



# Interim Report Presentation Q3 2023

October 27, 2023





# Ulf Larsson, CEO



# Summary Q3 2023

**Good profitability and strong operating cash flow despite lower prices and higher wood raw material costs**

**EBITDA margin on 33%**

**Sales decreased 14% vs Q3 2022**

- Price/mix -30%, volume 9%, currency 7%

**EBITDA decreased 43% vs Q3 2022**

- Lower prices
- + Higher delivery volumes
- + Positive currency effects

**SEK 1.7 bn investment in wind power, securing SCAs high degree of self sufficiency in electricity**



# SCA's performance Q3 2023

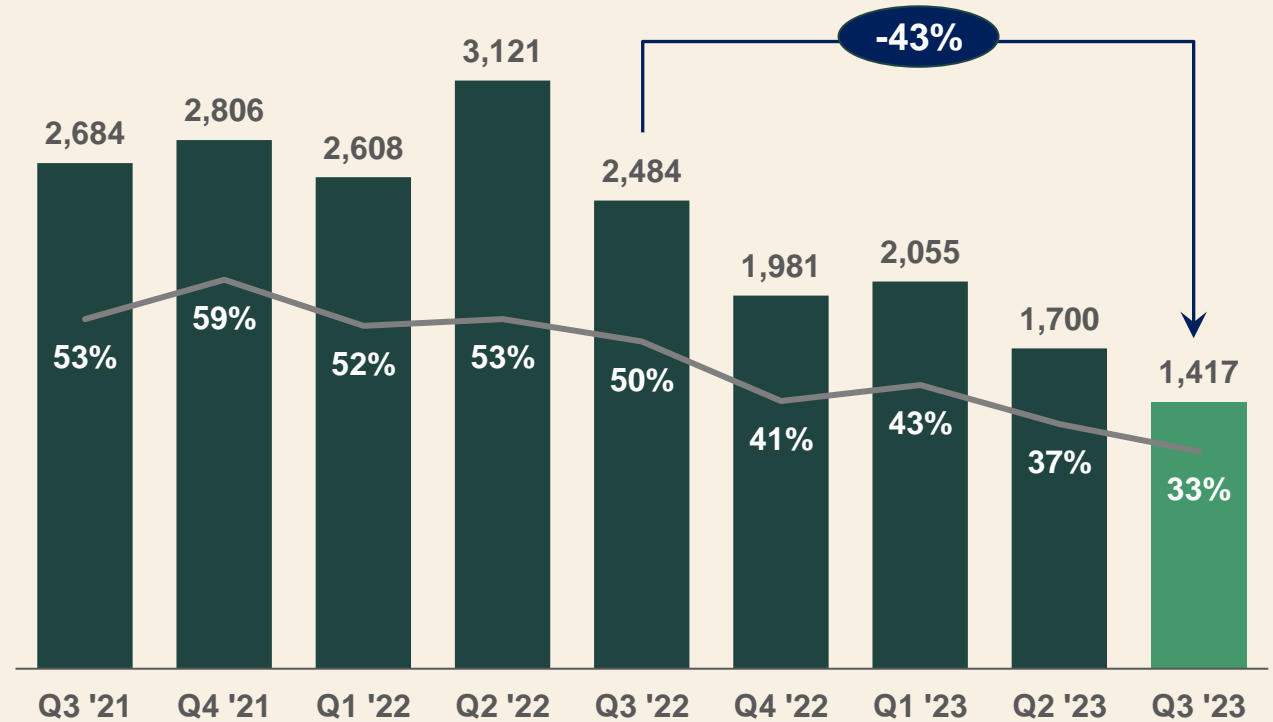
EBITDA (SEKm)

