions	702.3	702.3	702.3		702.3	
Margins (%)						
EBITDA margin	-2.0	23.8	27.4		21.3	
Operating margin	-26.9	14.4	19.2		12.8	
Net margin	-22.1	10.9	15.2		9.8	

¹ Excluding the effect of discontinuation publication paper operations in Q3 2020

² Comparison of earnings excluding the effect of one-off items related to discontinuation of publication paper in Q3 2020

For definitions of alternative performance measures, refer to SCA's 2019 Annual Report, pages 89–92.

SEKm	Quarter			Jan-Sep	
	2020:3 ¹	2019:3	2020:2	2020	2019
EBITDA	1,032	1,364	1,001	3,063	4,264
Changes in value biological assets and other non cash flow items	-322	-312	-233	-895	-614
Operating cash surplus	710	1,052	768	2,168	3,650
Change in working capital	821	325	-151	523	-326
Current capital expenditures, net ²	-413	-246	-338	-926	-762
Other operating cash flow	0	-37	-6	-34	-223
Operating cash flow	1,118	1,094	273	1,731	2,339

¹ Excluding the effect of discontinuation of publication paper operations in Q3 2020

² Including SEK 27m in 2020:3 (17 in 2019:3, 29 in 2020:2, 73 in January-September 2020 and 59 in January-September 2019) of new leasing contracts

CAPITAL STRUCTURE

SEKm	Sep 30, 2020	Dec 31, 2019
Forest assets	71,537	69,682
Working capital	2,852	3,748
Deferred tax relating to forest assets	-14,366	-13,977
Other capital employed, net	17,241	17,654
Total capital employed	77,264	77,107
<i>Return on capital employed (%) ¹</i>	23.2	36.7
<i>Return on capital employed excluding new method for valuation of forest assets (%) ¹</i>	3.5	6.9
<i>Industrial return on capital employed (%) ^{1,2}</i>	4.2	11.9
Net debt, SEKm	8,294	8,597
Net debt/EBITDA (LTM) ³	2.0x	1.6x
Equity, SEKm	68,970	68,510
Net debt/Equity (%)	12.0	12.5

¹ Rolling 12 months

² Excluding constructions in progress

³ Excluding the effect of one-off items related to discontinuation publication paper operations in 2020:3 and the effect of changed accounting method for valuation of forest assets in 2019:4.

WORKING CAPITAL

SEKm	Sep 30, 2020	Dec 31, 2019
Inventories	4,326	5,014
Accounts receivable	2,425	2,313
Other current receivables	737	790
Accounts payable	-3,514	-3,336
Other current liabilities	-1,272	-1,044
Adjustments ¹	150	11
Working capital	2,852	3,748
Working capital in % of net sales ²	19.9	20.2
¹ Adjustments:		
Other current receivables, green certificates	-1	-6
Accounts payable, strategic capital expenditures	256	62
Other current provisions	-174	-55
Other current liabilities, emission rights	69	10
Sum adjustments	150	11

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

NET DEBT

SEKm	Sep 30, 2020	Dec 31, 2019
Surplus in funded pension plans	632	1,019
Non-current financial assets	83	67
Current financial assets	2	3
Cash and cash equivalents	2,306	454
Financial receivables	3,023	1,543
Non-current financial liabilities	8,478	5,888
Provisions for pensions	308	522
Current financial liabilities	2,531	3,730
Financial liabilities	11,317	10,140
Net debt	-8,294	-8,597

10. QUARTERLY DATA BY SEGMENT**NET SALES**

SEKm	Quarter								
	2020:3	2020:2	2020:1	2019:4	2019:3	2019:2	2019:1	2018:4	2018:3
Forest	1,500	1,494	1,833	1,694	1,865	1,746	1,651	1,540	1,455
Wood	1,592	1,770	1,436	1,376	1,545	1,727	1,678	1,558	1,712
Pulp	986	1,091	1,188	900	1,129	1,214	1,134	1,049	743
Paper	1,817	1,876	2,242	2,108	2,380	2,375	2,366	2,421	2,413
Intra-group deliveries	-1,557	-1,544	-1,906	-1,766	-1,944	-1,834	-1,753	-1,642	-1,564
Total net sales	4,338	4,687	4,793	4,312	4,975	5,228	5,076	4,926	4,759

EBITDA

SEKm	Quarter								
	2020:3	2020:2	2020:1	2019:4	2019:3	2019:2	2019:1	2018:4	2018:3
Forest	515	499	452	607	388	414	331	427	292
Wood	192	143	95	125	180	188	297	226	276
Pulp	137	182	186	20	268	344	351	370	273
Paper	240	229	379	382	577	489	616	536	728
Other	-52	-52	-82	-79	-49	-95	-35	-65	-20
Total EBITDA^{1,2}	1,032	1,001	1,030	1,055	1,364	1,340	1,560	1,494	1,549

¹ Including the effect of discontinuation of publication paper operations EBITDA amounted to -1 172 SEKm in Other and -88 SEKm for the Group in 2020:3.

² Including the effect of changed accounting method of forests assets, EBITDA amounted to SEK 16,649m for Forest and SEK 17,097m for the Group in 2019:4.

EBITDA MARGIN

%	Quarter								
	2020:3	2020:2	2020:1	2019:4	2019:3	2019:2	2019:1	2018:4	2018:3
Forest	34.3	33.4	24.6	35.8	20.8	23.7	20.0	27.7	20.1
Wood	12.1	8.1	6.6	9.1	11.6	10.8	17.7	14.5	16.1
Pulp	13.9	16.7	15.6	2.2	23.8	28.4	31.0	35.3	36.7
Paper	13.2	12.2	16.9	18.1	24.2	20.6	26.0	22.2	30.2
EBITDA margin^{1,2}	23.8	21.3	21.5	24.5	27.4	25.6	30.7	30.3	32.5

¹ Including the effect of discontinuation publication paper operations EBITDA margin was -2,0% for the Group in 2020:3.

² Including effect of changed accounting method for valuation of forest assets, the EBITDA margin was 82,8% for Forest and 396,5% for the Group in 2019:4