

## 1 JANUARY–31 MARCH 2011 (compared with same period a year ago)

- Net sales decreased by 3% (increased by 6% excluding exchange rate effects and divestments) to SEK 25,393m (26,199)
- Profit before tax, excluding restructuring costs, rose 4% (10% excluding exchange rate effects) to SEK 1,810m (1,748)
- Restructuring costs amounted to SEK 0m (244)
- Net profit for the period, excluding restructuring costs, rose 6% to SEK 1,339m (1,259)
- Earnings per share rose 24% to SEK 1.89 (1.53)
- Cash flow from current operations was SEK 353m (1,148)

### EARNINGS TREND

SEKm	1103	1003	%
<b>Net sales<sup>1</sup></b>	<b>25,393</b>	26,199	-3
<b>Gross profit</b>	<b>5,699</b>	6,035	-6
<b>Operating profit<sup>2</sup></b>	<b>2,112</b>	2,027	4
Financial items	-302	-279	
<b>Profit before tax<sup>2</sup></b>	<b>1,810</b>	1,748	4
Tax <sup>2</sup>	-471	-489	
<b>Net profit for the period<sup>1</sup></b>	<b>1,339</b>	1,259	6
Earnings per share, SEK	1.89	1.53	24

<sup>1</sup> Net sales from SCAs recycling operations have been reclassified as other income, with retroactive adjustment for 2010.

<sup>2</sup> Excluding the preceding year's restructuring costs; for amounts, see page 16.

### CEO'S COMMENTS

*Net sales for the first quarter of 2011, excluding effects of exchange rate movements and divestments, rose 6% as a result of higher prices and volumes compared with the same quarter a year ago.*

*Operating profit for the first quarter of 2011, excluding restructuring costs and exchange rate effects, rose 10% compared with the same period a year ago. Higher prices and volumes along with cost-cutting measures compensated for SEK 1.3bn in higher raw material costs. Net profit for the period, excluding restructuring costs, rose 6% (12% excluding exchange rate effects), and earnings per share rose 24%.*

*Cash flow from current operations for the first quarter of 2011 was SEK 353m (1,148). The decrease is mainly attributable to a higher level of working capital and increase in current capital expenditures.*

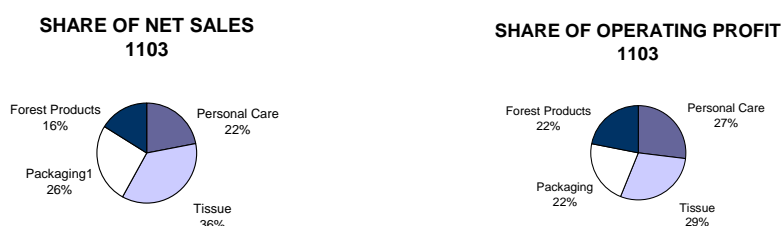
*During the first quarter of 2011, operating profit for Personal Care and Tissue decreased compared with the same quarter a year ago. The decrease is mainly attributable to higher raw material costs. The sharp improvement in operating profit for Packaging is attributable to higher prices and volumes along with cost savings, which compensated for roughly SEK 500m in higher raw material costs. Operating profit for Forest Products improved as a result of improved earnings for the publication paper business.*

*Operating profit for the first quarter of 2011, excluding exchange rate effects, decreased by 16% compared with the fourth quarter of 2010. The lower profit is the result of a seasonal drop in volumes and higher raw material and energy costs.*

*Price increases, new product launches and activities to lower costs are being carried out to offset the significant increase in raw material costs. The effects of this will have an impact during the second half of the year. In Packaging, prices for corrugated board are expected to rise during the second quarter.*

*In Tissue, decisions have been made to invest in increased capacity in Russia and Germany in order to further strengthen our market position and profitability. The investments in these two plants amount to approximately SEK 2.3bn and production is scheduled to commence in 2013.*

*Favourable demand is expected in all of SCA's business areas in 2011.*



## EARNINGS TREND FOR THE GROUP

SEKm	1103	1003	%
<b>Net sales<sup>1</sup></b>	<b>25,393</b>	26,199	-3
Cost of goods sold	-19,694	-20,164	
<b>Gross profit</b>	<b>5,699</b>	6,035	-6
Sales, general and administration	-3,587	-4,008	
<b>Operating profit<sup>2</sup></b>	<b>2,112</b>	2,027	4
Financial items	-302	-279	
<b>Profit before tax<sup>2</sup></b>	<b>1,810</b>	1,748	4
Tax <sup>2</sup>	-471	-489	
<b>Net profit for the period<sup>2</sup></b>	<b>1,339</b>	1,259	6

<sup>1</sup> Net sales from SCAs recycling operations have been reclassified as other income, with retroactive adjustment for 2010.

<sup>2</sup> Excluding the preceding year's restructuring costs; for amounts, see page 16.

### Earnings per share, SEK - owners of the parent

- after dilution effects	1.89	1.53	24
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### Margins (%)

<b>Gross margin</b>	<b>22.4</b>	23.0	
<b>Operating margin<sup>1</sup></b>	<b>8.3</b>	7.7	
Financial net margin	-1.2	-1.1	
<b>Profit margin<sup>1</sup></b>	<b>7.1</b>	6.6	
Tax <sup>1</sup>	-1.9	-1.9	
<b>Net margin<sup>1</sup></b>	<b>5.2</b>	4.7	

<sup>1</sup> Excluding restructuring costs.