**1,417**

Industrial ROCE <sup>1</sup>

**12%**

EBITDA (SEKm) and EBITDA margin



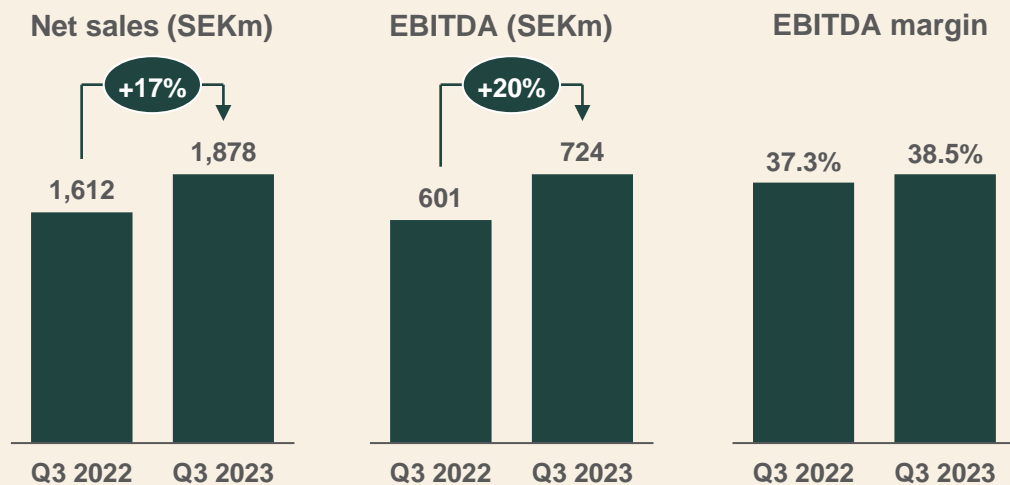
EBITDA margin

**32.9%**

Net debt/EBITDA

**1.4x**

# Forest Q3 2023 vs. Q3 2022



Stable wood supply to industries

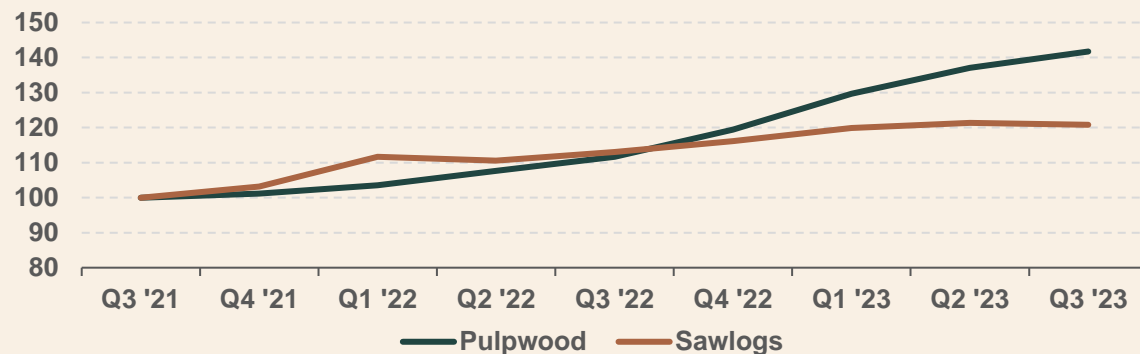
Sales up 17%

- + Higher prices

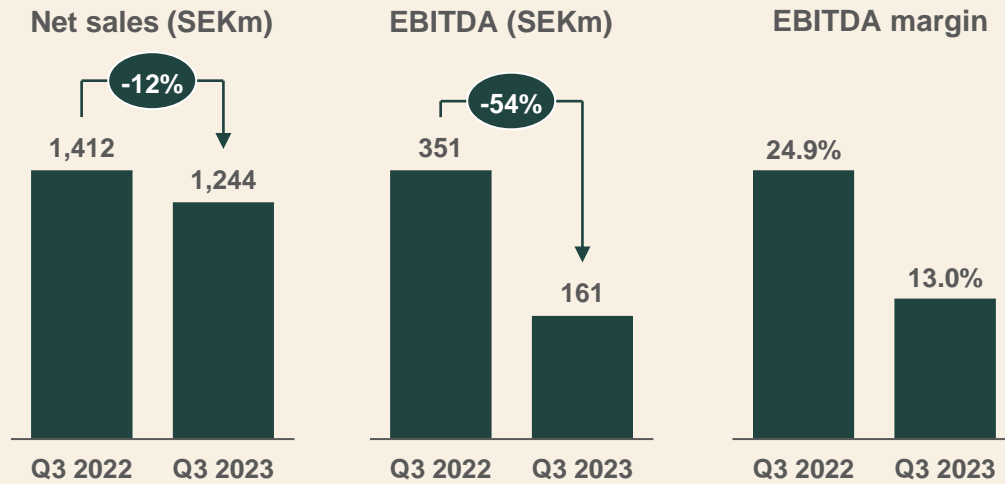
EBITDA up 20%

- + Higher harvesting level own forest
- + Higher prices

Price development – Pulpwood and Sawlogs



# Wood Q3 2023 vs. Q3 2022



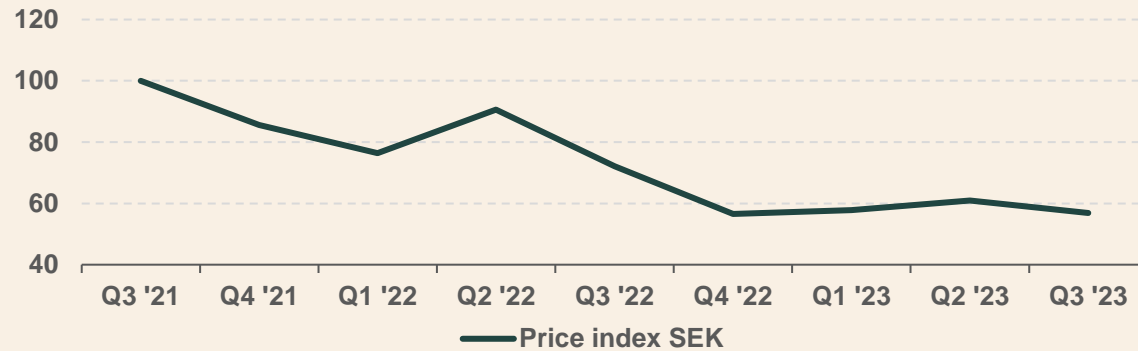
## Sales down 12%

- Lower prices
- + Higher volumes

## EBITDA down 54%

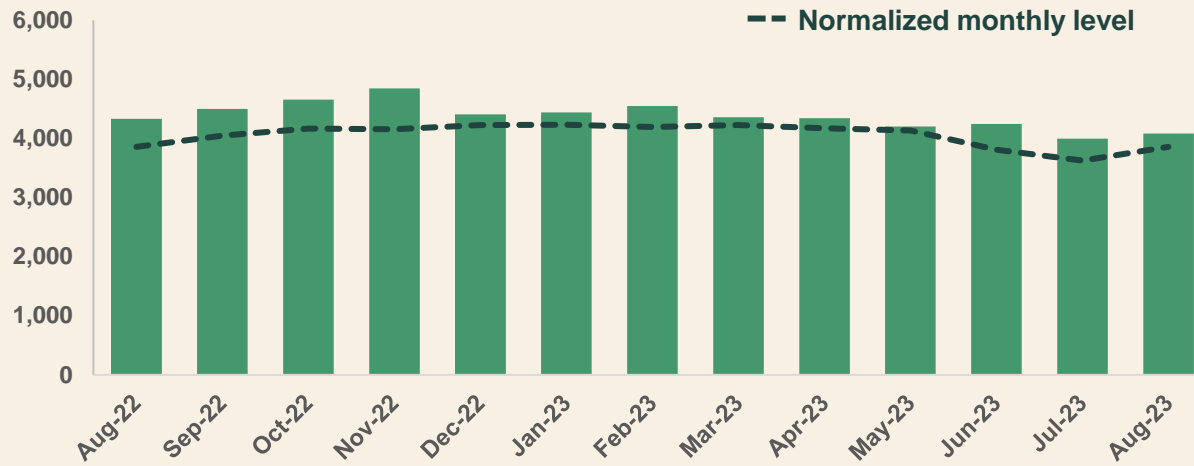
- Lower prices

## Price development – Solid Wood Products

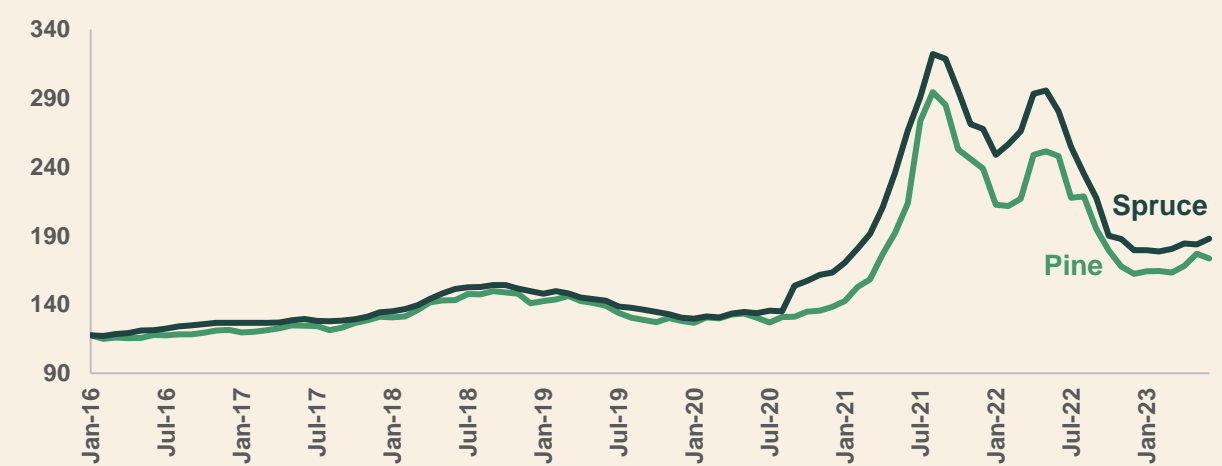


