

Press release

Sundsvall, January 26, 2024

Year-end Report 2023

January–December 2023 compared with January–December 2022

- Delivery volumes increased compared to preceding year due to gradual ramp up of production at the mills where strategic capital expenditures have recently been made.
- Net sales decreased to SEK 18,081m, (20,794). The decline was primarily attributable to lower selling prices.
- EBITDA amounted to SEK 6,807m (10,194). The decline was mainly attributable to lower selling prices. Doubled result in renewable energy, continued increased harvesting of own forest and high degree of self-sufficiency had a positive impact on earnings. EBITDA margin was 37.6% (49.0).
- Operating profit declined to SEK 4,857m (8,642).
- Operating cash flow was SEK 2,985m (5,685).
- Earnings per share was SEK 5.23 (9.61).
- The Board of Directors proposes a dividend of SEK 2.75 (2.50) per share.

October–December 2023 compared with October–December 2022

Net sales amounted to SEK 4,384m (4,873). The change was mainly attributable to lower selling prices. Higher delivery volumes due to commissioned strategic projects and exchange rate effects had a positive effect on sales.

EBITDA declined to SEK 1,635m (1,981) and the EBITDA margin was 37.3% (40.6). Lower selling prices were offset by effective cost control due to the high rate of self-sufficiency in primarily wood raw material but also in energy and logistics.

October–December 2023 compared with July–September 2023

Net sales increased to SEK 4,384m (4,302). The increase was mainly attributable to higher delivery volumes of kraftliner and solid-wood products.

EBITDA amounted to SEK 1,635m (1,417). The increase was mainly attributable to a higher revaluation of biological assets. The EBITDA margin was 37.3% (32.9).

The core of SCA's business is the growing 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 packaging paper, pulp, wood products, renewable energy, services for forest owners and efficient transport solutions.

2023 the forest products company SCA had approximately 3,100 employees and sales amounted to approximately SEK 18 bn. SCA was founded in 1929 and has its headquarters in Sundsvall, Sweden. For more information, visit

www.sca.com

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KEY FIGURES

SEKm	Quarter					Jan-Dec		
	2023:4	2022:4	%	2023:3	%	2023	2022	%
Net sales	4,384	4,873	-10	4,302	2	18,081	20,794	-13
EBITDA	1,635	1,981	-17	1,417	15	6,807	10,194	-33
<i>EBITDA margin, %</i>	37.3	40.6		32.9		37.6	49.0	
Operating profit	1,119	1,590	-30	913	23	4,857	8,642	-44
Net Profit	833	1,215	-31	663	26	3,625	6,821	-47
<i>Earnings per share SEK</i>	1.22	1.76		0.96		5.23	9.61	
Operating cash flow	-55	726		1,189		2,985	5,685	
Net Debt / EBITDA (LTM)	1.6x	1.0x		1.4x		1.6x	1.0x	

COMMENTS ON THE FINANCIAL STATEMENTS

Summary of the year

In 2023, SCA showed that the company was able to deliver good profitability even in a challenging global economy. Despite a weaker economy leading to lower selling prices, SCA achieved an EBITDA margin of 37.6% for the full year. SCAs growth in renewable energy, that became a new segment in 2023, continued and the result doubled compared with the preceding year. Also continued higher harvesting of own forest and a high level of self-sufficiency in forest raw materials, energy and logistics contributed to the strong performance.

During the year, there was a determined effort to start up and then gradually ramp up production at the plants where strategic capital expenditures have recently been made. The new paper machine in Obbola and the new CTMP facility at the Ortvikén site both supported higher delivery volumes compared with the preceding year. The investments made will also gradually contribute to increased productivity and cash flow generation in the years ahead.

The total carrying amount of SCA's forest assets continued to increase and amounted to SEK 107.5bn (97.9) at the end of the year. SCA bases its valuation of forest assets on completed forest transactions in the areas where SCA owns forest. The three-year average market price used in valuation of SCA's Swedish forest assets was SEK 395/m³fo at December 31, 2023, up 8% compared with the preceding year (SEK 366/m³fo).

Summary of the fourth quarter

The supply of wood raw material to SCA's industries was stable. The price of sawlogs continued to rise while the price of pulpwood was stable compared with the preceding quarter.

Selling prices for solid-wood products fell somewhat compared with the preceding quarter. Low demand has led to severe restrictions on production in Swedish sawmills, resulting in low producer stocks.

In the Pulp segment, demand for both northern bleached softwood kraft pulp (NBSK) and chemical thermomechanical pulp (CTMP) strengthened, resulting in higher selling prices.

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Low demand for packaging material contributed to continued weak demand for kraftliner. Market prices were unchanged compared with the preceding quarter.

The energy business continued to grow. At the end of the year, 743 wind turbines were operating on SCA's land with a combined annual production capacity of 9.0 TWh. The start-up of the biorefinery in Gothenburg began at year end. The jointly owned biorefinery will produce liquid biofuels from such materials as the tall oil produced at SCA's pulp mills.

INVITATION TO PRESS CONFERENCE ON THE 2023 YEAR-END REPORT

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 by the CFO, Andreas Ewertz.

Time: Friday, January 26, 2024 at 10:00 a.m. CET

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

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Specify "SCA Q4".
Sundsvall, January 26, 2024

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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 January 26, 2024 at 8:00 a.m. CET. The report has not been reviewed by the company's auditors.

Anders Edholm, SVP Sustainability and Communications, +46 (0)60 19 32 12

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