

JANUARY 1 – SEPTEMBER 30, 2016 (compared with same period a year ago)

- Net sales totaled SEK 86,417m (86,276)
- Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 2%
- Operating profit rose 22% to SEK 8,290m (6,796)
- Adjusted operating profit, excluding items affecting comparability, rose 8% to SEK 10,304m (9,560)
- The adjusted operating margin was 11.9% (11.1%)
- Adjusted profit before tax rose 9% to SEK 9,674m (8,864)
- Items affecting comparability totaled SEK -2,014m (-2,764), of which SEK -1,468m (-1,154) affects cash flow. Items affecting comparability include a provision of approximately SEK 1,075m related to ongoing anti-trust cases.
- Profit for the period was SEK 4,429m (4,545)
- Earnings per share were SEK 5.94 (5.94)
- The adjusted return on capital employed was 12.5% (11.7%)
- Cash flow from current operations was SEK 7,593m (6,944)
- Work initiated to propose to the 2017 Annual General Meeting to decide on a split of the SCA Group into two listed companies: hygiene and forest products

EARNINGS TREND

SEKm	1609	1509	%	2016:3	2015:3	%
Net sales	86,417	86,276	0	29,154	29,099	0
Adjusted operating profit ¹	10,304	9,560	8	3,652	3,471	5
Items affecting comparability	-2,014	-2,764		-710	-2,484	
Operating profit	8,290	6,796	22	2,942	987	198
Financial items	-630	-696		-175	-233	
Profit before tax	7,660	6,100	26	2,767	754	267
Adjusted profit before tax ¹	9,674	8,864	9	3,477	3,238	7
Tax ²	-3,231	-1,555		-452	-186	
Net profit for the period	4,429	4,545	-3	2,315	568	308
Earnings per share, SEK	5.94	5.94		3.10	0.71	

¹ Excluding items affecting comparability

² The first nine months of 2016 includes a provision of approximately SEK 1 300m related to ongoing tax cases

CEO'S COMMENTS

Organic sales growth during the third quarter of 2016 was affected by a challenging market situation for hygiene products and capacity reductions. Adjusted operating profit, excluding currency translation effects, acquisitions and divestments, showed continued favorable growth, and the adjusted operating margin rose.

During the quarter, work was initiated to propose to the Annual General Meeting 2017 to decide on a split of the SCA Group into two listed companies: hygiene and forest products.

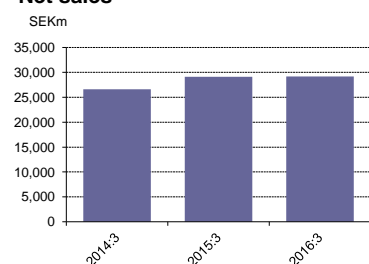
Four innovations were launched during the quarter, in consumer tissue under the Tempo brand, in feminine care under the Nosotras brand, and in AfH tissue and incontinence products under the two globally leading brands Tork and TENA, respectively. During the quarter the decision was made to implement restructuring measures in the tissue production operation in France. The restructuring measures are aligned with the strategy to improve production efficiency in order to drive cost and capital efficiency and further increase value creation in the Tissue business area. As part of the work on addressing weak market positions with inadequate profitability, after the end of the quarter the decision was made to close the baby diaper business in Mexico.

During the quarter, the strategic framework was further developed. SCA's vision is to be dedicated to improving well-being through leading hygiene and health solutions. Within SCA we have the knowledge, experience, products and solutions as well as the commitment to help improve hygiene standards worldwide. In September, in partnership with the UN's Water Supply and Sanitation Collaborative Council, we launched the Hygiene Matters 2016/17 report, which focuses on taboos and stereotypes around incontinence and menstruation. The report is also closely coupled to the UN's Sustainable Development Goals.

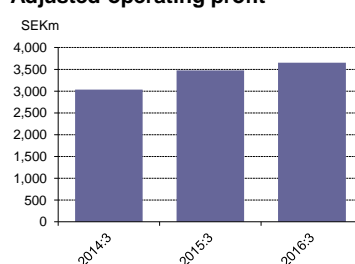
Consolidated net sales for the third quarter of 2016 were level with the same period a year ago. Organic sales growth was 0%. In emerging markets, which accounted for 31% of net sales, organic sales growth was 4%, while in mature markets it was -2%. For Personal Care, organic sales growth was 0%. Growth was negatively affected by the baby diaper operations, where organic sales growth was -7% mainly associated with lower sales in Russia, Latin America, the Middle East and Africa resulting from increased competition, among other things. For Tissue, organic sales growth was 1%. For Forest Products, organic sales growth was -3%, mainly owing to the closure of a publication paper machine during the fourth quarter of 2015.

The Group's adjusted operating profit for the third quarter of 2016, excluding currency translation effects, acquisitions and divestments, rose 7% compared with the same period a year ago. The increase is mainly related to higher volumes, cost savings and lower raw material costs. The selling costs were higher, and investments were made in increased marketing activities. Exchange rate effects, mainly the weaker British pound, had a negative effect on earnings. The Group's adjusted operating margin increased by 0.6 percentage points to 12.5%. Operating cash flow increased by 10%. The adjusted return on capital employed was level with the same period a year ago, at 12.8%.

Net sales

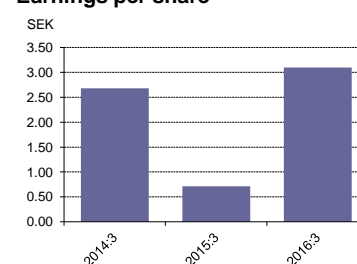


Adjusted operating profit



Excluding items affecting comparability

Earnings per share



ADJUSTED EARNINGS TREND FOR THE GROUP

SEKm	1609	1509	%	2016:3	2015:3	%
Net sales	86,417	86,276	0	29,154	29,099	0
Adjusted cost of goods sold ¹	-63,196	-64,104		-21,071	-21,443	
Adjusted gross profit ¹	23,221	22,172	5	8,083	7,656	6
Adjusted sales, general and administration ¹	-12,917	-12,612		-4,431	-4,185	
Adjusted operating profit ¹	10,304	9,560	8	3,652	3,471	5
Financial items	-630	-696		-175	-233	
Adjusted profit before tax ¹	9,674	8,864	9	3,477	3,238	7
Adjusted tax ¹	-3,582	-2,260		-685	-803	
Adjusted net profit for the period ¹	6,092	6,604	-8	2,792	2,435	15
¹ Excluding items affecting comparability; for amounts see page 12.						
Earnings per share, SEK owners of the parent company						
- after dilution effects	5.94	5.94		3.10	0.71	
Adjusted Margins (%)						
Gross margin ¹	26.9	25.7		27.7	26.3	
Operating margin ¹	11.9	11.1		12.5	11.9	
Financial net margin	-0.7	-0.8		-0.6	-0.8	
Profit margin ¹	11.2	10.3		11.9	11.1	
Tax ¹	-4.1	-2.6		-2.3	-2.8	
Net margin ¹	7.1	7.7		9.6	8.3	

¹ Excluding items affecting comparability; for amounts see page 12.

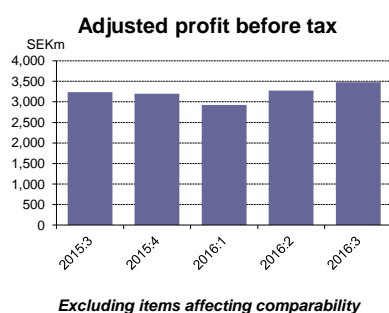
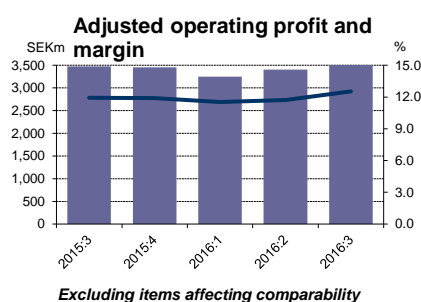
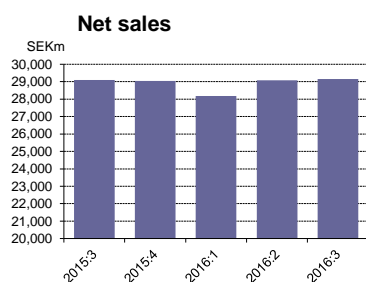
ADJUSTED OPERATING PROFIT PER BUSINESS AREA

SEKm	1609	1509	%	2016:3	2015:3	%
Personal Care	3,112	2,904	7	1,068	1,058	1
Tissue	5,940	5,274	13	2,137	1,892	13
Forest Products	1,659	1,993	-17	589	693	-15
Other	-407	-611		-142	-172	
Total ¹	10,304	9,560	8	3,652	3,471	5

¹ Excluding items affecting comparability; for amounts see page 12.