# Wood market development

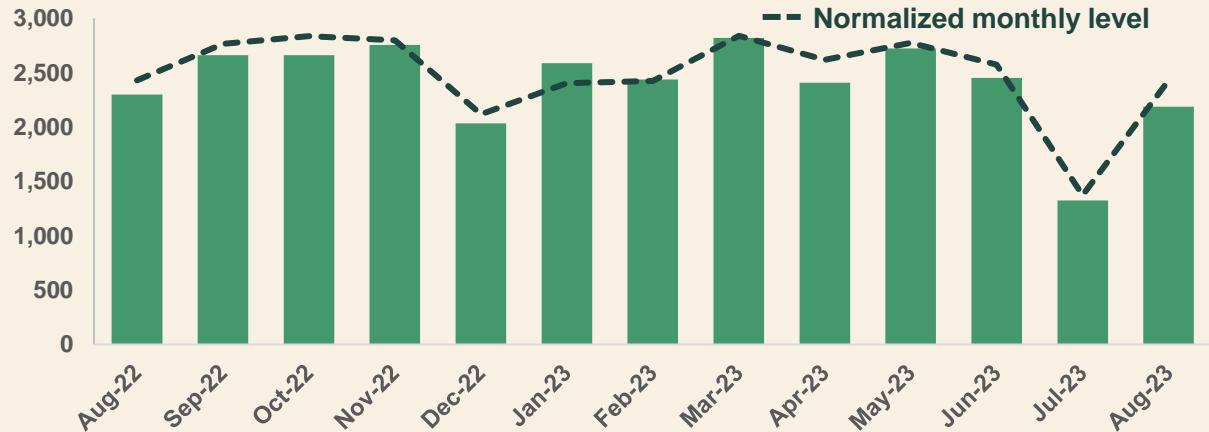
Stock of sawn pine and spruce wood, Sweden and Finland (k m<sup>3</sup>)



Price development sawn pine and spruce, Sweden (index)



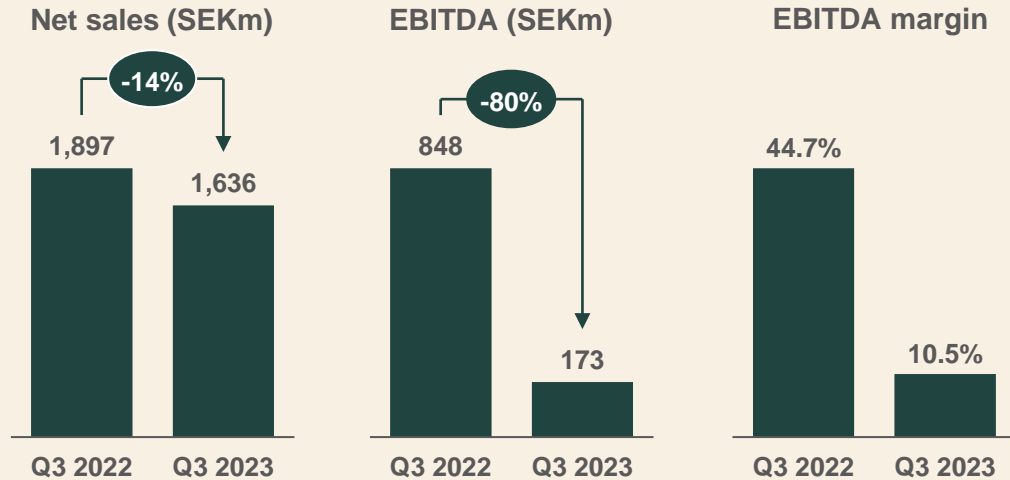
Production of sawn pine and spruce wood, Sweden and Finland (k m<sup>3</sup>)



- Low consumption but balanced producer stock levels
- Lower production in all regions
- Low consumer stock levels

Note: Normalized monthly level 2016-2022.  
Source: Skogsindustrierna.

# Pulp Q3 2023 vs. Q3 2022



Ramp up of new CTMP line according to plan

## Sales down 14%

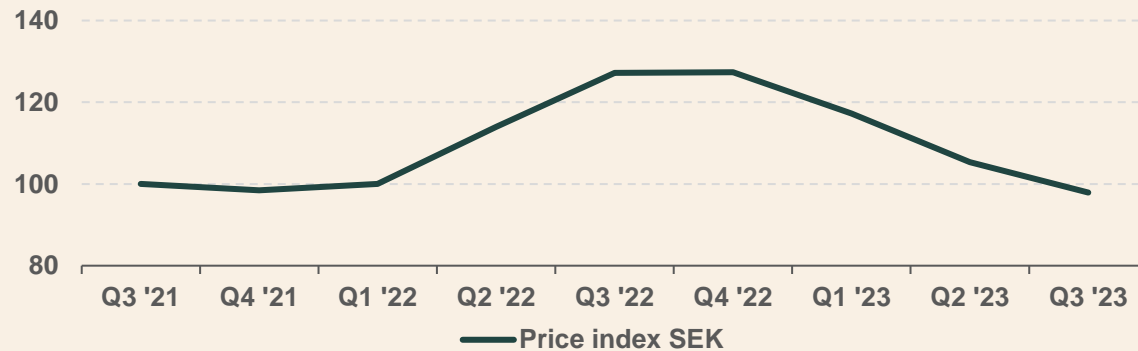
- Lower prices
- + Higher volumes
- + Positive currency effects