## OPERATING PROFIT PER BUSINESS AREA

SEKm	1103	1003	%
Personal Care	583	737	-21
Tissue	627	710	-12
Packaging	480	192	150
Forest Products	495	487	2
- <i>Publication papers</i>	11	-15	n/a
- <i>Pulp, timber and solid-wood products</i>	484	502	-4
Other	-73	-99	
<b>Total<sup>1</sup></b>	<b>2,112</b>	2,027	4

<sup>1</sup> Excluding restructuring costs.

## OPERATING CASH FLOW PER BUSINESS AREA

SEKm	1103	1003	%
Personal Care	702	825	-15
Tissue	218	1,020	-79
Packaging	-57	-211	73
Forest Products	243	231	5
Other	-157	-149	
<b>Total</b>	<b>949</b>	1,716	-45

## GROUP

### MARKET/EXTERNAL ENVIRONMENT

The recovery of the global economy is continuing, however, the recovery is weaker in Europe. The strong growth in Asia drives the raw material price development. A number of factors in the operating environment, such as political unrest in North Africa, natural disasters, weak government finances in several countries and high raw material prices have created some uncertainty about the continued economic trend.

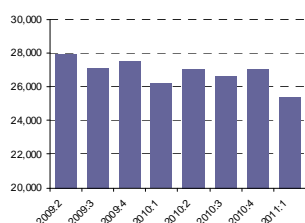
The global market for incontinence care products is showing stable growth. Demand for consumer tissue in Europe has been stable in early 2011 compared with a year ago. Demand for tissue in the away-from-home (AFH) market has risen in Europe, while it has decreased slightly in North America.

Demand for corrugated board in Western Europe increased by slightly more than 3% as of February 2011 compared with the same period a year ago. Prices of corrugated board continued to rise.

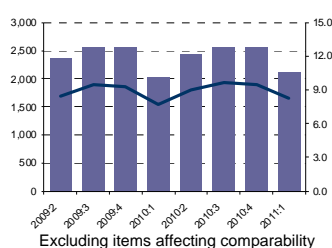
Demand in Europe for magazine paper decreased by 2% during the first quarter of 2011 compared with the same period a year ago. Demand for newsprint decreased by 3% during the same period. Prices of both magazine paper and newsprint have risen.

Prices of recycled fibre, pulp and oil-based raw materials were considerably higher during the first quarter of 2011 than the same period a year ago.

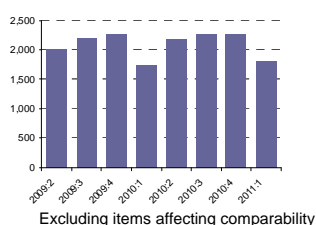
Net sales



Operating profit and margin



Profit before tax



### SALES AND EARNINGS

#### January–March 2011 compared with corresponding period a year ago

Net sales decreased by 3% (increased by 6% excluding exchange rate effects and divestments) to SEK 25,393m (26,199). Higher prices and volumes increased sales by 4% and 2%, respectively. Sales decreased by 1% as a result of closed and divested operations, of which the divested Asian packaging operation accounted for the largest part.

Operating profit excluding restructuring costs increased by 4% (increased by 10% excluding exchange rate effects) to SEK 2,112m (2,027). Higher prices and volumes along with cost savings and lower energy costs increased profit. Sharply higher raw material costs and exchange rate effects reduced profit.

Restructuring costs totalled SEK 0m (244).

Financial items increased to SEK -302m (-279). The increase is attributable to higher interest rates. Profit before tax, excluding restructuring costs, increased by 4% (10% excluding exchange rate effects) to SEK 1,810m (1,748). The tax expense excluding the effect of restructuring costs was SEK 471m (489).

Net profit for the period, after tax and excluding restructuring costs, improved by 6% (12% excluding exchange rate effects) to SEK 1,339m (1,259). Earnings per share rose 24% to SEK 1.89 (1.53).

#### First quarter 2011 compared with fourth quarter 2010

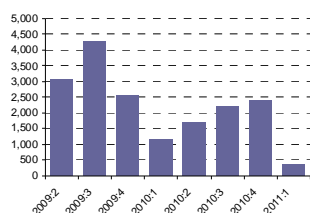
Net sales decreased by 6% compared with the fourth quarter of 2010 (excluding exchange rate effects, net sales decreased by 3%) to SEK 25,393m (27,052). Higher prices increased sales by 1%, and seasonally lower volumes decreased sales by 4%.

Operating profit decreased by 18% compared with the fourth quarter of 2010 (decreased by 16% excluding exchange rate effects) to SEK 2,112m (2,567). Seasonally lower volumes and higher raw material costs had a negative impact on profit.

Profit before tax, excluding restructuring costs, decreased by 20% compared with the fourth quarter of 2010 (decreased by 17% excluding exchange rate effects) to SEK 1,810m (2,274).

Net profit for the period was SEK 1,339m (1,680). Earnings per share decreased by 21% to SEK 1.89 (2.38).

Cashflow from current operations



## CASH FLOW AND FINANCING

Operating cash surplus amounted to SEK 3,337m (3,319). The cash flow effect from the change in working capital was SEK -1,594m (-1,107). The increase is mainly attributable to higher trade accounts receivable as well as to higher inventory values as a result of rising raw material prices. Working capital in proportion to net sales was 10% (9%). Current capital expenditures were higher than in the preceding year and amounted to SEK -619m (-326). Operating cash flow was thereby lower than a year ago and amounted to SEK 949m (1,716). Financial items increased to SEK -302m (-279) as a result of higher interest rates. Tax payments were slightly higher than a year ago and totalled SEK -304m (-290). Cash flow from current operations decreased to SEK 353m (1,148), mainly as a result of the aforementioned change in working capital and higher current capital expenditures.