OPERATING CASH FLOW PER BUSINESS AREA

SEKm	1609	1509	%	2016:3	2015:3	%
Personal Care	3,580	2,731	31	1,450	1,456	0
Tissue	6,748	5,565	21	3,264	2,233	46
Forest Products	1,239	1,812	-32	2	827	-100
Other	-561	-918		13	-211	
Total	11,006	9,190	20	4,729	4,305	10



Change in net sales (%)

	1609 vs. 1509	2016:3 vs. 2015:3
Total	0	0
Price/mix	1	0
Volume	1	0
Currency	-4	-3
Acquisitions	2	3
Divestments	0	0

Change in adjusted operating profit (%)

	1609 vs. 1509	2016:3 vs. 2015:3
Total	8	5
Price/mix	3	0
Volume	8	3
Raw materials	2	8
Energy	3	1
Currency	-3	-4
Other	-5	-3

GROUP

MARKET/EXTERNAL ENVIRONMENT

January–September 2016 compared with corresponding period a year ago
The global market for hygiene products was challenging.

The British pound has weakened considerably, which has led to for example higher costs for imports of raw materials and finished products in the UK.

The European and North American markets for incontinence products in the health care sector showed higher demand, but with continued price pressure as a result of fierce competition. The European and North American retail markets for incontinence products showed high growth. Emerging markets showed higher demand for incontinence products. The global market for incontinence products was characterized by continued high competition.

In Europe, demand for baby diapers and feminine care products was stable. In emerging markets, demand grew for baby diapers and feminine care products. The global market for baby diapers and several markets for feminine care products were characterized by increased competition and campaign activity.

The European market for consumer tissue showed low growth and increased competition. The European and North American markets for AfH tissue showed low growth. Growth was slightly higher in Europe than in North America. The Chinese tissue market showed higher demand.

In Europe, demand increased for kraftliner and solid-wood products. Demand in Europe for publication papers continued to fall.

SALES AND EARNINGS

January–September 2016 compared with corresponding period a year ago

Net sales were level with the same period a year ago and amounted to SEK 86,417m (86,276). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 2%, of which volume accounted for 1% and price/mix for 1%. Organic sales growth was -1% in mature markets and 6% in emerging markets. Emerging markets accounted for 32% of net sales. Exchange rate effects decreased net sales by 4%. The acquisition of Wausau Paper Corp. increased net sales by 2%.

Adjusted operating profit rose 8% (9% excluding currency translation effects, acquisitions and divestments) to SEK 10,304m (9,560). Higher volumes, a better price/mix, cost savings, lower raw material and energy costs, and acquisition contributed to the earnings growth. In Personal Care and Tissue, selling costs were higher, and investments were made in increased marketing activities. Exchange rate effects, including the weaker British pound, had a negative effect on earnings. Adjusted operating profit for Personal Care rose 7% (11% excluding currency translation effects and divestments). Adjusted operating profit for Tissue rose 13% (12% excluding currency translation effects and acquisitions). For Forest Products, adjusted operating profit decreased by 17%.

Items affecting comparability amounted to SEK -2,014m (-2,764) and include a provision of approximately SEK 1,075m mainly for ongoing anti-trust cases in Chile, Colombia, Poland, Spain and Hungary. They also include restructuring costs of approximately SEK 740m mainly related to closures of the tissue plants in Sant Joan de Mediona, Spain, and Saint-Cyr-en-Val, France, and restructuring measures at the Hondouville and Saint-Etienne-du-Rouvray production plants in France. Items affecting comparability also include costs of approximately SEK 170m for the closure of the baby diaper business in Mexico, and integration costs related to the acquisition of Wausau Paper Corp. and inventory valuation in connection with the acquisition balance. They also include a capital gain of approximately SEK 200m attributable to the divestment of SCA's shareholding in IL Recycling.

Financial items decreased to SEK -630m (-696). Lower interest payments and positive currency translation effects had a positive effect on financial items.

Adjusted profit before tax rose 9% (11% excluding currency translation effects, acquisitions and divestments) to SEK 9,674m (8,864). The tax expense, excluding effects of items affecting comparability, was SEK 3,582m (2,260).

Adjusted profit for the period decreased by 8% (6% excluding currency translation effects, acquisitions and divestments) to SEK 6,092m (6,604). Profit for the period decreased by 3% (1% excluding currency translation effects, acquisitions and divestments) to SEK 4,429m (4,545). Earnings per share, including items affecting comparability, were SEK 5.94 (5.94).

The adjusted return on capital employed was 12.5% (11.7%) on a moving 12-month basis.

Third quarter 2016 compared with third quarter 2015

Net sales were level compared with the same period a year ago and amounted to SEK 29,154m (29,099). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 0%, of which volume accounted for 0% and price/mix for 0%. Organic sales growth was -2% in mature markets and 4% in emerging markets. Emerging markets accounted for 31% of net sales. Exchange rate effects decreased net sales by 3%, and the acquisition of Wausau Paper Corp. increased net sales by 3%.

Adjusted operating profit rose 5% (7% excluding currency translation effects, acquisitions and divestments) to SEK 3,652m (3,471). Higher volumes, cost savings, lower raw material costs and acquisition contributed to the earnings growth. In Personal Care and Tissue, selling costs were higher, and investments were made in increased marketing activities. Exchange rate effects, mainly the weaker British pound, had a negative effect on earnings.

Adjusted profit before tax rose 7% (8% excluding currency translation effects, acquisitions and divestments) to SEK 3,477m (3,238). The tax expense, excluding effects of items affecting comparability, was SEK 685m (803).

Adjusted profit for the period rose 15% (16% excluding currency translation effects, acquisitions and divestments) to SEK 2,792m (2,435). Profit for the period rose 308% (309% excluding currency translation effects, acquisitions and divestments), to SEK 2,315m (568). Earnings per share, including items affecting comparability, were SEK 3.10 (0.71).

The adjusted return on capital employed was 12.8% (12.8%).

CASH FLOW AND FINANCING

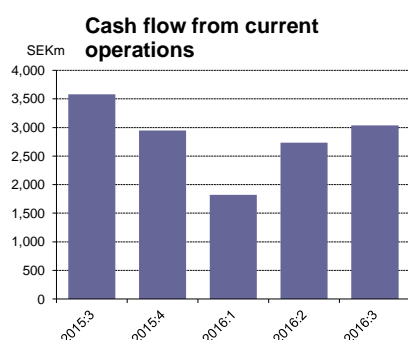
January–September 2016 compared with corresponding period a year ago

The operating cash surplus amounted to SEK 14,178m (13,514). The cash flow effect of changes in working capital was SEK 461m (-864). Working capital as a share of net sales decreased. Current capital expenditures amounted to SEK -3,074m (-2,780). Operating cash flow amounted to SEK 11,006m (9,190).

Financial items decreased to SEK -630m (-696). Lower interest payments and positive currency translation effects had a positive impact on financial items. Income tax payments totaled SEK 2,921m (1,682). Cash flow from current operations amounted to SEK 7,593m (6,944) during the period. The improvement is mainly attributable to a higher operating surplus and a lower change in working capital.

Strategic capital expenditures totaled SEK -2,854m (-1,558). The increase is mainly attributable to the investment in increased capacity at Östrand pulp mill in Sweden and in a new production plant for incontinence products in Brazil. The net sum of acquisitions and divestments was SEK -6,316m (260). The increase is mainly attributable to the acquisition of Wausau Paper Corp. Payment of the shareholder dividend affected cash flow by SEK -4,176m (-3,864). Net cash flow totaled SEK -5,333m (-1,782).

Net debt has increased by SEK 10,803m during the year, to SEK 40,281m. Excluding pension liabilities, net debt amounted to SEK 32,089m. Net cash flow increased net debt by SEK 5,333m. Fair value measurement of pension assets and updated assumptions and assessments that affect measurement of the net pension liability, together with fair value measurement of financial instruments, increased net debt by SEK 5,278m. The fair value measurement is mainly



attributable to assumptions of lower discount rates, which decrease the pension liability. Exchange rate movements decreased net debt by SEK 192m.