## EBITDA down 80%

- Lower prices
- Higher wood raw material costs
- + Positive currency effects

Planned maintenance stop in Östrand started at end of quarter

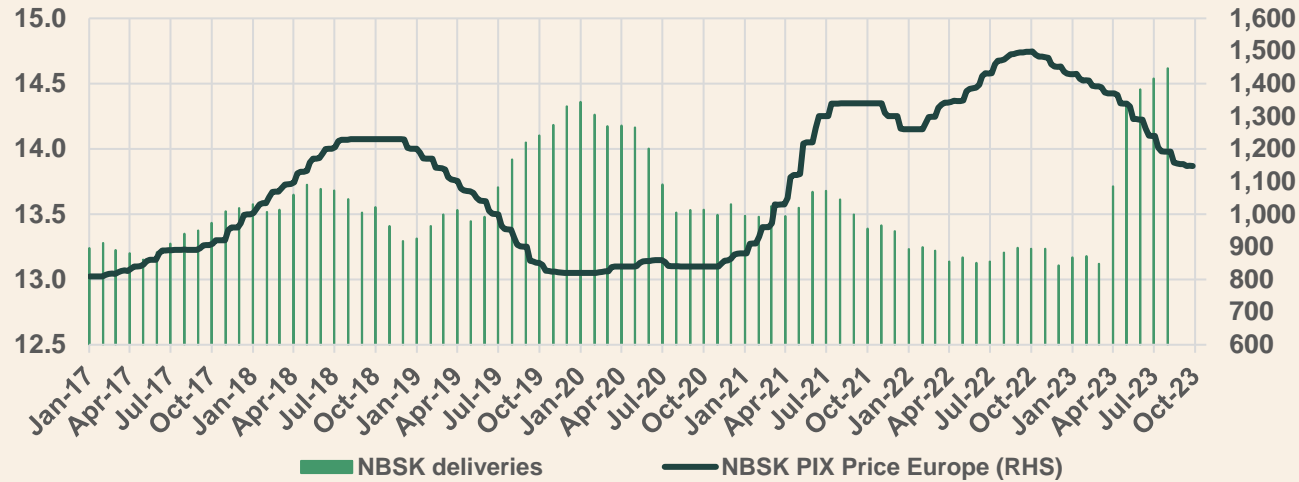
Price development – NBSK



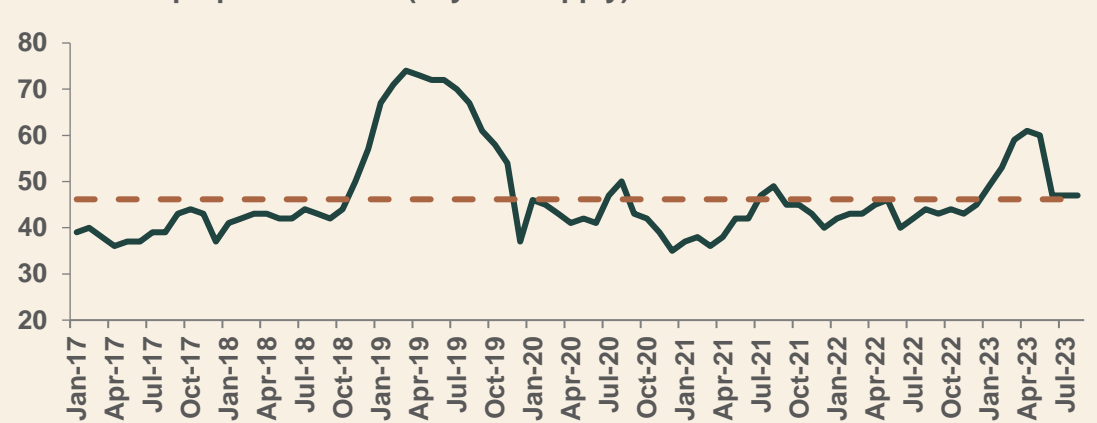


# Pulp market development

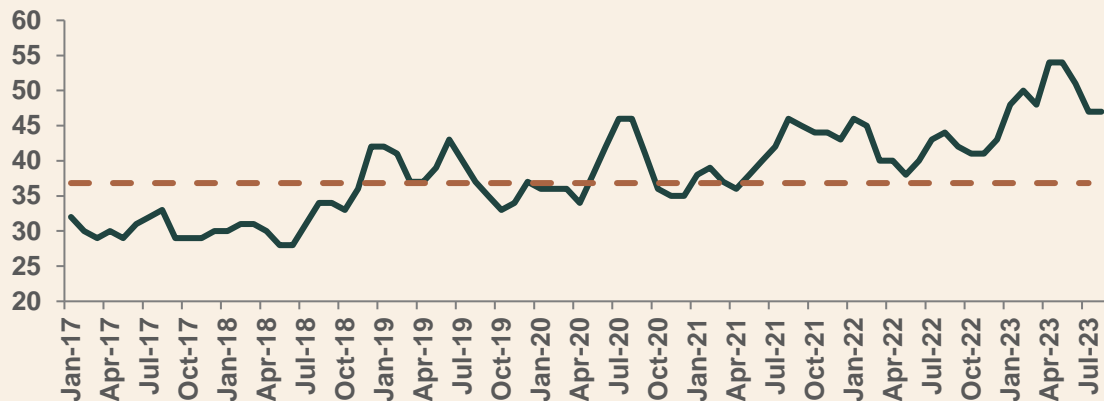
NBSK pulp price (USD/t) vs deliveries (Mt)



Hardwood pulp inventories (days of supply)

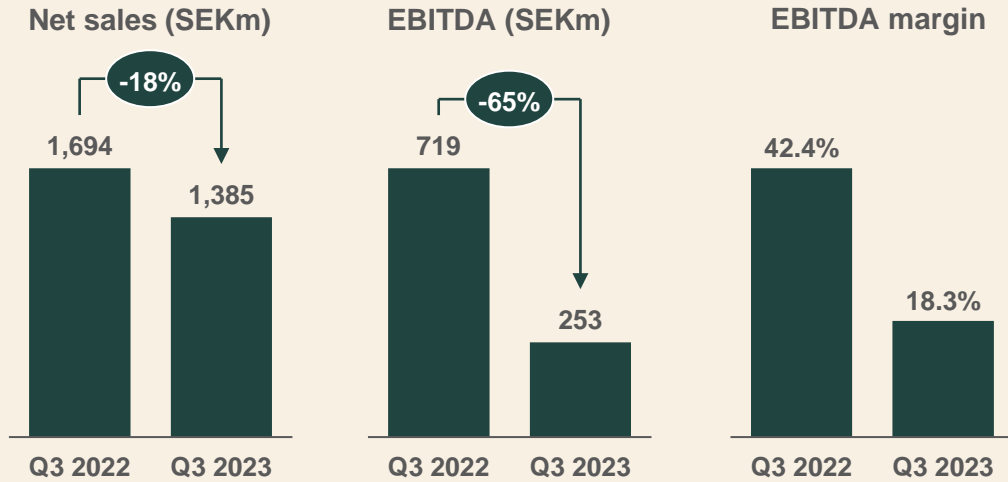


Softwood pulp inventories (days of supply)



- European price reached bottom in Q3, price increases announced from October
- Improving demand in China since May
- Inventories still on high levels for softwood pulp

# Containerboard Q3 2023 vs. Q3 2022



Ramp up new paper machine Obbola according to plan

**Sales down 18%**

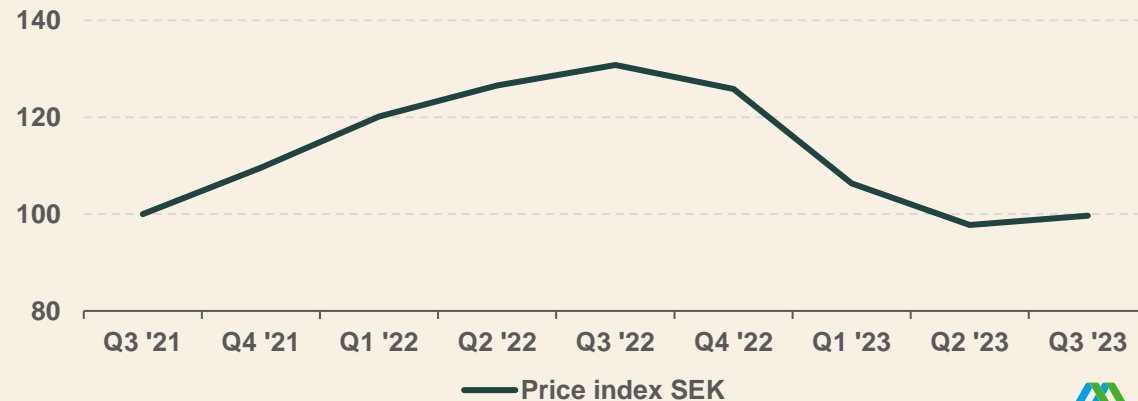
- Lower prices
- + Higher volumes
- + Positive currency effects