Strategic investments amounted to SEK -487m (-379). Acquisitions and divestments amounted to SEK 0m (-5). Net cash flow was SEK -134m (764).

Net debt decreased by SEK 849m during the period to SEK 33,557m. The negative net cash flow increased net debt by SEK 134m, while fair value measurement of pension assets, pension obligations and financial instruments reduced net debt by SEK 368m. Exchange rate movements attributable to the strengthening of the Swedish krona decreased net debt by SEK 615m. The debt/equity ratio was 0.49 (0.51 at the beginning of the year). The debt payment capacity improved to 39% (35%).

As per 31 March 2011, SCA had outstanding commercial paper worth SEK 6,851m maturing within 12 months. Unutilised credit facilities amounted to SEK 15,996m, of which long-term facilities amounted to SEK 15,357m. Cash and cash equivalents amounted to SEK 2,557m.

## EQUITY

Consolidated equity increased during the period by SEK 461m to SEK 68,282m (68,037). Net profit for the period increased equity by SEK 1,339m (1,083). Equity increased by SEK 236m after tax through restatement of the net pension liability to fair value. Fair value measurement of financial instruments increased equity by SEK 107m after tax. Exchange rate movements, including the effect of hedges of net investments in foreign assets, decreased equity by SEK 1,221m.

## TAX

A tax expense corresponding to a tax rate of 26% is reported for the period, which is also expected to be the tax rate for the full year 2011.

## OTHER EVENTS

### First quarter 2011

For the fourth year in a row, SCA has been named as one of the world's most ethical companies by the Ethisphere Institute in the USA.

### Events after the end of the quarter

To capitalise on the favourable growth in the Russian market and further strengthen our market-leading position, a decision has been made to invest approximately SEK 1.2bn in a second tissue machine in Sovetsk, Russia. The new tissue machine has annual capacity of 60,000 tonnes, and production is scheduled to commence in 2013. The investment is consistent with the strategy to grow in emerging markets and to increase the share of sales of our own brands.

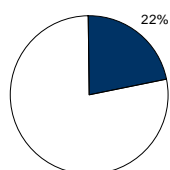
A decision has also been made to invest approximately SEK 1.1bn in a new tissue machine in Kostheim, Germany to meet increased demand, primarily for AFH tissue products. The new tissue machine will have annual capacity of 60,000 tonnes, and production is scheduled to commence in 2013.

To increase production capacity and reduce costs, a decision has been made to invest approximately SEK 300m in the Bollsta sawmill, in Sweden. The investment pertains to two new biofuel boilers, increased drying capacity and an upgrade of the saw line. Through these investments, production capacity will increase from 450,000 cubic metres to 525,000 cubic metres of sawn pine products per year.

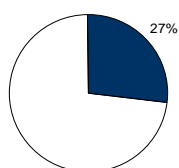
Mats Berencreutz has been appointed as Chief Operating Officer (COO) of SCA's global hygiene business. The appointment strengthens the Group's resources and creates conditions to further co-ordinate and develop SCA's hygiene business, with the goal of improving profitability and increasing growth. Magnus Groth, currently CEO of Studsvik AB, has been appointed as new President of SCA's tissue operations in Europe. Mats Berencreutz and Magnus Groth will be members of SCA's Corporate Senior Management Team.

## PERSONAL CARE

Share of Group, net sales  
1103



Share of Group, operating profit  
1103



SEKm	1103	1003	%
Net sales	5,820	6,109	-5
Operating surplus	856	1,043	-18
Operating profit	583	737	-21
Operating margin, %	10.0	12.1	
Operating cash flow	702	825	

With its TENA brand, SCA is the European market leader in all incontinence care segments. Work on the start-up of local production of incontinence care products in Russia is proceeding according to plan, with production start planned for the third quarter of 2011.

In baby diapers, SCA has maintained its market-leading position in the Nordic countries with its Libero brand. The ongoing efficiency improvement programme in the European baby diaper operations is proceeding according to plan.

Price increases, with effect during the second half of the year, are being carried out to compensate for higher raw material costs.

### January–March 2011 compared with corresponding period a year ago

Net sales decreased by 5% (increased by 3% excluding exchange rate effects) to SEK 5,820m (6,109). Higher volumes as a result of greater market activities increased sales by 1%, while acquisitions increased sales by 2%. In emerging markets, sales rose 8% excluding exchange rate movements.

Sales of TENA-brand incontinence care products increased by 3%, excluding exchange rate effects. Growth in Russia and Asia remained very favourable.

Sales of baby diapers increased by 5%, excluding exchange rate effects. The increase is mainly attributable to the acquisition in Mexico.

Sales of feminine care products increased by 1%, excluding exchange rate effects, driven by favourable growth in sales in Latin America.

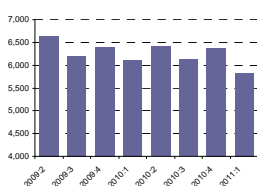
Operating profit was 21% lower than a year ago (15% excluding exchange rate effects) and amounted to SEK 583m (737). Operating profit was hurt by sharply higher raw material costs. Market activities and minor price adjustments generated increased volumes but had a negative effect on profit.

Operating cash surplus decreased to SEK 851m (1,043). Operating cash flow decreased to SEK 702m (825). Cash flow decreased as a result of the lower operating cash surplus and higher current capital expenditures.