The debt/equity ratio was 0.54 (0.42). Excluding pension liabilities, the debt/equity ratio was 0.43 (0.39). The debt payment capacity was 42% (44%).

EQUITY

January–September 2016

Consolidated equity decreased by SEK 1,372m during the period, to SEK 74,319m. Net profit for the period increased equity by SEK 4,429m. Payment of the shareholder dividend decreased equity by SEK 4,176m. Equity decreased by SEK 4,018m net after tax as a result of fair value measurement of pension assets and updated assumptions and assessments that affect the valuation of the pension liability. Fair value measurement of financial instruments increased equity by SEK 350m after tax. Exchange rate movements, including the effects of hedges of net investments in foreign assets, after tax, increased equity by SEK 1,683m. Equity increased as a result of a private placement of SEK 419m to non-controlling interests in Vinda, and decreased by SEK 50m through acquisitions of non-controlling interests. Other items decreased equity by SEK 9m.

TAX

January–September 2016

A tax expense of SEK 3,582m is reported for the period, excluding items affecting comparability. The reported tax expense corresponds to a tax rate of 37% for the period. The tax rate, excluding items affecting comparability and a tax provision of approximately SEK 1.3 billion related to ongoing tax cases in Sweden and Austria, was 23.5%.

The tax expense including items affecting comparability was SEK 3,231m, corresponding to a tax rate of 42% for the period. The tax rate, including items affecting comparability and excluding a tax provision of approximately SEK 1.3 billion related to ongoing tax cases in Sweden and Austria, was 25%.

EVENTS DURING THE QUARTER

On August 22, 2016, SCA communicated that the company is integrating its MEIA (Middle East, India and Africa) business unit into the Consumer Goods business unit to further leverage SCA's scale and capabilities and to further increase efficiency. Combining these business units will help capture synergies and facilitate best practice sharing within the consumer business. The integration takes effect on November 1, 2016.

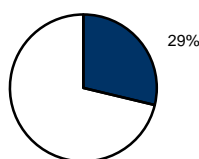
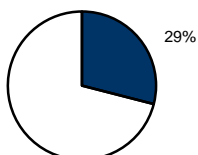
On August 24, 2016, SCA communicated that, to create further value for the shareholders, the SCA Board of Directors plans to initiate work in order to propose to the 2017 Annual General Meeting to decide on a split of the Group into two listed companies: hygiene and forest products. This is planned to be completed through a distribution of the Group's hygiene business to its shareholders in accordance with the rules of Lex Asea. In the event of a distribution of the hygiene business, SCA's shareholders will, in addition to their current shareholdings, also receive shares in the new, listed hygiene company. An evaluation, mainly based on value creation and flexibility for the shareholders, has been made of various methods and structural alternatives to achieve a complete split of the two businesses into two independent companies. The conclusion is that a distribution and listing of SCA's hygiene business will create additional shareholder value. The Board of Directors plans to present a proposal to the 2017 Annual General Meeting for the distribution and listing of the Group's hygiene business. The distribution is proposed to be made to the shareholders in proportion to their holdings of SCA's Class A and Class B shares. If the shareholders decide in favor of the proposal, the plan is to distribute and list the new hygiene company on Nasdaq Stockholm during the second half of 2017.

On September 1, 2016, SCA communicated that to further improve efficiency and strengthen the competitiveness of its tissue operations, SCA has decided to implement restructuring measures at its production plants in Hondouville and Saint-Etienne-du-Rouvray, France. In Saint-Etienne-du-Rouvray, SCA has decided to divest its production of tabletop products for consumers to focus on the plant's core operation: kitchen roll and toilet paper production. Total costs are expected to

amount to approximately SEK 500m, of which about SEK 470m have been recognized as an item affecting comparability in the third quarter of 2016. The remaining costs will be recognized as an item affecting comparability in the fourth quarter of 2016. Of these costs, approximately SEK 340m is expected to affect cash flow.

EVENTS AFTER THE END OF THE QUARTER

On October 3, 2016, SCA communicated that as part of its work with addressing weak market positions that have inadequate profitability, the Group has decided to close its baby diaper business in Mexico. Total costs for the closure of the business are expected to amount to approximately SEK 170m and have been recognized as an item affecting comparability in the third quarter of 2016. Approximately SEK 20m of these costs are expected to impact cash flow. The baby diaper business in Mexico had net sales of approximately SEK 340m in 2015.

Share of Group, net sales
1609Share of Group, operating profit
1609

PERSONAL CARE

SEKm	1609	1509	%	2016:3	2015:3	%
Net sales	24,940	25,663	-3	8,362	8,668	-4
Adjusted operating surplus	3,877	3,699	5	1,332	1,325	1
Adjusted operating profit*	3,112	2,904	7	1,068	1,058	1
Adjusted operating margin, %*	12.5	11.3		12.8	12.2	
Return on capital employed, %*	31.6	27.7		32.5	31.4	
Operating cash flow	3,580	2,731		1,450	1,456	

*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.

January–September 2016 compared with corresponding period a year ago

Net sales decreased by 3% to SEK 24,940m (25,663). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 4%, of which volume accounted for 3% and price/mix for 1%. The divestment of the baby diaper operation in South Africa decreased net sales by 1%. Organic sales growth was 3% in mature markets and 4% in emerging markets. Emerging markets accounted for 41% of net sales. Exchange rate effects decreased net sales by 6%.

For incontinence products, under the globally leading TENA brand, organic sales growth was 3%. Growth is attributable to emerging markets and western Europe. For baby diapers, organic sales growth was 0%. Western Europe showed high growth, while emerging markets showed lower sales. For feminine care products, organic sales growth was 11%, attributable to emerging markets and western Europe.

Adjusted operating profit rose 7% (11% excluding currency translation effects and divestments) to SEK 3,112m (2,904). Profit was favorably affected by higher volumes, a better price/mix and cost savings. Selling costs were higher, and investments were made in increased marketing activities.

The adjusted return on capital employed on a moving 12-month basis was 31.6% (27.7%). The operating cash surplus amounted to SEK 3,882m (3,704). Operating cash flow increased to SEK 3,580m (2,731).

Third quarter 2016 compared with third quarter 2015

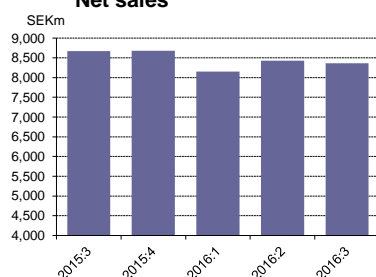
Net sales decreased by 4% to SEK 8,362m (8,668). Organic sales growth was 0%, of which price/mix was 0% and volume 0%. The divestment of the baby diaper operation in South Africa decreased net sales by 1%. Organic sales growth was 0% in mature markets and 0% in emerging markets. Emerging markets accounted for 40% of net sales. Exchange rate effects decreased net sales by 3%.

For incontinence products, under the globally leading TENA brand, organic sales growth was 2%. Growth is attributable to the retail sector in western Europe and emerging markets. Lower sales to the European health care sector had a negative effect on growth. For baby diapers, organic sales growth was -7%, mainly owing to lower sales in Russia, Latin America, the Middle East and Africa as a result of increased competition, among other things. For feminine care products, organic sales growth was 7%, mainly attributable to Latin America and western Europe, where SCA's market shares have increased.

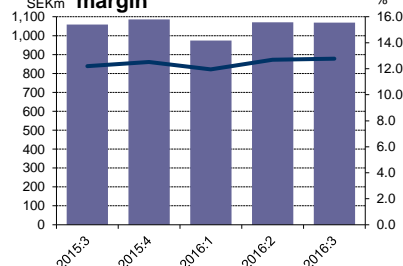
Adjusted operating profit rose 1% (5% excluding currency translation effects and divestments) to SEK 1,068m (1,058). Profit was favorably affected by higher volumes, a better price/mix, cost savings and lower raw material costs. Selling costs were higher, and investments were made in increased marketing activities.

The adjusted return on capital employed was 32.5% (31.4%).

