

SCA Interim Report

Q3 2014



Q3 2014

Current Environment



- Weak development of the global economy
- Geo-political conflicts
- Low growth in mature markets and good growth in emerging markets for hygiene products
- Competitive market environment
- Higher raw material prices and FX headwinds due to stronger USD
- Increased European demand for kraftliner and solid-wood products but lower demand for publication papers

Summary

Q3 2014 vs. Q3 2013



- Strong increase of operating profit and cash flow
- Good organic sales growth
- Continued work with cost efficiency
- Several launches of new innovations and products
 - ◆ Libresse, Lotus, Saba, Tempo and Tork
- SCA's transfer of Chinese hygiene business to Vinda closed
- Received top score in Climate Disclosure Leadership Index



Group

Q3 2014 vs. Q3 2013



* Excluding items affecting comparability

Efficiency Programs



- Hygiene business cost and efficiency program
 - ◆ Blueprint implementation in all sites
 - ◆ Scale effects for sourcing realized
 - ◆ Warehouse efficiency programs and footprint projects
- Georgia-Pacific synergies
 - ◆ Blueprint implementation on-going
 - ◆ Footprint optimization on-going and three sites closed
 - ◆ Most of scale effects for sourcing of raw materials realized
- Forest Products efficiency program
 - ◆ Closure of two saw mills
 - ◆ Rationalization of maintenance organization
 - ◆ Higher productivity in harvesting activities

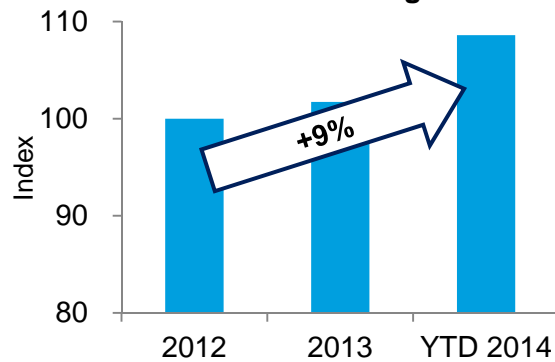


Efficiency Programs

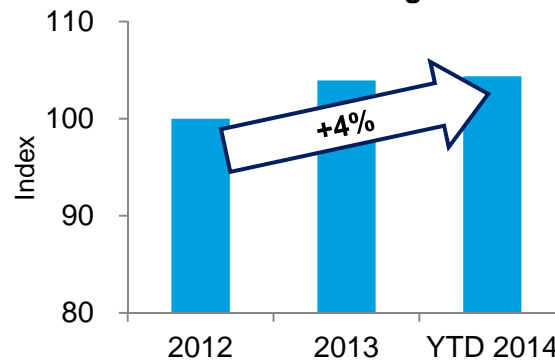
Examples of improvements



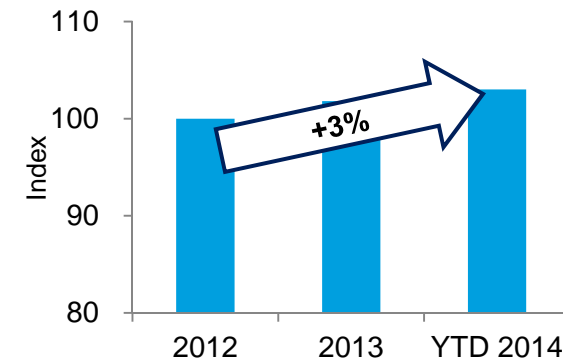
**Personal Care
Machine Efficiency
Converting**



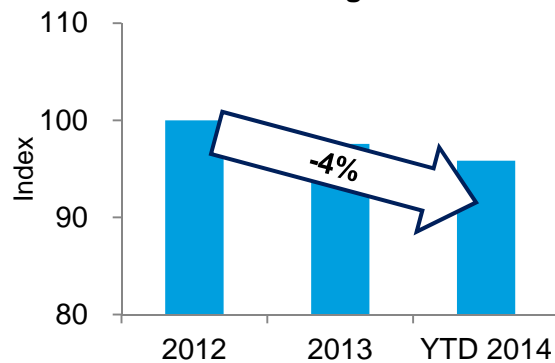
**Tissue
Machine Efficiency
Converting**



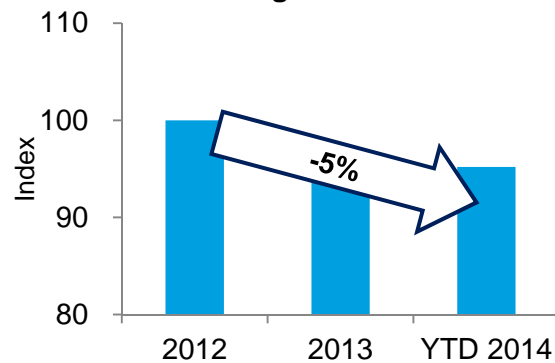
**Tissue
Machine Efficiency
Papermaking**