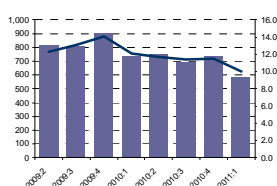
### First quarter 2011 compared with fourth quarter 2010

Net sales decreased by 9% (6% excluding exchange rate effects) compared with the fourth quarter of 2010. Operating profit decreased by 21% (19% excluding exchange rate effects). Profit was lower due to seasonally lower volumes compared with the high level of sales towards the end of 2010.

Net sales



Operating profit and margin

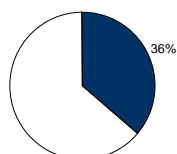


Deviations, operating profit (%)

1103 vs. 1003	-21
Price/mix	-10
Volume	9
Raw material	-28
Energy	0
Currency	-6
Other	14

## TISSUE

Share of Group, net sales  
1103



SEKm	1103	1003	%
Net sales	9,278	9,728	-5
Operating surplus	1,139	1,256	-9
Operating profit	627	710	-12
Operating margin, %	6.8	7.3	
Operating cash flow	218	1,020	

In the consumer tissue segment in Europe, implementation of the new brand platform continued with the aim of reducing the number of brands.

SCA, with its Tork brand, continued in early 2011 to capture market shares in the away-from-home (AFH) tissue segment in North America.

Price increases are being carried out to compensate for higher raw material costs. Price increases of 5%-10% have been announced and will have a gradual impact during the second half of the year.

### January–March 2011 compared with corresponding period a year ago

Net sales decreased by 5% (increased by 4% excluding exchange rate effects) to SEK 9,278m (9,728). Higher prices increased sales by 4%. Sales in emerging markets increased by 8%, excluding exchange rate movements.

Sales of consumer tissue increased by 2%, excluding exchange rate effects. The increase is mainly attributable to strong growth in Eastern Europe.

Sales of AFH tissue increased by 7%, excluding exchange rate effects. The increase is mainly attributable to strong growth in Eastern Europe and North America.

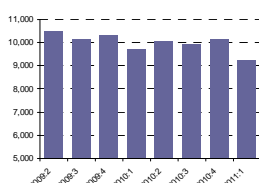
Operating profit decreased by 12% (5% excluding exchange rate effects) to SEK 627m (710). Price increases carried out in 2010 did not fully compensate for higher raw material costs and negative exchange rate effects.

Operating cash surplus decreased to SEK 1,155m (1,261), and operating cash flow decreased to SEK 218m (1,020). Cash flow decreased as a result of the lower operating cash surplus and higher current capital expenditures.

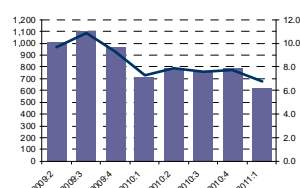
### First quarter 2011 compared with fourth quarter 2010

Net sales decreased by 9% (6% excluding exchange rate effects). Operating profit decreased by 20% (18% excluding exchange rate effects). Seasonally lower volumes decreased profit.

Net sales



Operating profit and margin

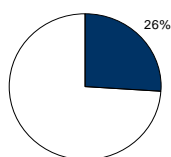


Deviations, operating profit (%)

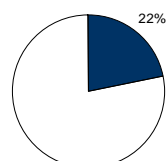
1103 vs. 1003		-12
Price/mix	43	
Volume	0	
Raw material	-48	
Energy	1	
Currency	-7	
Other	-1	

## PACKAGING

Share of Group, net sales  
1103



Share of Group, operating profit  
1103



SEKm	1103	1003	%
Deliveries			
- Liner products, thousand tonnes	536	526	2
- Corrugated board, million m <sup>2</sup>	873	875	0
Net sales*	6,697	6,730	0
Operating surplus**	798	567	41
Operating profit**	480	192	150
Operating margin, %**	7.2	2.9	
Operating cash flow	-57	-211	

<sup>1)</sup> As from 2010, net sales from SCA's recycling operations have been reclassified as other income, entailing a decrease in net sales for the same period in the preceding year by SEK 523m.

<sup>2)</sup> Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.

Corrugated board prices continued to rise during the first quarter of 2011 and are expected to rise also during the second quarter.

Price increases for liner will be carried out during the second quarter of 2011.

### January–March 2011 compared with corresponding period a year ago

Net sales were level with the corresponding period a year ago (15% higher excluding exchange rate effects, divestments and closures) and totalled SEK 6,697m (6,730). Higher prices and volumes increased sales by 11% and 4%, respectively. Sales were 7% lower as a result of the 2010 divestment of the Asian packaging operation.

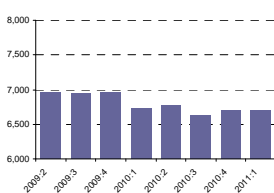
Operating profit was SEK 480m (192). The increase is mainly attributable to higher prices and volumes, and savings from the restructuring programme. Higher raw material costs and exchange rate effects had a lowering effect on profit.

Operating cash surplus improved to SEK 794m (559), and operating cash flow was SEK -57m (-211). A higher level of tied-up working capital and current capital expenditures was compensated by a higher operating cash surplus.

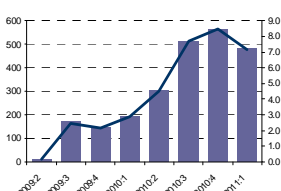
### First quarter 2011 compared with fourth quarter 2010

Net sales were level with the preceding quarter (increased by 3% excluding exchange rate effects). Operating profit decreased by 15% (9% excluding exchange rate effects). Higher prices and volumes increased profit. Sharply higher raw material costs and exchange rate effects had a negative effect on profit.

