

Press release

Sundsvall, October 28, 2022

SCA to establish new renewable energy reporting segment

SCA will introduce a new reporting segment – Renewable Energy – from January 1, 2023. The decision is in line with SCA’s stated ambition to grow and realise business opportunities in the renewable energy sector.

SCA is one of Europe’s leading renewable energy producers. Twenty per cent of Sweden’s wind power capacity is installed on SCA’s land, and through the use of residual and by-products from its forestry activities, SCA has grown to become one of Europe’s top producers of sustainable bioenergy. SCA has previously stated its intention to continue to grow in the energy sector through investment and organic growth. In 2021, SCA announced plans to invest together with Finnish energy company St1 in a new biorefinery in Gothenburg to produce biofuels.

“We see growth opportunities in the renewable energy sector, where we have announced plans to grow our presence in wind power and bio-based energy. Our ambition is that renewable energy will be a long-term value driver for SCA.” says Ulf Larsson, President and CEO.

Description of SCA’s new reporting segment

Renewable Energy

The Renewable Energy segment will include the production and sale of refined and unrefined biofuels and biofuels. It will also include development costs and revenues linked to the wind power business as well as sales of green by-products from industry for energy production.

Forest

The Forest segment comprises the supply of raw materials for SCA’s forestry activities as well as the management and felling of privately owned forest land of 2.6 million hectares in northern Sweden and the Baltics. It also includes the purchase of timber from other forest owners and the transport of timber to SCA’s industrial operations.

Activities in renewable energy linked to forest land, including wind power leases and the sale of unprocessed biofuels from forest land for energy generation will be reported in the Forest segment until January 1, 2023 and in the Renewable Energy segment thereafter.

The core of SCA’s business is the forest, Europe’s largest private forest holding. Around this unique resource, we have built a well-developed value chain based on renewable raw material from our own and others’ forests.

We offer paper for packaging and print, pulp, wood products, renewable energy, services for forest owners and efficient transport solutions. 2021 the forest products company SCA had approximately 4,000 employees and sales amounted to approximately SEK 18.8 bn. SCA was founded in 1929 and has its headquarters in Sundsvall, Sweden. More information at www.sca.com.

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Wood

The Wood segment comprises the sawmill business with five sawmills in northern Sweden and wood processing and distribution to the construction trade in Sweden and France.

Sales of refined biofuels made from residual products from sawmills, mainly pellets, will be reported under the Wood segment until January 1, 2023 and in the Renewable Energy segment thereafter.

Pulp

The Pulp segment includes the production and sale of northern bleached softwood kraft (NBSK) and chemi-thermomechanical pulp (CTMP) that are produced at our pulp factory in Östrand, which is also a net producer of green energy and by-products such as tall oil and turpentine.

Sales of tall oil, a by-product of pulp production, will be reported under the Renewable Energy segment from 1 January 2023.

Containerboard

The Containerboard segment manufactures and sells packaging paper (kraftliner), with production taking place at our integrated paper mills in Obbola and Munksund.

Sales of tall oil, a by-product of pulp production, will be reported under the Renewable Energy segment from 1 January 2023.

Financial reporting

Pro forma financial reporting for SCA's segments for the first nine months of 2022 is presented below. We plan to publish further adjusted financial information for the new segment in conjunction with the year-end report for the year 2022.

MSEK ¹	Forest	Wood	Pulp	Containerboard	Renewable Energy	Other	Eliminations	Total Group
January-September 2022								
Net sales	4,946	5,331	5,387	5,197	0	0	-4,940	15,921
Other operating income	245	260	1,473	1,055	1,080	-501	-1,300	2,312
Income	5,191	5,591	6,860	6,252	1,080	-501	-6,240	18,233
Operating expenses	-3,350	-3,717	-4,576	-4,025	-839	248	6,240	-10,019
Results from associated companies and JV	0	1	0	0	-2	0	0	-1
EBITDA	1,841	1,875	2,284	2,227	239	-253	0	8,213
Depreciation and impairments	-166	-167	-439	-323	-13	-53	0	-1 161
Operating result	1,675	1,708	1,845	1,904	226	-306	0	7 052

¹ Net sales include compensation for goods sold within the Group's primary business activities. Other operating income includes compensation for such sales that are not part of the Group's primary business activities. Leasing income and income from the sale of by-products are reported as other operating income.

For further information, please contact:

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