**EBITDA down 65%**

- Lower prices

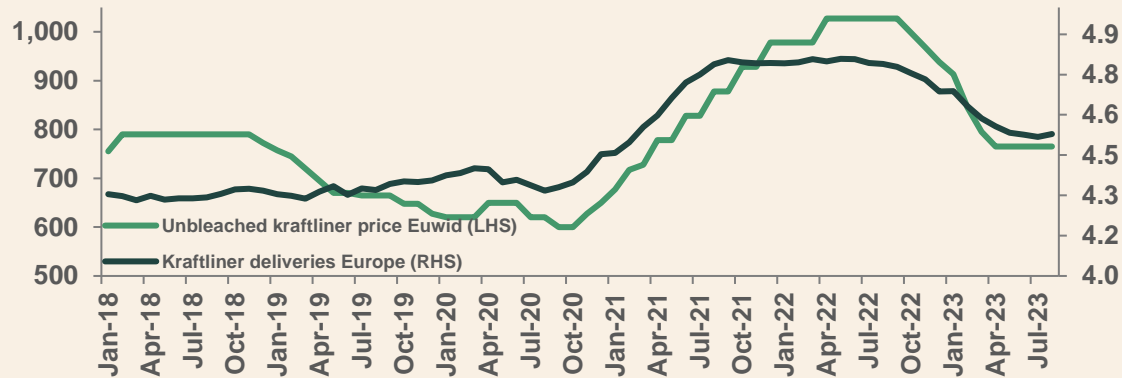
Planned maintenance stop in Munksund

Price development – Kraftliner

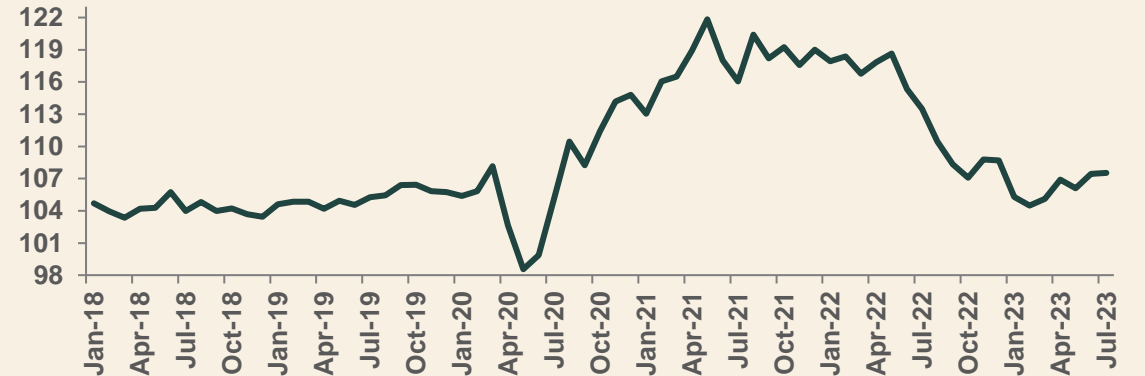


# Containerboard market development

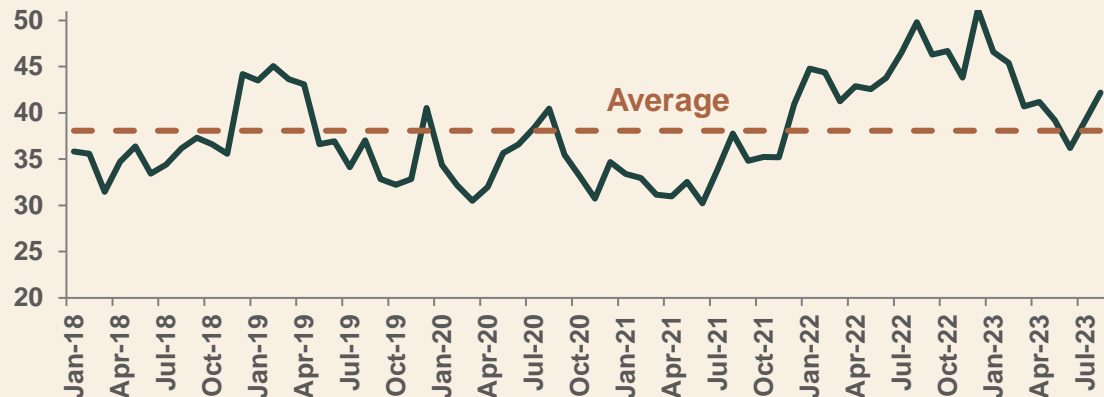
Price (EUR/t) vs Kraftliner deliveries (Mt)



European Box demand (index)



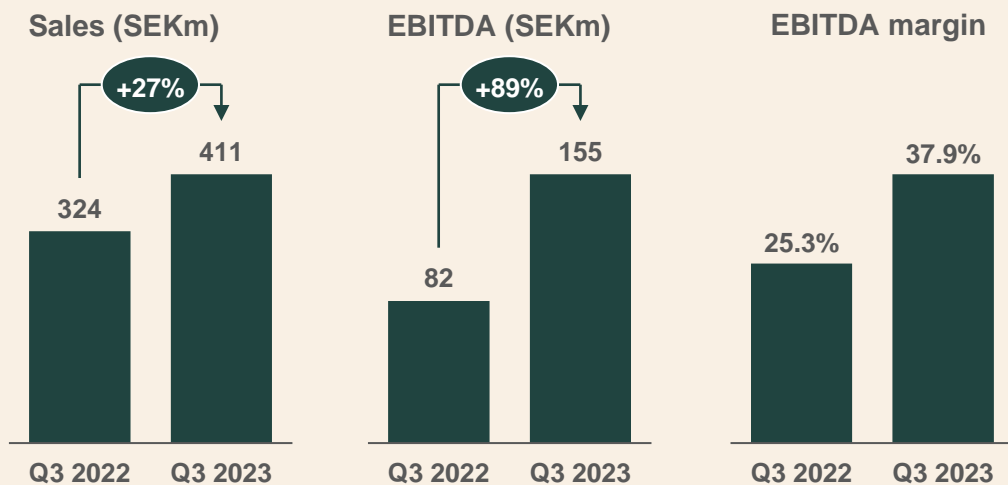
Kraftliner inventories (days of supply)



- Stabilized box demand back on pre-pandemic levels
- Containerboard prices stable since May
- Production curtailments have kept Kraftliner inventories on a normal level

Figures excluding Russia.  
Source: Euwid, Numera, Cepi.