Net sales



Operating profit and margin



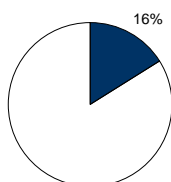
Deviations, operating profit (%)

1103 vs. 1003	149
Price/mix	377
Volume	60
Raw material	-271
Energy	2
Currency	-14
Other	-5

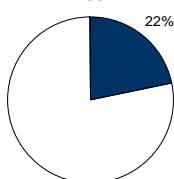


## FOREST PRODUCTS

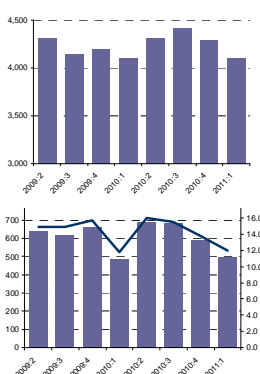
Share of Group, net sales  
1103



Share of Group, operating profit  
1103



Net sales



Deviations, operating profit (%)

1103 vs. 1003	
	2
Price/mix	38
Volume	0
Raw material	-46
Energy	3
Currency	0
Other	7

SEKm	1103	1003	%
Deliveries			
- Publication papers, thousand tonnes	377	397	-5
- Solid-wood products, thousand m <sup>3</sup>	441**	391*	13
Net sales	4,110	4,110	0
Operating surplus	835	828	1
Operating profit	495	487	2
Operating margin, %	12.0	11.8	
Operating cash flow	243	231	

<sup>\*)</sup> Delivered volumes for previous periods have been adjusted.

<sup>\*\*)</sup> Includes approximately 59,000 m<sup>3</sup> from the Gällö and Tjärnvik sawmills, which are consolidated as from 1 July 2010.

In the publication paper operations, price increases are planned during the second half of the year for all paper grades.

To boost efficiency and profitability, SCA is forming a common maintenance organisation for its production plants in the Sundsvall area during the second half of 2011.

### January–March 2011 compared with corresponding period a year ago

Net sales were level with the same period a year ago (increase of 2% excluding exchange rate effects) and totalled SEK 4,110m (4,110). Higher prices for publication papers have not compensated for lower volumes and negative exchange rate effects. For pulp and solid-wood products, sales increased as a result of higher prices and increased volumes.

Operating profit rose 2% to SEK 495m (487). Profit for the publication paper operations improved to SEK 11m (-15). The lower operating profit for the pulp and solid-wood operations is mainly attributable to negative exchange rate effects. Productivity improvements that have been carried out had a favourable effect on earnings. In publication papers, higher prices compensated for lower volumes, higher raw material costs and negative exchange rate effects.

Operating cash surplus increased to SEK 600m (547), and operating cash flow increased to SEK 243m (231).

### First quarter 2011 compared with fourth quarter 2010

Net sales decreased by 4% (3% excluding exchange rate effects). Operating profit decreased by 16%. The lower profit is mainly attributable to sharply higher raw material costs.

## SHARE DISTRIBUTION

31 March 2011	Class A	Class B	Total
Registered number of shares	100,103,423	605,006,671	705,110,094
- of which treasury shares		2,767,605	2,767,605

At the end of the period, the proportion of Class A shares was 14.2%. During the first quarter, at the request of shareholders a total of 1,304,855 Class A shares were converted to Class B shares. The total number of votes in the company is 1,606,040,901.

## RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 44–49 of the 2010 Annual Report. No significant changes have taken place that have affected the reported risks.

Risks in conjunction with company acquisitions are analysed in the due diligence processes that SCA carries out prior to all acquisitions. In cases where acquisitions have been carried out that may affect the assessment of SCA's risk exposure, these are described under the heading "Other events" in interim reports. No significant acquisitions were made during the period.

### Risk management processes

SCA's board decides on the Group's strategic direction, based on recommendations made by Group management. Responsibility for the long-term, overall management of strategic risks corresponds to the company's delegation structure, from the Board to the CEO and from the CEO to the business group heads. This means that most operational risks are managed by SCA's business groups at the local level, but that they are co-ordinated when considered necessary. The tools used in this co-ordination consist primarily of the business groups' regular reporting and the annual strategy process, where risks and risk management are a part of the process.

SCA's financial risk management is centralised, as is the Group's internal bank for the Group companies' financial transactions and management of the Group's energy risks. Financial risks are managed in accordance with the Group's finance policy, which is adopted by SCA's board and which – together with SCA's energy risk policy – makes up a framework for risk management. Risks are compiled and followed up on a regular basis to ensure compliance with these guidelines. SCA has also centralised other risk management.

SCA has a staff function for internal audit, which monitors compliance in the organisation with the Group's policies.

## RELATED PARTY TRANSACTIONS

No transactions have been carried out between SCA and related parties that had a material impact on the company's financial position and results of operations.

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1 of the Swedish Financial Reporting Board (RFR), and with regard to the Parent Company, RFR 2. The accounting principles applied correspond to those described in the 2010 Annual Report, except for with respect to a number of amendments to existing standards and new interpretations that took effect on 1 January 2011.

## FUTURE REPORTS

Interim reports will be released in 2011 on 21 July and 25 October.

## INVITATION TO PRESS CONFERENCE ON Q1

The media and analysts are invited to attend a press conference at which this report will be presented by Jan Johansson, President and CEO.

Time: Friday, 29 April 2011, 14.00 CET.

Location: World Trade Center, New York conference room, Stockholm, Sweden.

The press conference will be webcast live at [www.sca.com](http://www.sca.com). It is also possible to participate in the press conference by phone, by calling +44 20 7162 0177, +1 334 323 6203, or +46-8-5052 0114.