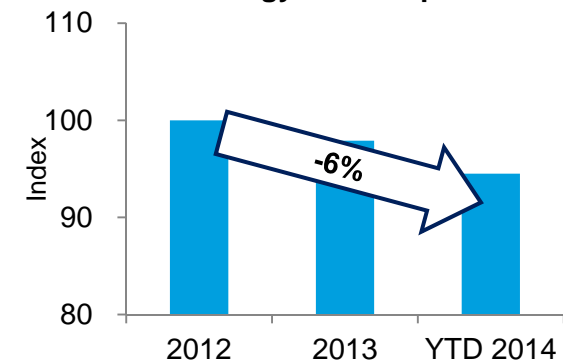
**Personal Care and Tissue
Sourcing Costs**



**Personal Care and Tissue
Logistics Costs**



**Tissue
Energy Consumption**



Innovations and Product Launches

Q3 2014



Libresse Roll.Press.Go™



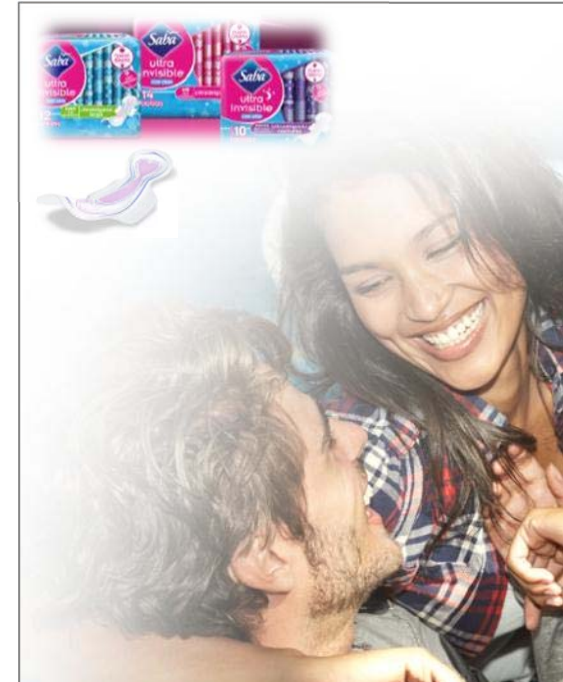
- Patented and innovative disposal solution for sanitary towels
- Self-sealing edges to tightly secure all sides of the wrapper for discreet and hygienic disposal anywhere/anytime

Libresse™ Maxi Night Secure



- Extra security & comfort for night time
- Worry free sleep for a fresh morning

Saba Invisible, Saba Ultra



- Next generation multi-color print on towels with a three color print design
- Print is essential to communicate function - strengthen performance credentials (printed barriers in various colors signal different protection levels)

Innovations and Product Launches

Q3 2014



Tempo Protect™



- New Tempo Protect™ antibacterial hankies and wet wipes

Lotus Handkerchief



- With lotus extracts
- Reinforces softness and well-being perception
- On Lotus® Pur Blanc, Lotus® Compact and Lotus® Classic

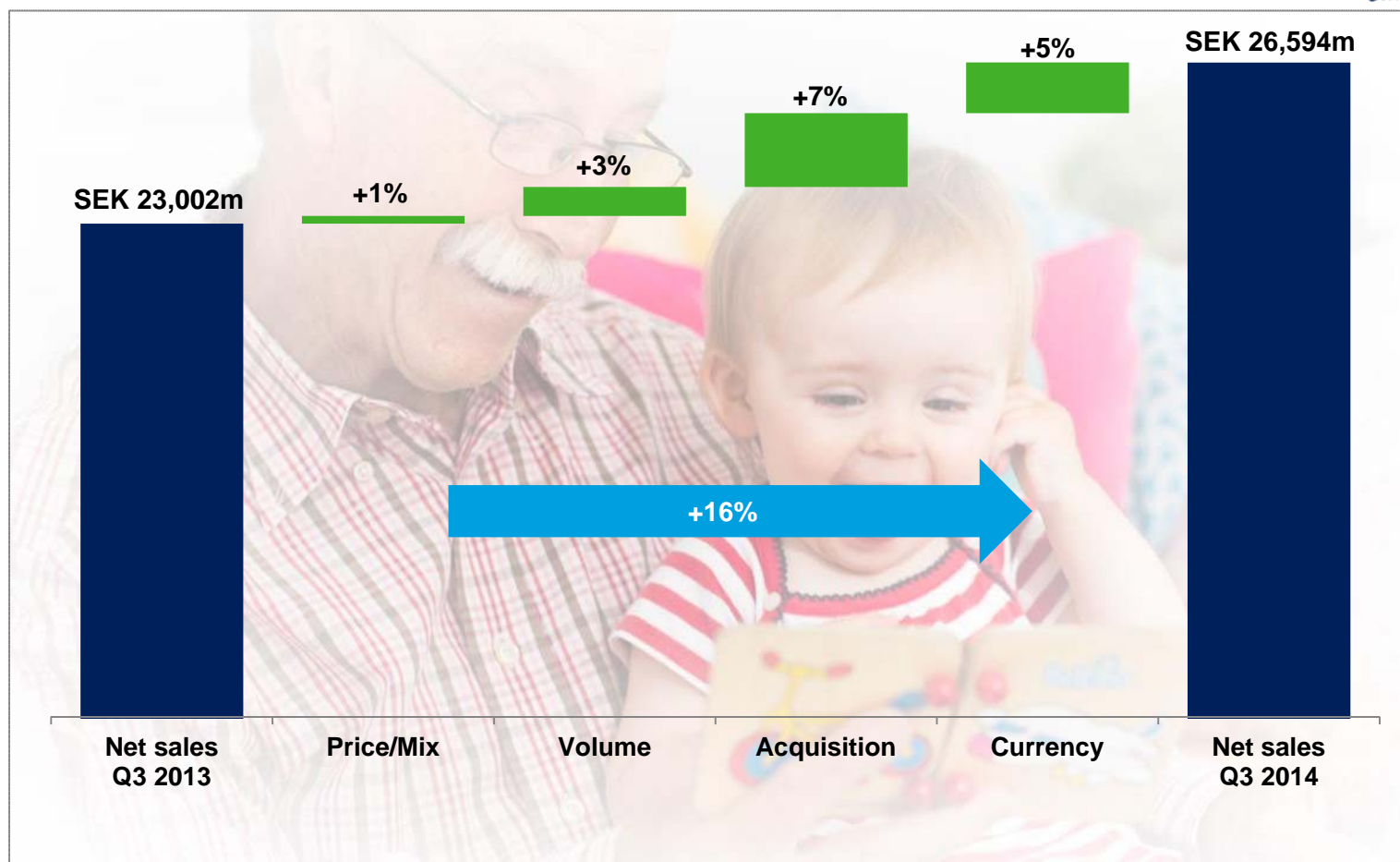
Tork Xpressnap® Image line napkin dispensers with Tork Xpressnap® Extra Soft Leaf Design napkins