Net sales



Adjusted operating profit and margin

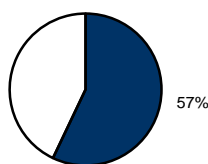
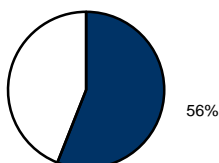


Change in net sales (%)

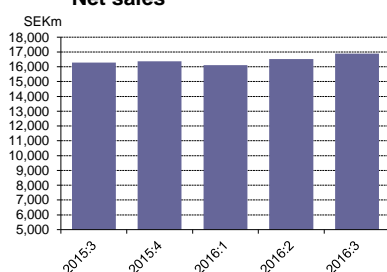
	1609 vs. 1509	2016:3 vs. 2015:3
Total	-3	-4
Price/mix	1	0
Volume	3	0
Currency	-6	-3
Acquisitions	0	0
Divestments	-1	-1

Change in adjusted operating profit (%)

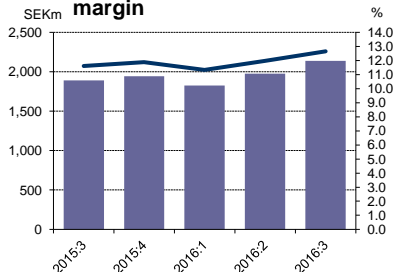
	1609 vs. 1509	2016:3 vs. 2015:3
Total	7	1
Price/mix	6	1
Volume	14	5
Raw materials	0	4
Energy	0	0
Currency	-5	-4
Other	-8	-5

Share of Group, net sales
1609Share of Group, operating profit
1609

Net sales



Adjusted operating profit and margin



Change in net sales (%)

	1609 vs. 1509	2016:3 vs. 2015:3
Total	4	4
Price/mix	2	1
Volume	1	0
Currency	-4	-2
Acquisitions	5	5
Divestments	0	0
Change in adjusted operating profit (%)		

	1609 vs. 1509	2016:3 vs. 2015:3
Total	13	13
Price/mix	10	6
Volume	7	3
Raw materials	4	11
Energy	6	4
Currency	-3	-4
Other	-11	-7

TISSUE

SEKm	1609	1509	%	2016:3	2015:3	%
Net sales	49,517	47,818	4	16,889	16,292	4
Adjusted operating surplus	8,724	7,872	11	3,076	2,751	12
Adjusted operating profit*	5,940	5,274	13	2,137	1,892	13
Adjusted operating margin, %*	12.0	11.0		12.7	11.6	
Adjusted return on capital employed, %*	13.3	12.8		13.8	13.5	
Operating cash flow	6,748	5,565		3,264	2,233	

*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.

January–September 2016 compared with corresponding period a year ago

Net sales rose 4% to SEK 49,517m (47,818). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 3%, of which price/mix accounted for 2% and volume for 1%. The acquisition of Wausau Paper Corp. increased net sales by 5%. Organic sales growth was -1% in mature markets and 9% in emerging markets. Emerging markets accounted for 31% of net sales. Exchange rate effects decreased sales by 4%.

For consumer tissue, organic sales growth was 3%. Growth is related to high growth in emerging markets, particularly China, Latin America and Russia. For AfH tissue, organic sales growth was 3%. The increase was related to western Europe and emerging markets.

Adjusted operating profit rose 13% (12% excluding currency translation effects and acquisitions) to SEK 5,940m (5,274). A better price/mix, higher volumes, cost savings, lower raw material and energy costs, and acquisition contributed to the earnings increase. The acquisition of Wausau Paper Corp. increased operating profit by 4%. Selling costs were higher, and investments were made in increased marketing activities.

The adjusted return on capital employed on a moving 12-month basis was 13.3% (12.8%). The operating cash surplus increased to SEK 8,754m (7,875). Operating cash flow was SEK 6,748m (5,565).

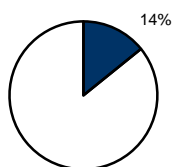
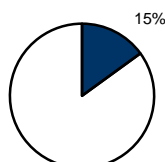
Third quarter 2016 compared with third quarter 2015

Net sales rose 4% to SEK 16,889m (16,292). Organic sales growth was 1%, of which price/mix accounted for 1% and volume for 0%. The acquisition of Wausau Paper Corp. increased net sales by 5%. Organic sales growth was -1% in mature markets and 6% in emerging markets. Emerging markets accounted for 31% of net sales. Exchange rate effects decreased net sales by 2%.

For consumer tissue, organic sales growth was 1%. Growth is mainly related to China, Latin America and Russia. Lower sales of mother reels in western Europe had a negative impact on growth. For AfH tissue, organic sales growth was 2% and was related to western Europe and emerging markets.

Adjusted operating profit rose 13% (14% excluding currency translation effects and acquisitions) to SEK 2,137m (1,892). A better price/mix, higher volumes, cost savings, lower raw material and energy costs, and acquisition contributed to the earnings increase. The acquisition of Wausau Paper Corp. increased operating profit by 3%. Selling costs were higher, and investments were made in increased marketing activities.

The adjusted return on capital employed was 13.8% (13.5%). Goodwill related to the acquisition of Wausau Paper Corp. had a negative effect.

Share of Group, net sales
1609Share of Group, operating profit
1609

FOREST PRODUCTS

SEKm	1609	1509	%	2016:3	2015:3	%
Deliveries						
- Publication papers, thousand tonnes	540	624	-13	180	202	-11
- Solid-wood products, thousand m ³	1,863	1,788	4	590	578	2
- Kraftliner products, thousand tonnes	605	631	-4	195	206	-5
- Pulp products, thousand tonnes	376	392	-4	134	131	2
Net sales	12,319	13,146	-6	4,045	4,232	-4
Adjusted operating surplus	2,487	2,912	-15	857	1,005	-15
Adjusted operating profit*	1,659	1,993	-17	589	693	-15
Adjusted operating margin, %*	13.5	15.2		14.6	16.4	
Adjusted return on capital employed, %*	6.0	7.0		6.1	7.4	
Operating cash flow	1,239	1,812		2	827	

*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.

During the fourth quarter of 2016, a maintenance stop will be carried out at a production plant, which is expected to have a negative earnings impact of approximately SEK 20m.

January–September 2016 compared with corresponding period a year ago

Net sales decreased by 6% to SEK 12,319m (13,146). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was -5%, of which price/mix accounted for -3% and volume for -2%. The closure of a publication paper machine during the fourth quarter of 2015 decreased net sales by 3%. Exchange rate effects decreased net sales by 1%.

Solid-wood products showed lower prices (including exchange rate effects) and higher volumes. Pulp and kraftliner showed lower prices (including exchange rate effects) and lower volumes. Publication papers showed higher prices (including exchange rate effects) and lower volumes.

Adjusted operating profit decreased by 17% to SEK 1,659m (1,993). Lower prices (including exchange rate effects) and lower volumes led to lower earnings. Lower raw material costs had a positive earnings impact.

The adjusted return on capital employed on a moving 12-month basis was 6.0% (7.0%). The operating cash surplus was SEK 1,913m (2,491), and operating cash flow totaled SEK 1,239m (1,812).

Third quarter 2016 compared with third quarter 2015

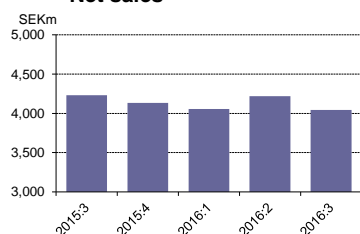
Net sales decreased by 4% to SEK 4,045m (4,232). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was -3%, of which price/mix accounted for -2% and volume for -1%. The closure of a publication paper machine during the fourth quarter of 2015 decreased net sales by 3%. Exchange rate effects decreased sales by 1%.

Kraftliner showed lower prices (including exchange rate effects) and lower volumes. Solid-wood products showed higher prices and higher volumes. Pulp showed lower prices (including exchange rate effects) and higher volumes. Publication papers showed unchanged prices (including exchange rate effects) and lower volumes.

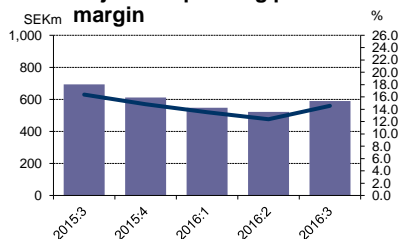
Adjusted operating profit decreased by 15% to SEK 589m (693). Lower prices (including exchange rate effects) and higher energy costs led to lower earnings. Lower raw material costs had a positive earnings impact.

The adjusted return on capital employed was 6.1% (7.4%).