Stockholm, 29 April 2011  
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Jan Johansson  
President and CEO

**OPERATING CASH FLOW ANALYSIS**

SEKm	1103	1003
Operating cash surplus	3,337	3,319
Change in working capital	-1,594	-1,107
Current capital expenditures, net	-619	-326
Restructuring costs, etc.	-175	-170
<b>Operating cash flow</b>	<b>949</b>	<b>1,716</b>
Financial items	-302	-279
Income taxes paid	-304	-290
Other	10	1
<b>Cash flow from current operations</b>	<b>353</b>	<b>1,148</b>
Acquisitions	0	-5
Strategic capital expenditures, fixed assets	-487	-379
Divestments	0	0
<b>Cash flow before dividend</b>	<b>-134</b>	<b>764</b>
Dividend	0	0
<b>Net cash flow</b>	<b>-134</b>	<b>764</b>
<b>Net debt at the start of the period</b>	<b>-34,406</b>	<b>-40,430</b>
Net cash flow	-134	764
Remeasurement to equity	368	276
Currency effects	615	677
<b>Net debt at the end of the period</b>	<b>-33,557</b>	<b>-38,713</b>
<b>Debt/equity ratio</b>	<b>0.49</b>	<b>0.57</b>
<b>Debt payment capacity, %</b>	<b>39</b>	<b>35</b>

**CASH FLOW STATEMENT**

SEKm	1103	1003
<b>Operating activities</b>		
Profit before tax	1,810	1,504
Adjustment for non-cash items <sup>1</sup>	1,079	1,327
	2,889	2,831
Paid tax	-304	-290
<b>Cash flow from operating activities before changes in working capital</b>	<b>2,585</b>	<b>2,541</b>
<b>Cash flow from changes in working capital</b>		
Change in inventories	-431	-523
Change in operating receivables	-695	-1,527
Change in operating liabilities	-468	943
<b>Cash flow from operating activities</b>	<b>991</b>	<b>1,434</b>
<b>Investing activities</b>		
Acquisition of operations	0	-5
Sold operations	0	-1
Acquisition tangible and intangible assets	-1,126	-773
Sale of tangible assets	20	75
Repayment of loans from external parties	117	177
<b>Cash flow from investing activities</b>	<b>-989</b>	<b>-527</b>
<b>Financing activities</b>		
Borrowings	735	0
Amortisation of debt	0	-3,499
Dividends paid	0	0
<b>Cash flow from financing activities</b>	<b>735</b>	<b>-3,499</b>
<b>Cash flow for the period</b>	<b>737</b>	<b>-2,592</b>
Cash and cash equivalents at the beginning of the year	1,866	5,148
Exchange differences in cash and cash equivalents	-46	-22
<b>Cash and cash equivalents at the end of the period</b>	<b>2,557</b>	<b>2,534</b>
<b>Reconciliation with operating cash flow analysis</b>		
<b>Cash flow for the period</b>	<b>737</b>	<b>-2,592</b>
<b>Deducted items:</b>		
Repayment of loans from external parties	-117	-177
Borrowings	-735	0
Amortisation of debt	0	3,499
<b>Added items:</b>		
Net debt in acquired and divested operations	0	1
Accrued interest	-18	40
Investments through finance leases	-1	-7
<b>Net cash flow according to operating cash flow analysis</b>	<b>-134</b>	<b>764</b>
<sup>1</sup> Depreciation and impairment, fixed assets	1,481	1,616
Fair-value measurement/net growth of forest assets	-230	-275
Unpaid related to efficiency programmes	0	223
Payments related to efficiency programmes already recognized	-178	-161
Other	6	-76
<b>Total</b>	<b>1,079</b>	<b>1,327</b>

**CONSOLIDATED INCOME STATEMENT**

SEKm	1103	1003	1012
<b>Net sales<sup>1</sup></b>	<b>25,393</b>	26,199	106,965
Cost of goods sold <sup>2</sup>	-19,694	-20,164	-82,347
<b>Gross profit</b>	<b>5,699</b>	6,035	24,618
Sales, general and administration <sup>2</sup>	-3,609	-4,021	-15,121
Items affecting comparability <sup>3</sup>	0	-244	-931
Share in profits of associates	22	13	111
<b>Operating profit</b>	<b>2,112</b>	1,783	8,677
Financial items	-302	-279	-1,116
<b>Profit before tax</b>	<b>1,810</b>	1,504	7,561
Tax	-471	-421	-1,969
<b>Net profit for the period</b>	<b>1,339</b>	1,083	5,592
<b>Earnings attributable to:</b>			
Owners of the parent	1,327	1,074	5,552
Non-controlling interests	12	9	40
<b>Earnings per share, SEK - owners of the parent</b>			
- before dilution effects	1.89	1.53	7.90
- after dilution effects	1.89	1.53	7.90
<b>Calculation of earnings per share</b>	<b>1103</b>	1003	1012
Earnings attributable to owners of the parent	1,327	1,074	5,552
Average no. of shares before dilution, millions	702.3	702.3	702.3
Average no. of shares after dilution	702.3	702.3	702.3
<sup>1</sup> Net sales from SCAs recycling operations have been reclassified to other income, with retroactive adjustment for 2010.			
<sup>2</sup> Of which, depreciation	-1,481	-1,595	-6,324
<sup>3</sup> Distribution of items affecting comparability, per function			
Cost of goods sold	0	-150	-821
Sales, general and administration	0	-94	-110
	<b>1103</b>	1003	1012
Gross margin	<b>22.4</b>	23.0	23.0
Operating margin	<b>8.3</b>	6.8	8.1
Financial net margin	-1.2	-1.1	-1.0
Profit margin	<b>7.1</b>	5.7	7.1
Tax	-1.9	-1.6	-1.8
Net margin	<b>5.2</b>	4.1	5.3
<b>Excluding restructuring costs:</b>	<b>1103</b>	1003	1012
Gross margin	<b>22.4</b>	23.0	23.0
Operating margin	<b>8.3</b>	7.7	9.0
Financial net margin	-1.2	-1.1	-1.0
Profit margin	<b>7.1</b>	6.6	8.0
Tax	-1.9	-1.9	-2.1
Net margin	<b>5.2</b>	4.7	5.9