# Renewable energy Q3 2023 vs. Q3 2022



SCA grows in wind power

**Sales up 27%**

+ Higher prices

**EBITDA up 89%**

+ Higher prices

+ Profitable growth

# Andreas Ewertz, CFO

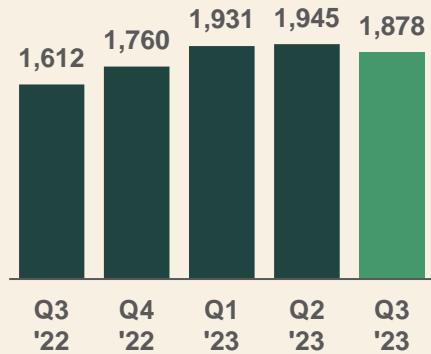
# Income statement

SEKm	Quarter		
	Q3 2023	Q3 2022	Change
Net sales	4,302	5,007	-14%
<b>EBITDA</b>	<b>1,417</b>	<b>2,484</b>	<b>-43%</b>
<i>EBITDA margin</i>	32.9%	49.6%	-16.7 p.p.
Depreciation and impairment	-504	-390	29%
<b>EBIT</b>	<b>913</b>	<b>2,094</b>	<b>-56%</b>
<i>EBIT margin</i>	21.2%	41.8%	-20.6 p.p.
Financial items	-111	3	
<b>Profit before tax</b>	<b>802</b>	<b>2,097</b>	<b>-62%</b>
Tax	-139	-431	
<b>Profit for the period</b>	<b>663</b>	<b>1,666</b>	<b>-60%</b>
Earnings per share, SEK	0.96	2.35	

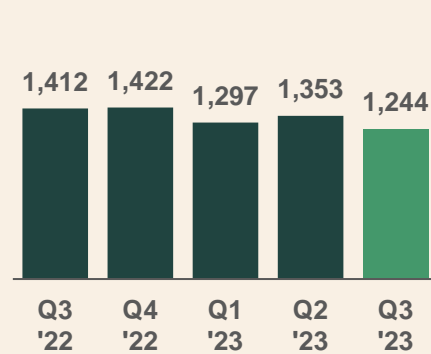
# Development per segment and quarter

## Forest

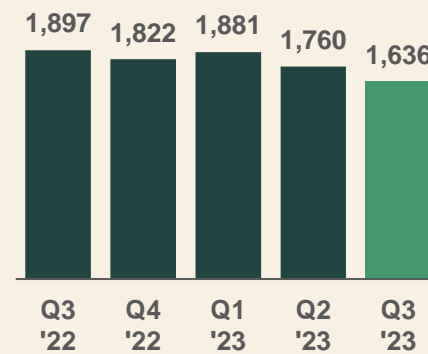
Net Sales (SEKm)



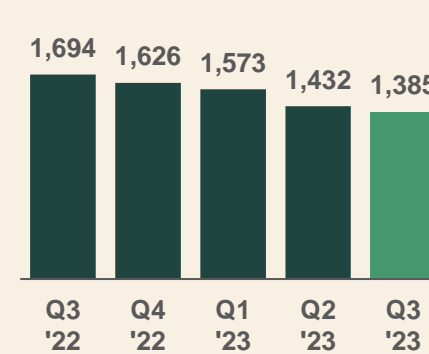
## Wood



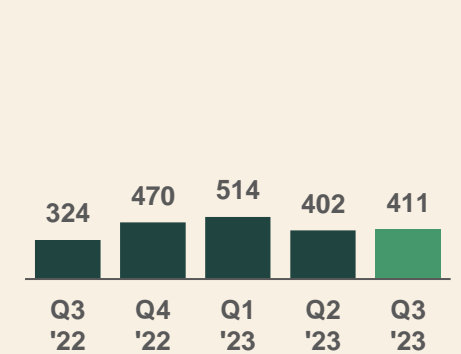
## Pulp



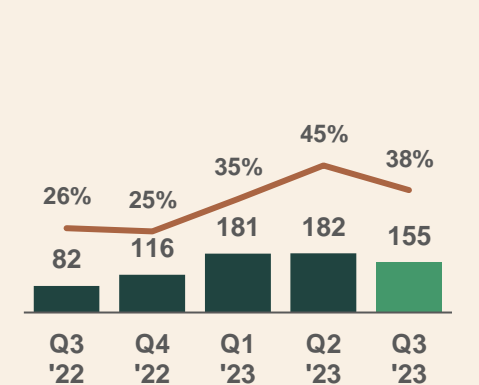
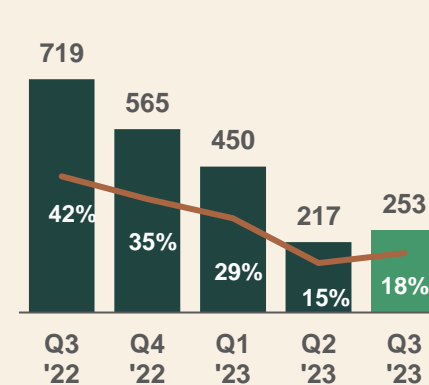
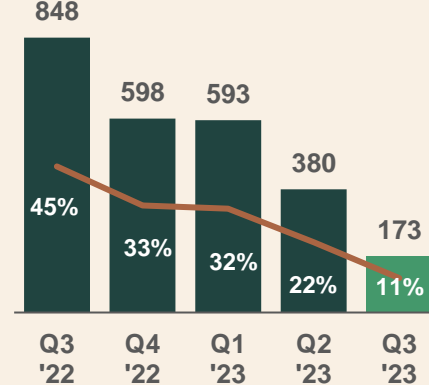
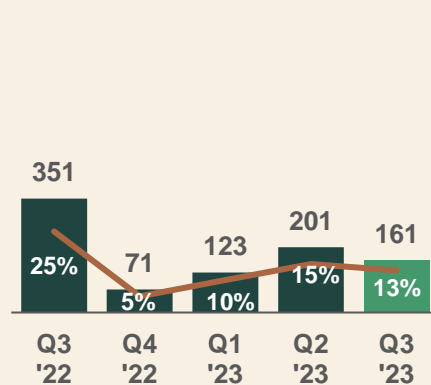
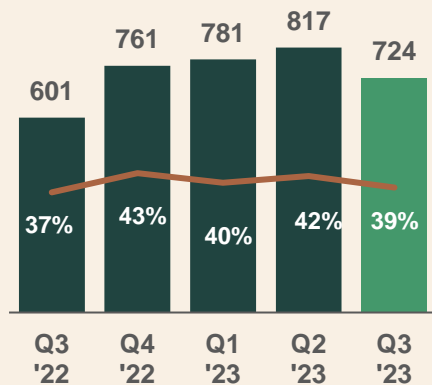
## Containerboard