Net sales



Adjusted operating profit and margin



Change in net sales (%)

	1609 vs. 1509	2016:3 vs. 2015:3
Total	-6	-4
Price/mix	-3	-2
Volume	-2	-1
Currency	-1	-1
Acquisitions	0	0
Divestments	0	0

Change in adjusted operating profit (%)

	1609 vs. 1509	2016:3 vs. 2015:3
Total	-17	-15
Price/mix*	-21	-18
Volume	-2	0
Raw materials	1	4
Energy	0	-7
Currency	0	0
Other	5	6

*Price/mix includes exchange rate effects of approximately -5% (SEK -90m) and -6% (SEK -40m), respectively.

SHARE DISTRIBUTION

September 30, 2016	Class A	Class B	Total
Registered number of shares	64,594,572	640,515,522	705,110,094
- of which treasury shares		2,767,605	2,767,605

At the end of the reporting period the proportion of Class A shares was 9.2%. During the third quarter, at the request of shareholders a total of 261,250 Class A shares were converted to Class B shares. The total number of votes in the company is thereafter 1,286,461,242.

FUTURE REPORTS

The year-end report for 2016 will be published on January 26, 2017. SCA's 2016 Annual Report is scheduled for publication during the week of March 13, 2017.

During 2017, quarterly reports will be published on April 27, July 18 and October 26.

ANNUAL GENERAL MEETING

SCA's Annual General Meeting will be held at 15:00 CET on April 5, 2017, at Stockholm Waterfront Congress Centre, in Stockholm, Sweden.

INVITATION TO PRESS CONFERENCE ON Q3 INTERIM REPORT 2016

Media and analysts are invited to a press conference, where this interim report will be presented by Magnus Groth, President and CEO.

Time: 10:00 CET, Thursday, October 27, 2016

Location: SCA's headquarters, Waterfront Building, Klarabergsviadukten 63, Stockholm, Sweden

The presentation will be webcast at www.sca.com. To participate, call: +44 (0)20 7162 0077, +1 646 851 2407 or +46 (0)8 5052 0110. Specify "SCA" or conference ID no. 960205.

Stockholm, October 27, 2016
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Magnus Groth
President and CEO

For further information, please contact:

Fredrik Rystedt, CFO and Executive Vice President, +46 8 788 51 31

Johan Karlsson, Vice President Investor Relations, Group Function Communications, +46 8 788 51 30

Linda Nyberg, Vice President Media and Online, Group Function Communications, +46 8 788 51 58

Joséphine Edwall-Björklund, Senior Vice President, Group Function Communications, +46 8 788 52 34

NB

This information is such that SCA is obligated to make public pursuant to the EU Market Abuse Regulation or the Swedish 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, at 08:00 CET on October 27, 2016. This interim report has not been reviewed by the company's auditors.

Karl Stoltz, Media Relations Manager, +46 8 788 51 55

STATEMENT PROFIT OR LOSS

SEKm	2016:3	2015:3	2016:2	1609	1509
Net sales	29,154	29,099	29,086	86,417	86,276
Cost of goods sold ¹	-21,071	-21,443	-21,297	-63,196	-64,104
Items affecting comparability ^{1,2}	-353	-290	-106	-481	-262
Gross profit	7,730	7,366	7,683	22,740	21,910
Sales, general and administration ¹	-4,473	-4,244	-4,417	-13,024	-12,755
Items affecting comparability including impairments ^{1,2}	-357	-2,194	-1,007	-1,533	-2,502
Share of profits of associates and joint ventures	42	59	33	107	143
Operating profit	2,942	987	2,292	8,290	6,796
Financial items	-175	-233	-130	-630	-696
Profit before tax	2,767	754	2,162	7,660	6,100
Tax	-452	-186	-2,083	-3,231	-1,555
Net profit for the period	2,315	568	79	4,429	4,545
Earnings attributable to:					
Owners of the parent	2,174	502	76	4,172	4,175
Non-controlling interests	141	66	3	257	370
Earnings per share, SEK - owners of the parent total operations					
- before dilution effects	3.10	0.71	0.11	5.94	5.94
- after dilution effects	3.10	0.71	0.11	5.94	5.94
Calculation of earnings per share	2016:3	2015:3	2016:2	1609	1509
Earnings attributable to owners of the parent	2,174	502	76	4,172	4,175
Average no. of shares before dilution, millions	702.3	702.3	702.3	702.3	702.3
Average no. of shares after dilution, millions	702.3	702.3	702.3	702.3	702.3
¹ Of which, depreciation	-1,571	-1,521	-1,546	-4,621	-4,518
² Distribution of items affecting comparability by function					
Cost of goods sold	-353	-290	-106	-481	-262
Sales, general and administration	-56	-281	-1,064	-1,289	-448
Impairment, etc.	-301	-1,913	57	-244	-2,054
Total items affecting comparability	-710	-2,484	-1,113	-2,014	-2,764
Gross margin	26.5	25.3	26.4	26.3	25.4
Operating margin	10.1	3.4	7.9	9.6	7.9
Financial net margin	-0.6	-0.8	-0.4	-0.7	-0.8
Profit margin	9.5	2.6	7.5	8.9	7.1
Tax	-1.6	-0.6	-7.2	-3.7	-1.8
Net margin	7.9	2.0	0.3	5.2	5.3
Excluding items affecting comparability:	2016:3	2015:3	2016:2	1609	1509
Gross margin	27.7	26.3	26.8	26.9	25.7
Operating margin	12.5	11.9	11.7	11.9	11.1
Financial net margin	-0.6	-0.8	-0.4	-0.7	-0.8
Profit margin	11.9	11.1	11.3	11.2	10.3
Tax	-2.3	-2.8	-7.4	-4.1	-2.6
Net margin	9.6	8.3	3.9	7.1	7.7

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SEKm	2016:3	2015:3	2016:2	1609	1509
Profit for the period	2,315	568	79	4,429	4,545
Other comprehensive income for the period					
Items that may not be reclassified to the income statement					
Actuarial gains/losses on defined benefit pension plans	-1,856	-725	-1,424	-5,280	2,230
Income tax attributable to components of other comprehensive income	392	149	379	1,262	-551
	-1,464	-576	-1,045	-4,018	1,679
Items that have been or may be reclassified subsequently to the income statement					
Available-for-sale financial assets	2	-44	2	2	190
Cash flow hedges	106	-131	270	458	-33
Translation differences in foreign operations	1,235	-774	1,117	2,527	-289
Gains/losses from hedges of net investments in foreign operations	-436	41	-185	-1,085	-474
Other comprehensive income from associated companies	-4	0	22	-6	0
Income tax attributable to components of other comprehensive income	66	30	-28	131	111
	969	-878	1,198	2,027	-495
Other comprehensive income for the period, net of tax	-495	-1,454	153	-1,991	1,184
Total comprehensive income for the period	1,820	-886	232	2,438	5,729
Total comprehensive income attributable to:					
Owners of the parent	1,572	-712	104	2,012	5,451
Non-controlling interests	248	-174	128	426	278

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	1609	1509
Attributable to owners of the parent		
Opening balance, January 1	70,401	67,622
Total comprehensive income for the period	2,012	5,451
Dividend	-4,038	-3,687
Private placement to non-controlling interest	233	0
Private placement to non-controlling interest, dilution	-110	0
Issue costs private placement	-4	0
Acquisition of non-controlling interests	-693	-19
Acquisition of non-controlling interests, dilution	348	0
Remeasurement effect upon acquisition of non-controlling interests	-3	-3
Closing balance	68,146	69,364
Non-controlling interests		
Opening balance, January 1	5,290	5,250
Total comprehensive income for the period	426	278
Dividend	-138	-177
Private placement to non-controlling interest	194	0
Private placement to non-controlling interest, dilution	110	0
Issue costs private placement	-4	0
Acquisition of non-controlling interests	643	0
Acquisition of non-controlling interests, dilution	-348	0
Closing balance	6,173	5,351
Total equity, closing balance	74,319	74,715