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

SEKm	1103	1003	1012
<b>Profit for the period</b>	<b>1,339</b>	<b>1,083</b>	<b>5,592</b>
<b>Other comprehensive income for the period</b>			
Actuarial gains/losses on defined benefit pension plans	342	204	523
Available-for-sale financial assets	26	92	336
Cash flow hedges	105	96	492
Exchange differences on translating foreign operations	-1,568	-3,191	-8,633
Gains/losses from hedges of net investments in foreign operations	348	1,920	4,613
Income tax relating to components of other comprehensive income	-130	-72	-292
<b>Other comprehensive income for the period, net of tax</b>	<b>-877</b>	<b>-951</b>	<b>-2,961</b>
<b>Total comprehensive income for the period</b>	<b>462</b>	<b>132</b>	<b>2,631</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	458	160	2,699
Non-controlling interests	4	-28	-68

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

SEKm	1103	1003	1012
<b>Attributable to owners of the parent</b>			
Opening balance, 1 January	67,255	67,156	67,156
Total comprehensive income for the period	458	160	2,699
Dividend	0	0	-2,599
Revaluation of non-controlling interests	-1	0	-1
<b>Closing balance</b>	<b>67,712</b>	<b>67,316</b>	<b>67,255</b>
<b>Non-controlling interests</b>			
Opening balance, 1 January	566	750	750
Total comprehensive income for the period	4	-28	-68
Dividend	0	0	-58
Change in Group composition	0	-1	-58
<b>Closing balance</b>	<b>570</b>	<b>721</b>	<b>566</b>
<b>Total equity, closing balance</b>	<b>68,282</b>	<b>68,037</b>	<b>67,821</b>

**CONSOLIDATED BALANCE SHEET**

SEKm	31 March 2010	31 December 2010
<b>Assets</b>		
Goodwill	17,129	17,688
Other intangible assets	3,378	3,270
Tangible assets	80,883	82,236
Shares and participations	1,104	1,098
Non-current financial assets <sup>1</sup>	3,230	3,254
Other non-current receivables	1,476	1,363
<b>Total non-current assets</b>	<b>107,200</b>	<b>108,909</b>
Operating receivables and inventories	32,302	31,890
Current financial assets	261	220
Non-current assets held for sale	180	93
Cash and cash equivalents	2,557	1,866
<b>Total current assets</b>	<b>35,300</b>	<b>34,069</b>
<b>Total assets</b>	<b>142,500</b>	<b>142,978</b>
<b>Equity</b>		
Owners of the parent	67,712	67,255
Minority interests	570	566
<b>Total equity</b>	<b>68,282</b>	<b>67,821</b>
<b>Liabilities</b>		
Provisions for pensions	2,802	3,108
Other provisions	11,197	10,800
Non-current financial liabilities	27,623	23,459
Other non-current liabilities	772	791
<b>Total non-current liabilities</b>	<b>42,394</b>	<b>38,158</b>
Current financial liabilities <sup>2</sup>	9,112	13,047
Operating liabilities	22,712	23,952
<b>Total current liabilities</b>	<b>31,824</b>	<b>36,999</b>
<b>Total liabilities</b>	<b>74,218</b>	<b>75,157</b>
<b>Total equity and liabilities</b>	<b>142,500</b>	<b>142,978</b>
Debt/equity ratio	0.49	0.51
Visible equity/assets ratio	48%	47%
Return on capital employed	9%	8%
Return on equity	9%	8%
<b>Excluding restructuring costs:</b>		
Return on capital employed	9%	9%
Return on equity	9%	9%
<sup>1</sup> Of which pension assets	1,268	1,056
<sup>2</sup> Committed credit lines amount to SEK 20,996m of which unutilised SEK 15,996m.		
Capital employed	101,839	102,227
- of which working capital	10,354	8,899
Net debt	33,557	34,406
Shareholders' equity	68,282	67,821
Provisions for restructuring costs are included in the balance sheet as follows:		
- Other provisions*	592	595
- Operating liabilities	427	605
*) of which, provision for tax risks	247	246

**NET SALES**

SEKm	1103	1003	2011:1	2010:4	2010:3	2010:2	2010:1	2009:4
Personal Care	5,820	6,109	5,820	6,375	6,125	6,418	6,109	6,393
Tissue	9,278	9,728	9,278	10,154	9,924	10,064	9,728	10,338
Packaging <sup>1</sup>	6,697	6,730	6,697	6,704	6,627	6,770	6,730	6,960
Forest Products	4,110	4,110	4,110	4,290	4,415	4,308	4,110	4,201
- Publication papers	2,053	2,164	2,053	2,145	2,131	2,086	2,164	2,292
- Pulp, timber and solid-wood products	2,057	1,946	2,057	2,145	2,284	2,222	1,946	1,909
Other	71	374	71	478	491	512	374	418
Intra-group deliveries	-583	-852	-583	-949	-935	-1,005	-852	-803
<b>Total net sales</b>	<b>25,393</b>	<b>26,199</b>	<b>25,393</b>	<b>27,052</b>	<b>26,647</b>	<b>27,067</b>	<b>26,199</b>	<b>27,507</b>

<sup>1</sup> Net sales from SCA's recycling operations have been reclassified as other income, with retroactive adjustment for 2010.