## Renewable Energy

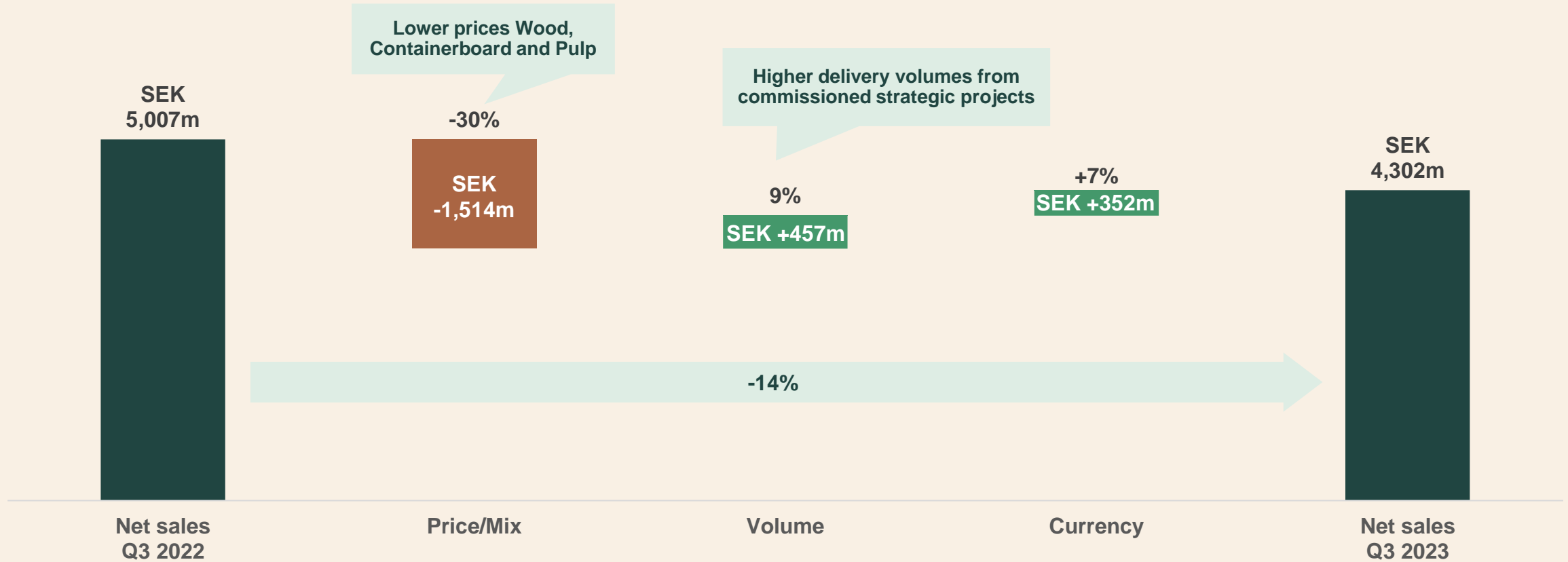


EBITDA (SEKm) and EBITDA margin



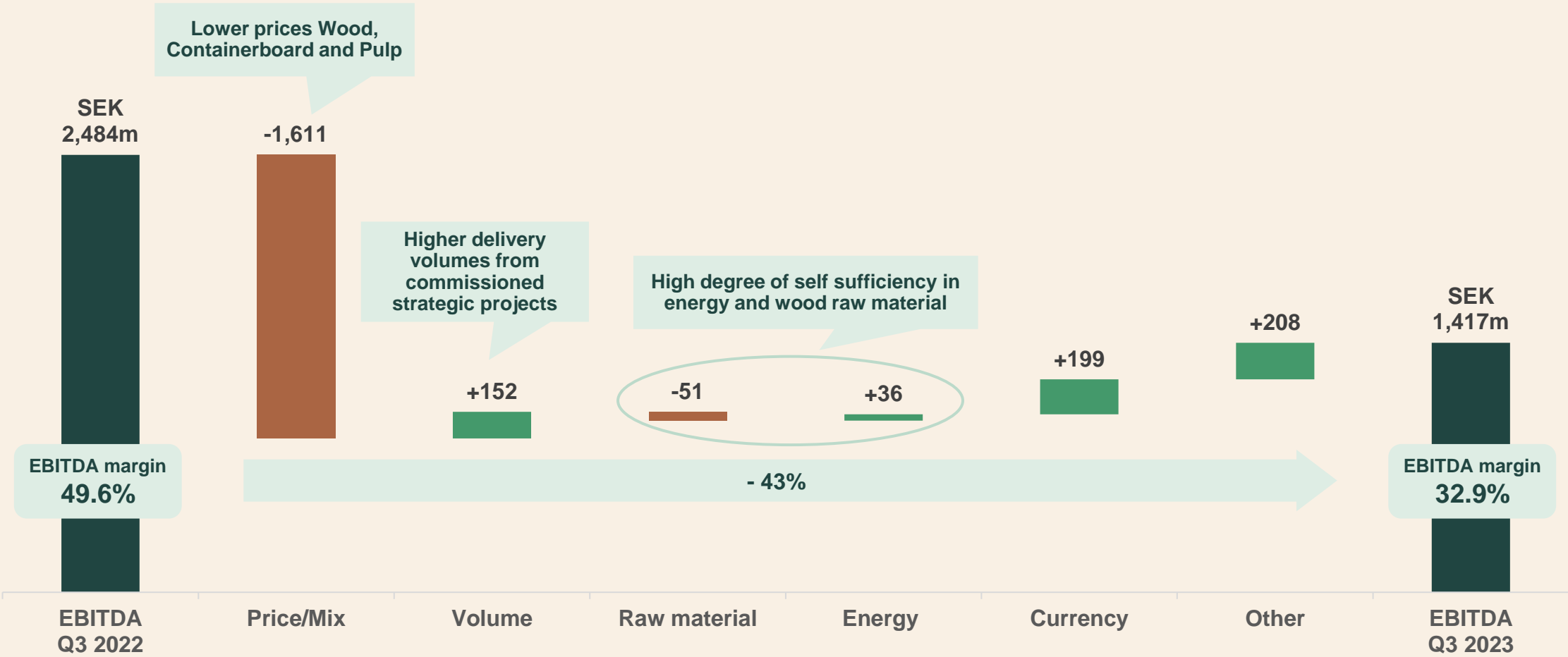
Note: Renewable Energy is a new segment from January 1, 2023. Year 2022 is recalculated. Renewable Energy includes both net sales and other operating income.

# Net sales Q3 2023 vs. Q3 2022





# EBITDA Q3 2023 vs. Q3 2022



# Cash flow

SEKm	Quarter		Jan - Sep	
	Q3 2023	Q3 2022	2023	2022
EBITDA	1,417	2,484	5,172	8,213
Revaluation of biological assets and other non cash flow items	-516	-432	-1,465	-1,404
<b>Operating cash surplus</b>	<b>901</b>	<b>2,052</b>	<b>3,707</b>	<b>6,809</b>
Change in working capital	700	269	551	-724
Current capital expenditures	-436	-398	-1,065	-997
Other operating cash flow	24	-50	-153	-130
<b>Operating cash flow</b>	<b>1,189</b>	<b>1,873</b>	<b>3,040</b>	<b>4,958</b>
Strategic capital expenditures	-195	-482	-1,133	-2,092