CONSOLIDATED OPERATING CASH FLOW ANALYSIS

SEKm	1609	1509
Operating cash surplus	14,178	13,514
Change in working capital	461	-864
Current capital expenditures, net	-3,074	-2,780
Restructuring costs, etc.	-559	-680
Operating cash flow	11,006	9,190
Financial items	-630	-696
Income taxes paid	-2,921	-1,682
Other	138	132
Cash flow from current operations	7,593	6,944
Acquisitions	-6,601	-21
Strategic capital expenditures in non-current assets	-2,854	-1,558
Divestments	285	281
Cash flow before dividend	-1,577	5,646
Private placement to non-controlling interest	420	0
Dividend	-4,176	-3,864
Net cash flow	-5,333	1,782
Net debt at the start of the period	-29,478	-35,947
Net cash flow	-5,333	1,782
Remeasurement to equity	-5,278	2,420
Translation differences	-192	24
Net debt at the end of the period	-40,281	-31,721
Debt/equity ratio	0.54	0.42
Debt payment capacity, %	42	44

CONSOLIDATED CASH FLOW STATEMENT

SEKm	1609	1509
Operating activities		
Profit before tax	7,660	6,100
Adjustment for non-cash items ¹	5,459	6,083
	13,119	12,183
Paid tax	-2,921	-1,682
Cash flow from operating activities before changes in working capital	10,198	10,501
Cash flow from changes in working capital		
Change in inventories	841	-808
Change in operating receivables	-457	-1,393
Change in operating liabilities	77	1,337
Cash flow from operating activities	10,659	9,637
Investing activities		
Acquisitions	-4,415	-1
Divestments	285	281
Investment in tangible and intangible assets	-5,787	-4,458
Sale of tangible assets	124	120
Loan granted to external parties	-112	0
Repayment of loans from external parties	0	7
Cash flow from investing activities	-9,905	-4,051
Financing activities		
New issue	420	0
Acquisition of non-controlling interests	-59	-10
New borrowing	15,773	10,321
Amortization of loans	-13,756	-11,141
Dividend	-4,176	-3,864
Cash flow from financing activities	-1,798	-4,694
Cash flow for the period	-1,044	892
Cash and cash equivalents at the beginning of the period	5,042	3,815
Translation differences in cash and cash equivalents	117	-43
Cash and cash equivalents at the end of the period	4,115	4,664
Cash flow from operating activities per share, SEK	15.12	13.67
Reconciliation with consolidated operating cash flow statement		
Cash flow for the period	-1,044	892
Less:		
Loans granted to external parties	112	0
Repayment of loans from external parties	0	-7
New borrowings	-15,773	-10,321
Financial liabilities (additional purchase price) at acquisitions	0	-9
Add:		
Net debt in acquired and divested operations	-2,127	0
Amortization of borrowing	13,756	11,141
Investment through financial lease	-264	0
Accrued interest	7	86
Net cash flow according to consolidated operating cash flow statement	-5,333	1,782
¹ Depreciation/amortization and impairment of non-current assets	5,032	6,664
Fair-value measurement of forest assets	-569	-421
Gains/loss on assets sales and swaps of assets	1	5
Unpaid related to efficiency programs	304	223
Gain/loss on divestments	-238	-92
Payments related to efficiency programs recognized	-186	-286
Provision related to ongoing antitrust cases	1,075	0
Other	40	-10
Total	5,459	6,083

CONSOLIDATED BALANCE SHEET

SEKm	Note	September 30, 2016	December 31, 2015
Assets			
Goodwill		18,880	15,412
Other intangible assets		7,674	7,440
Buildings, land, machinery and equipment		59,693	54,532
Biological assets		30,685	30,119
Participation in joint ventures and associates		1,067	1,078
Shares and participation		46	45
Surplus in funded pension plans		433	371
Non-current financial assets	4	955	1,032
Deferred tax assets		1,653	1,063
Other non-current assets	4	193	150
Total non-current assets		121,279	111,242
Inventories		14,509	14,661
Trade receivables	4	18,130	16,829
Current tax assets		664	872
Other current receivables		2,853	2,831
Current financial assets	4	1,171	775
Non-current assets held for sale		182	120
Cash and cash equivalents		4,115	5,042
Total current assets		41,624	41,130
Total assets		162,903	152,372
Equity			
Share capital		2,350	2,350
Other capital provided		6,830	6,830
Reserves		-2,244	-2,242
Retained earnings		61,210	63,463
Attributable to owner of the Parent		68,146	70,401
Non-controlling interests		6,173	5,290
Total equity		74,319	75,691
Liabilities			
Non-current financial liabilities	4	31,331	21,475
Provisions for pensions		8,625	2,771
Deferred tax liabilities		10,154	11,076
Other non-current provisions		1,561	901
Other non-current liabilities	4	218	258
Total non-current liabilities		51,889	36,481
Current financial liabilities ¹	4	6,999	12,452
Trade payables	4	14,219	14,351
Current tax liabilities		1,051	827
Current provisions		1,522	990
Other current liabilities		12,904	11,580
Total current liabilities		36,695	40,200
Total liabilities		88,584	76,681
Total equity and liabilities		162,903	152,372

¹ Committed credit lines amount to SEK19,302m of which unutilized SEK 19,302m.

CONSOLIDATED BALANCE SHEET cont.

SEKm	September 30, 2016	December 31, 2015
Debt/equity ratio	0.54	0.39
Equity/assets ratio	42%	46%
Return on capital employed*	11.3%	10.1%
Return on equity	9.8%	9.9%
Excluding items affecting comparability:		
Return on capital employed*	12.5%	12.0%
Return on equity	11.0%	11.6%
*) rolling twelve months		
Equity per share, SEK	105	107
Capital employed	114,600	105,169
- of which working capital	8,080	8,167
Provisions for restructuring costs are included in the balance sheet as follows:		
- Other provisions**	1,556	901
- Operating liabilities	697	548
***) of which, provision for tax risks	602	798
Net debt	40,281	29,478
Total Equity	74,319	75,691

NET SALES (business area reporting)

SEKm	1609	1509	2016:3	2016:2	2016:1	2015:4	2015:3	2015:2
Personal Care	24,940	25,663	8,362	8,427	8,151	8,681	8,668	8,676
Tissue	49,517	47,818	16,889	16,514	16,114	16,366	16,292	16,091
Forest Products	12,319	13,146	4,045	4,219	4,055	4,133	4,232	4,598
Other	9	-11	-16	42	-17	2	13	-24
Intra-group deliveries	-368	-340	-126	-116	-126	-142	-106	-122
Total net sales	86,417	86,276	29,154	29,086	28,177	29,040	29,099	29,219

ADJUSTED OPERATING PROFIT (business area reporting)

SEKm	1609	1509	2016:3	2016:2	2016:1	2015:4	2015:3	2015:2
Personal Care	3,112	2,904	1,068	1,070	974	1,086	1,058	977
Tissue	5,940	5,274	2,137	1,977	1,826	1,943	1,892	1,826
Forest Products	1,659	1,993	589	522	548	612	693	622
Other	-407	-611	-142	-164	-101	-187	-172	-208
Total adjusted operating profit ¹	10,304	9,560	3,652	3,405	3,247	3,454	3,471	3,217
Financial items	-630	-696	-175	-130	-325	-259	-233	-193
Profit before tax ¹	9,674	8,864	3,477	3,275	2,922	3,195	3,238	3,024
Tax	-3,582	-2,260	-685	-2,161	-736	-1,046	-803	-781
Net profit for the period ²	6,092	6,604	2,792	1,114	2,186	2,149	2,435	2,243
¹ Excluding items affecting comparability before tax amounting to:	-2,014	-2,764	-710	-1,113	-191	697	-2,484	-158
² Excluding items affecting comparability after tax amounting to:	-1,663	-2,059	-477	-1,035	-151	758	-1,867	-114

ADJUSTED OPERATING MARGIN (business area reporting)

%	1609	1509	2016:3	2016:2	2016:1	2015:4	2015:3	2015:2
Personal Care	12.5	11.3	12.8	12.7	11.9	12.5	12.2	11.3
Tissue	12.0	11.0	12.7	12.0	11.3	11.9	11.6	11.3
Forest Products	13.5	15.2	14.6	12.4	13.5	14.8	16.4	13.5

STATEMENT OF PROFIT OR LOSS

SEKm	2016:3	2016:2	2016:1	2015:4	2015:3
Net sales	29,154	29,086	28,177	29,040	29,099
Adjust Cost of goods sold	-21,071	-21,297	-20,828	-21,372	-21,443
Items affecting comparability	-353	-106	-22	-61	-290
Gross profit	7,730	7,683	7,327	7,607	7,366
Sales, general and administration	-4,473	-4,417	-4,134	-4,270	-4,244
Items affecting comparability	-357	-1,007	-169	758	-2,194
Share of profits of associates and joint ventures	42	33	32	56	59
Operating profit	2,942	2,292	3,056	4,151	987
Financial items	-175	-130	-325	-259	-233
Profit before tax	2,767	2,162	2,731	3,892	754
Taxes	-452	-2,083	-696	-985	-186
Net profit for the period	2,315	79	2,035	2,907	568

INCOME STATEMENT PARENT COMPANY

SEKm	1609	1509
Administrative expenses	-488	-850
Other operating income	191	204
Other operating expenses	-160	-166
Operating profit	-457	-812
Financial items	43,047	4,945
Profit before tax	42,590	4,133
Untaxed reserve and Tax	216	358
Net profit for the period	42,806	4,491

Financial items were affected during the period by a one-time dividend of EUR 3,504m from SCA Group Holding B.V. Financial assets have been affected by a corresponding amount.