**OPERATING PROFIT**

SEKm	1103	1003	2011:1	2010:4	2010:3	2010:2	2010:1	2009:4
Personal Care	583	737	583	735	697	753	737	901
Tissue	627	710	627	787	753	791	710	965
Packaging	480	192	480	567	512	306	192	149
Forest Products	495	487	495	592	685	691	487	661
- Publication papers	11	-15	11	-11	-38	-24	-15	251
- Pulp, timber and solid-wood products	484	502	484	603	723	715	502	410
Other	-73	-99	-73	-114	-73	-101	-99	-108
<b>Total operating profit<sup>1</sup></b>	<b>2,112</b>	<b>2,027</b>	<b>2,112</b>	<b>2,567</b>	<b>2,574</b>	<b>2,440</b>	<b>2,027</b>	<b>2,568</b>
Financial items	-302	-279	-302	-293	-300	-244	-279	-288
<b>Profit before tax<sup>1</sup></b>	<b>1,810</b>	<b>1,748</b>	<b>1,810</b>	<b>2,274</b>	<b>2,274</b>	<b>2,196</b>	<b>1,748</b>	<b>2,280</b>
Tax <sup>1</sup>	-471	-489	-471	-594	-533	-595	-489	-553
<b>Net profit for the period<sup>1</sup></b>	<b>1,339</b>	<b>1,259</b>	<b>1,339</b>	<b>1,680</b>	<b>1,741</b>	<b>1,601</b>	<b>1,259</b>	<b>1,727</b>
<sup>1</sup> Excl. restructuring costs before tax amounting to:	0	-244	0	0	-480	-207	-244	-632
After tax amounting to:	0	-176	0	0	-362	-151	-176	-473

**OPERATING MARGIN**

%	1103	1003	2011:1	2010:4	2010:3	2010:2	2010:1	2009:4
Personal Care	10.0	12.1	10.0	11.5	11.4	11.7	12.1	14.1
Tissue	6.8	7.3	6.8	7.8	7.6	7.9	7.3	9.3
Packaging	7.2	2.9	7.2	8.5	7.7	4.5	2.9	2.1
Forest Products	12.0	11.8	12.0	13.8	15.5	16.0	11.8	15.7
- Publication papers	0.5	-0.7	0.5	-0.5	-1.8	-1.2	-0.7	11.0
- Pulp, timber and solid-wood products	23.5	25.8	23.5	28.1	31.7	32.2	25.8	21.5

**CONSOLIDATED INCOME STATEMENT**

SEKm	2011:1	2010:4	2010:3	2010:2	2010:1
<b>Net sales</b>	<b>25,393</b>	<b>27,052</b>	<b>26,647</b>	<b>27,067</b>	<b>26,199</b>
Cost of goods sold	-19,694	-20,990	-20,536	-20,657	-20,164
<b>Gross profit</b>	<b>5,699</b>	<b>6,062</b>	<b>6,111</b>	<b>6,410</b>	<b>6,035</b>
Sales, general and administration	-3,609	-3,527	-3,578	-3,995	-4,021
Items affecting comparability	0	0	-480	-207	-244
Share in profits of associates	22	32	41	25	13
<b>Operating profit</b>	<b>2,112</b>	<b>2,567</b>	<b>2,094</b>	<b>2,233</b>	<b>1,783</b>
Financial items	-302	-293	-300	-244	-279
<b>Profit before tax</b>	<b>1,810</b>	<b>2,274</b>	<b>1,794</b>	<b>1,989</b>	<b>1,504</b>
Taxes	-471	-594	-415	-539	-421
<b>Net profit for the period</b>	<b>1,339</b>	<b>1,680</b>	<b>1,379</b>	<b>1,450</b>	<b>1,083</b>



**INCOME STATEMENT PARENT COMPANY**

SEKm	1103	1003
Administrative expenses	-109	-103
Other operating income	50	50
Other operating expenses	-50	-50
<b>Operating profit</b>	<b>-109</b>	<b>-103</b>
Financial items <sup>1</sup>	-604	-303
<b>Profit before tax</b>	<b>-713</b>	<b>-406</b>
Tax	186	120
<b>Net profit for the period</b>	<b>-527</b>	<b>-286</b>

**BALANCE SHEET PARENT COMPANY**

SEKm	31 March 2010	31 December 2010
Intangible fixed assets	1	1
Tangible fixed assets	6,436	6,441
Financial fixed assets	124,973	124,604
<b>Total fixed assets</b>	<b>131,410</b>	<b>131,046</b>
<b>Total current assets</b>	<b>376</b>	<b>6,119</b>
<b>Total assets</b>	<b>131,786</b>	<b>137,165</b>
Restricted equity	10,996	10,996
Unrestricted equity	38,232	38,759
<b>Total equity</b>	<b>49,228</b>	<b>49,755</b>
Untaxed reserves	156	156
Provisions	1,057	1,050
Non-current liabilities	14,229	9,256
Current liabilities	67,116	76,948
<b>Total equity, provisions and liabilities</b>	<b>131,786</b>	<b>137,165</b>

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**Note**

SCA discloses the information provided herein pursuant to 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. This report has not been reviewed by the company's auditors.