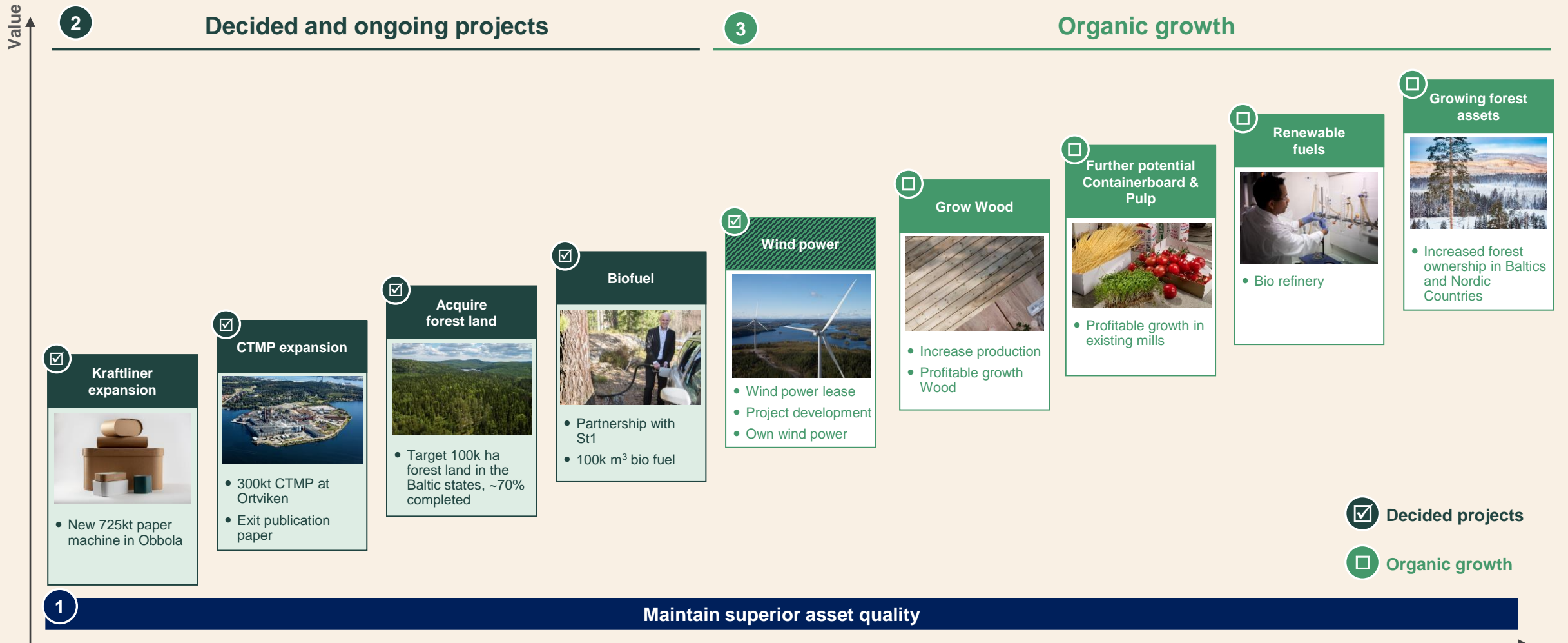
# Balance sheet

SEKm	Sep 30, 2023	Dec 31, 2022
Forest assets	99,208	97,882
Working capital	3,587	4,138
Deferred tax relating to forest assets	-19,630	-19,468
Other capital employed	24,171	23,795
<b>Total capital employed</b>	<b>107,336</b>	<b>106,347</b>
<b>Net debt</b>	<b>10,119</b>	<b>9,989</b>
<i>Net debt/EBITDA</i>	1.4x	1.0x
<b>Equity</b>	<b>97,217</b>	<b>96,358</b>
<i>Net debt/Equity</i>	10%	10%

# Summary

## Ulf Larsson, CEO

# Project portfolio – prioritized opportunities



# SCAs wind strategy for profitable growth

Working with three different business models to create maximum value

	Wind electricity producer	Project development	Land lease
Value creation	<ul style="list-style-type: none"><li>• High degree of self sufficiency in electricity</li></ul>	<ul style="list-style-type: none"><li>• Own project development on SCA land<ul style="list-style-type: none"><li>– For sale or own investment</li></ul></li></ul>	<ul style="list-style-type: none"><li>• SCA leases out land areas well-suited for electricity production</li></ul>
Position today	<ul style="list-style-type: none"><li>• 0.2 TWh today, 0.5 TWh including Fasikan (2026)<ul style="list-style-type: none"><li>– 100% self sufficiency</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Own pipeline</li><li>• Partnership with established project developers</li></ul>	<ul style="list-style-type: none"><li>• 20% of Sweden's wind power on SCA land</li></ul>

# SCA grows in wind power

Invests in wind power project and secures high degree of self sufficiency

**Wind power investment of SEK 1.7 bn**

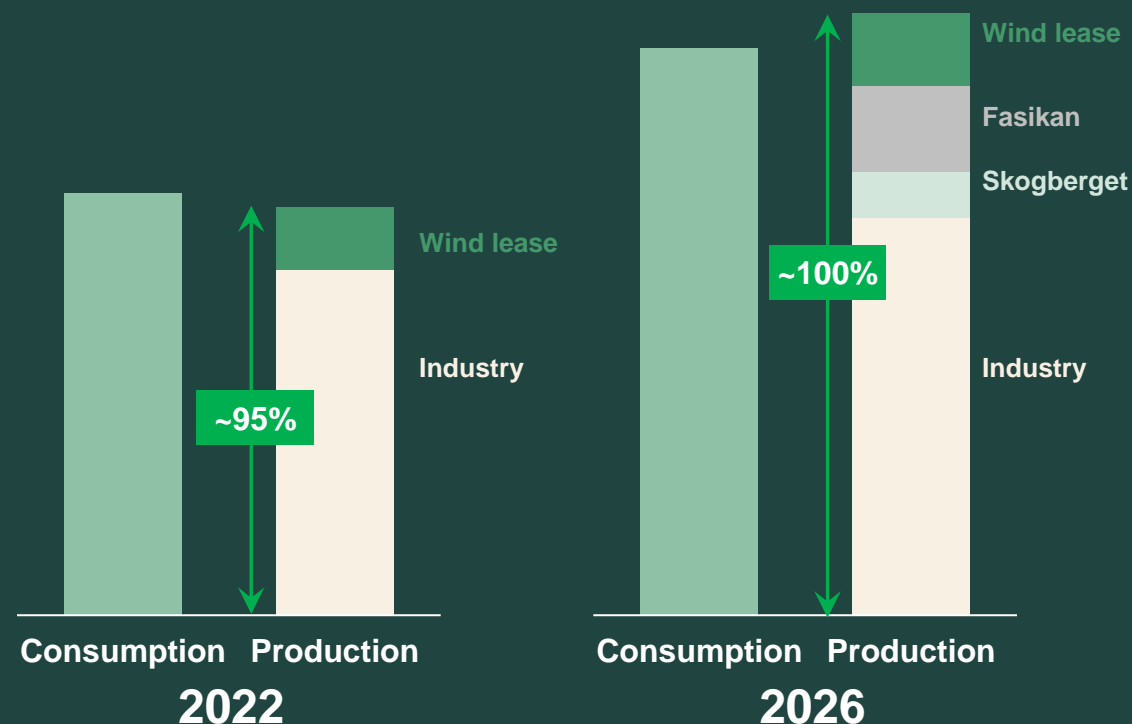
**100% degree of self sufficiency in electricity**

- Production capacity of 333 GWh/year fully located on SCA land

**Expected start up beginning of 2026**

- 15 turbines with installed effect of 105 MW

**Good wind conditions and 240 meters tip heights gives very low production cost**



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**SEK 1.7 bn investment in wind power, securing SCAs high degree of self sufficiency in electricity**





# Q&A





# Europe's largest private forest owner

This presentation may contain forward-looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read SCA's most recent annual report for a better understanding of these risks and uncertainties.