BALANCE SHEET PARENT COMPANY

SEKm	September 30, 2016	December 31, 2015
Intangible assets	0	0
Tangible assets	8,198	8,190
Financial assets	172,500	140,198
Total non-current assets	180,698	148,388
Total current assets	1,545	2,430
Total assets	182,243	150,818
Restricted equity	10,996	10,996
Unrestricted equity	87,651	48,883
Total equity	98,647	59,879
Untaxed reserves	230	230
Provisions	1,681	1,674
Non-current liabilities	25,497	16,555
Current liabilities	56,188	72,480
Total equity, provisions and liabilities	182,243	150,818

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 (RFR), and with regards to the Parent Company, RFR 2.

Effective January 1, 2016, SCA applies the following new or amended IFRSs:

- IAS 1 Amendments to IAS 1: Disclosure Initiative
- Annual improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations Improvements to IFRSs 2011-2013 Cycle

These standards are not judged to have any material impact on the Group's or Parent Company's result of operations or financial position.

In other respects, the accounting principles applied correspond to those described in the 2015 Annual Report.

2 RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 76–81 of the 2015 Annual Report. No significant changes have taken place that have affected the reported risks.

Risks in conjunction with company acquisitions are analyzed 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.

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 unit presidents. This means that most operational risks are managed by SCA's business units at the local level, but that they are coordinated when considered necessary. The tools used in this coordination consist primarily of the business units' regular reporting and the annual strategy process, where risks and risk management are a part of the process.

SCA's financial risk management is centralized, 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 aggregated and monitored on a regular basis to ensure compliance with these guidelines. SCA has also centralized other risk management.

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

3 RELATED PARTY TRANSACTIONS

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

4 FINANCIAL INSTRUMENTS PER CATEGORY

Distribution by level for measurement at fair value.

SEKm	Carrying amount in the balance sheet	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Of which fair value by level ¹	
						1	2
September 30, 2016							
Derivatives	1,579	645	934	-	-	-	1,579
Non-current financial assets	91	-	-	91	-	83	8
Total assets	1,670	645	934	91	-	83	1,587
Derivatives	565	324	241	-	-	-	565
Financial liabilities							
Current financial liabilities	6,657	402	-	-	6,255	-	402
Non-current financial liabilities	31,229	16,364	-	-	14,865	-	16,364
Total liabilities	38,451	17,090	241	-	21,120	-	17,331
December 31, 2015							
Derivatives	1,225	576	649	-	-	-	1,225
Non-current financial assets	83	-	-	83	-	75	8
Total assets	1,308	576	649	83	-	75	1,233
Derivatives	1,090	538	552	-	-	-	1,090
Financial liabilities							
Current financial liabilities	11,866	5,634	-	-	6,232	-	5,634
Non-current financial liabilities	21,353	10,967	-	-	10,386	-	10,967
Total liabilities	34,309	17,139	552	-	16,618	-	17,691

¹ No financial instruments have been classified to level 3

The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, trade payables and other current and non-current liabilities is estimated to be equal to their book value. The total fair value of financial liabilities amounts to SEK 38,308m (40,086).

No transfers between level 1 and 2 were made during the period.

The fair value of financial instruments is calculated based on current market quotations on the balance sheet date. The value of derivatives is based on published prices in an active market. The fair value of debt instruments is set using valuation models, such as discounting of future cash flows to quoted market interest rates for the respective durations.

5 ACQUISITIONS AND DIVESTMENTS

On October 13, 2015, SCA announced that it had made a public offer for Wausau Paper Corp., one of the largest Away-from-Home tissue companies in North America. On November 17, 2015, the deal was approved by the US authorities, and at a shareholder meeting on January 20, 2016, Wausau Paper's shareholders accepted the offer from SCA. The transaction was closed on January 21, 2016, and SCA consolidates the company as from that date. The purchase consideration was USD 513m (SEK 4,401) in cash. The preliminary purchase price allocation has been adjusted compared with the first quarter, as additional information has been obtained about the fair value of intangible assets, and new calculations have been made with respect to intangible assets. Goodwill is justified by synergies between SCA and Wausau Paper, among other things by giving customers a broad portfolio of products. The acquisition is expected to generate annual synergies of approximately USD 40m, with full effect three years after closing. Synergies are expected in sourcing, production, logistics, reduced imports, higher volumes of premium products, and reduced selling and administrative costs. Restructuring costs are expected to amount to approximately USD 50m.

The acquisition has affected the Group's net sales from the date of acquisition, by SEK 2,176m, adjusted operating profit by SEK 208m, and profit for the period after tax, including items affecting comparability, by SEK 16m. If the acquisition had been consolidated as from January 1, 2016, anticipated net sales would have totaled SEK 2,336m, and profit before tax, including items affecting comparability, would have been SEK 32m.

Purchase price allocation, Wausau Paper Corp. SEKm	Preliminary
Intangible assets	213
Non-current assets	2,896
Current assets	672
Cash and cash equivalents	14
Net debt	-2,127
Provisions and other non-current liabilities	-52
Operating liabilities	-525
Net identifiable assets and liabilities	1,091
Goodwill	3,310
Consideration paid	4,401
Consideration paid	-4,401
Cash and cash equivalents in acquired operations	14
Effect on the Group's cash and cash equivalents (Consolidated cash flow statement)	-4,387
Acquired net debt excluding cash and cash equivalents	-2,127
Acquisition of operations including net debt taken over (Consolidated operating cash flow statement)	-6,514

On October 29, 2015, SCA announced that the company is divesting its business in Southeast Asia, Taiwan and South Korea for integration with Vinda International Holdings Limited ("Vinda"), a subsidiary that at the end of the period is 54.6%-owned by SCA and is listed on the Hong Kong Stock Exchange. The purchase consideration has been set at HKD 2.5bn on a debt-free basis. The transaction was closed on April 1, 2016.

Within the SCA Group this transaction is regarded as a common control transaction, whereby no surplus value has arisen and no earnings effects have arisen as a result of the transaction.

During the period SCA sold its 33.33% shareholding in the recycling company IL Recycling. The pertinent authorities approved the transaction in June 2016. The transaction was closed on June 30, 2016, for a preliminary purchase consideration of approximately SEK 240m, resulting in a capital gain of approximately SEK 200m.

6 Use of non-IFRS performance measures

Guideline for Alternative Performance Measures (APMs) for companies with securities listed on a regulated market in the EU have been issued by the European Securities and Markets Authority (ESMA). These guidelines are to be applied for APMs used as from July 3, 2016.

Reference is made in the interim report to a number of non-IFRS performance measures that are used to help investors as well as management analyze the company's operations. Described below are the non-IFRS performance measures that are used as a complement to the financial information that is reported in accordance with International Financial Reporting Standards.

Description of financial performance measures that are not used in International Financial Reporting Standards

Non-IFRS performance measure	Description	Reason for use of the measure
Organic sales growth	Sales growth that excludes exchange rate effects, acquisitions and divestments	This measure is of major importance for management in its monitoring of underlying sales growth driven by changes in volume, price and product mix for comparable units between different periods
Gross profit	Net sales less the cost of goods sold	For a manufacturing company, gross profit is an important measure for showing the margin before selling and administrative costs
Adjusted gross profit	Net sales less the cost of goods sold excluding items affecting comparability	Adjusted gross profit is stripped of items affecting comparability and is thus a better measure for showing the company's margins before the effect of costs such as selling and administrative costs
Operating surplus	Calculated as operating profit before depreciation and amortization of tangible and intangible assets, and share of profits from associates	This measure is a good complement to operating profit, as it shows the cash surplus from operations
Operating profit	Calculated as operating profit before financial items and taxes	Operating profit provides an overall picture of profit generation in the operating activities
Adjusted operating profit	Calculated as operating profit before financial items, excluding items affecting comparability	Adjusted operating profit is a key ratio for control of the Group's profit centers and provides a better understanding of earnings performance of the operations than the non-adjusted operating profit
Adjusted profit before tax	Calculated as operating profit before tax, excluding items affecting comparability	This is a useful measure for showing total profit for the company including financing, but not affected by taxes and items that affect comparability with previous periods
Operating cash surplus	Calculated as profit before tax after adding back depreciation, amortization and impairment of tangible and intangible assets, share of profits in associates, items affecting comparability, and excluding income taxes paid	This measure shows the cash flow generated by profit and is part of the follow-up of cash flow
Items affecting comparability	Under items affecting comparability, SCA includes costs in connection with acquisitions, restructuring, impairment and other specific events	Separate reporting of items affecting comparability between periods provides a better understanding of the company's operating activities

Non-IFRS performance measure	Description	Reason for use of the measure
Operating cash flow	Consists of the sum of the operating cash surplus and change in working capital less current capital expenditures in non-current assets and structural costs	This is an important control measure used internally within the organization that shows the combined cash flow from operating activities including all parts that the units have control over themselves
Cash flow from current operations	Consists of operating cash flow less financial items and income taxes paid, and affected by other financial cash flows	This measure can be said to illustrate the cash flow generated by operations and that can potentially be used for strategic initiatives such as strategic capital expenditures or acquisitions
Strategic capital expenditures in non-current assets	Strategic capital expenditures aim to increase the company's future cash flow through investments in expansion of non-current assets or new technologies that enhance the company's competitiveness	Shows that size of the capital expenditures that are made in expansion and other growth measures
Current capital expenditures	Consist of competitiveness-preserving capital expenditures of a maintenance, efficiency improvement, replacement or environmental character	Shows the size of the capital expenditures required to maintain existing manufacturing capacity
Adjusted profit for the period	Profit for the period after deducting items affecting comparability	Shows the period's total earnings capacity
Operating surplus margin	Operating surplus as a percentage of net sales for the year	This measure is a good complement to the operating margin, as it shows the cash surplus in relation to net sales
Operating margin	Operating profit as a percentage of net sales for the year	The operating margin is a key measure together with sales growth and capital turnover ratio for monitoring value creation
Net margin	Net profit for the year as a percentage of net sales for the year	The net margin shows the remaining share of net sales after all of the company's costs have been deducted, apart from income tax
Capital turnover ratio	Net sales for the year divided by average capital employed	Shows in a clear manner how effectively capital is employed. Together with sales growth and the operating margin, the capital turnover ratio is a key measure for monitoring value creation
Net debt	Consists of the Group's interest-bearing liabilities including pension liabilities and accrued interest, less cash and cash equivalents, interest-bearing current and non-current receivables, and capital investment shares	Net debt is the most relevant measure for showing the company's total debt financing
Working capital	The Group's and business areas' working capital is calculated as non-current operating receivables less non-current operating liabilities	This measure shows how much working capital that is tied up in the operations and can be put in relation to sales to understand how effectively tied-up working capital is used

Non-IFRS performance measure	Description	Reason for use of the measure
Capital employed	The Group's and business areas' capital employed is calculated as an average of total assets on the balance sheet excluding interest-bearing assets and pension assets, less total liabilities, excluding interest-bearing liabilities and pension liabilities	This measure shows the amount of total capital that is used in the operations and is thus one of the components for measuring the return from operations
Return on capital employed (ROCE)	The accumulated return on capital employed is calculated as operating profit on a moving 12-month basis as a percentage of an average of capital employed during the last five quarters. The corresponding key ratio for a quarter is calculated as operating profit for the quarter multiplied by four, as a percentage of the average of capital employed during the last two quarters	This is the central ratio for measuring the return on the capital tied up in operations
Return on equity	For the Group, return on equity is calculated as profit for the year as a percentage of average equity	Shows from a shareholder perspective the return that is generated on the owners' capital that is invested in the company
Equity/assets ratio	Equity expressed as a percentage of total assets	A traditional measure for showing financial risk, expressing the amount of restricted equity that is financed by the owners
Debt/equity ratio	Expressed as net debt in relation to equity	Helps show financial risk and is the most useful measure for management to monitor the level of the company's indebtedness
Debt repayment capacity	Expressed as the cash surplus in relation to average net debt	A financial measure that shows the company's capacity to repay its debt
Restructuring costs	Costs for impairment together with personnel costs in connection with restructuring	This measure shows the specific costs that have arisen in connection with restructuring of a specific operation, which contributes to a better understanding of the underlying cost level in the continuing operations
Financial net margin	Net financial items divided by net sales	This measure shows the relation between net financial items and net sales

Calculation of financial performance measures that are not defined in IFRS

Capital employed

SEKm	1609	1512
Total assets	162,903	152,372
-Financial receivables	-6,674	-7,220
-Non-current non-interest bearing liabilities	-11,933	-12,235
-Current non-interest bearing liabilities	-29,696	-27,748
Capital employed	114,600	105,169

Working capital

SEKm	1609	1512
Inventories	14,509	14,661
Accounts receivable	18,130	16,829
Other current receivable	2,853	2,831
Accounts payables	-14,219	-14,351
Other current liabilities	-12,904	-11,580
Adjustments	-289	-223
Working capital	8,080	8,167

Net debt

SEKm	1609	1512
Surplus in funded pension plans	433	371
Non-current financial assets	955	1,032
Current financial assets	1,171	775
Cash and cash equivalents	4,115	5,042
Financial receivables	6,674	7,220
Non-current financial liabilities	31,331	21,475
Provisions for pensions	8,625	2,771
Current financial liabilities	6,999	12,452
Financial liabilities	46,955	36,698
Net debt	40,281	29,478

Operating surplus

SEKm	1609	1509	2016:3	2015:3
Operating profit	8,290	6,796	2,942	987
-Share of profits of associates and joint ventures	-107	-143	-42	-59
-Depreciation	4,621	4,518	1,571	1,521
-Items affecting comparability	2,014	2,764	710	2,484
-Depreciation in Items affecting comparability	-71	0	-38	0
Operating surplus	14,747	13,935	5,143	4,933

Capital employed

SEKm	2016:3	2016:2	2016:1	2015:4	2015:3
Personal Care	12,680	13,577	13,904	13,149	13,127
Tissue	62,018	61,905	60,905	55,054	55,601
Forest Products	39,532	38,232	37,832	37,216	36,858
Other	370	-1,060	-41	-250	850
Total capital employed	114,600	112,654	112,600	105,169	106,436

Operating cash flow

SEKm	1609	1509	2016:3	2015:3
Personal Care				
Operating cash surplus	3,882	3,704	1,332	1,329
Change in working capital	169	-292	255	323
Current capital expenditures, net	-474	-602	-154	-170
Restructuring costs, etc	3	-79	17	-26
Operating cash flow	3,580	2,731	1,450	1,456
Tissue				
Operating cash surplus	8,754	7,875	3,097	2,756
Change in working capital	-22	-405	877	274
Current capital expenditures, net	-1,747	-1,586	-641	-615
Restructuring costs, etc	-237	-319	-69	-182
Operating cash flow	6,748	5,565	3,264	2,233
Forest Products				
Operating cash surplus	1,913	2,491	687	839
Change in working capital	-58	-191	-265	155
Current capital expenditures, net	-687	-462	-418	-139
Restructuring costs, etc	71	-26	-2	-28
Operating cash flow	1,239	1,812	2	827

Organic sales growth

SEKm	1609	2016:3
Personal Care		
Organic sales growth	931	14
Currency effect*	-1,443	-236
Acquisition/Disposals	-212	-84
Reported change	-724	-306
Tissue		
Organic sales growth	1,230	197
Currency effect*	-1,708	-382
Acquisition/Disposals	2,178	783
Reported change	1,700	598
Forest Products		
Organic sales growth	-724	-132
Currency effect*	-104	-56
Acquisition/Disposals	0	0
Reported change	-828	-188
SCA Group		
Organic sales growth	1,430	31
Currency effect*	-3,255	-673
Acquisition/Disposals	1,966	699
Reported change	141	57

* Consists only of currency translation effects