- For the image-conscious establishments where details matter
- Reduces napkin usage by at least 25% compared to traditional dispensers
- Premium 2-ply napkins for softness with an elegant leaf design
- **Winner of Red Dot Product Design award in 2014**

Net Sales

Q3 2014 vs. Q3 2013



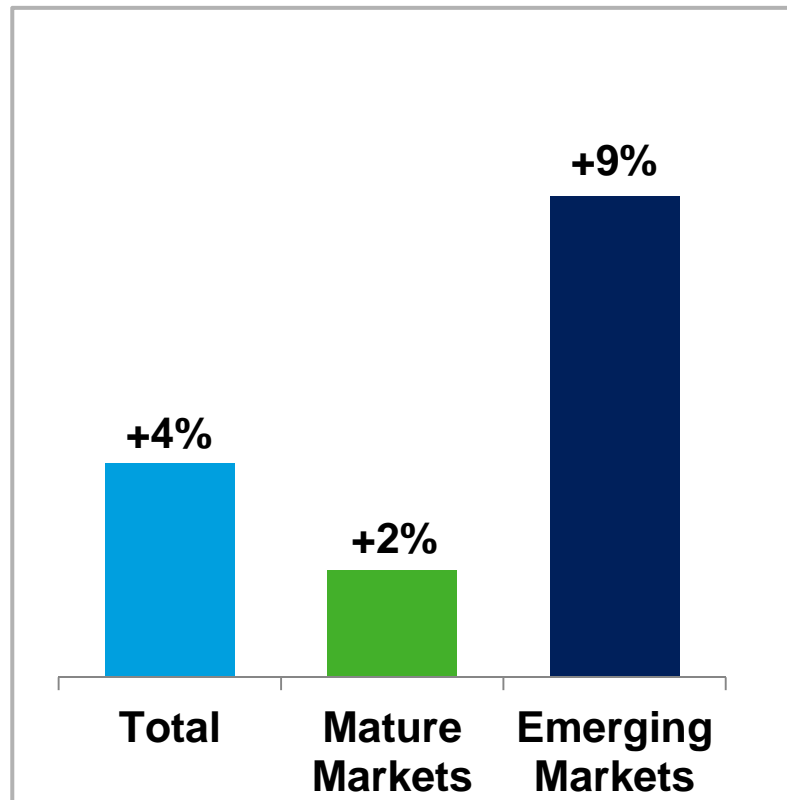
- Organic sales growth 4%
 - ◆ Price/Mix +1%
 - ◆ Volume +3%

Group

Organic Sales Growth Q3 2014 vs. Q3 2013



By region



■ Mature markets

- ◆ Low growth in mature markets
 - Tissue in Western Europe -1%
 - Personal Care in Western Europe +3%
 - AfH tissue in North America +2%

■ Emerging markets

- ◆ Strong growth in Eastern Europe, Russia and Latin America
 - Incontinence products in Russia +27%
 - Tissue in Russia +15%
 - Incontinence products in Latin America +19%
 - Feminine care in Latin America +11%
 - Tissue in China +22%



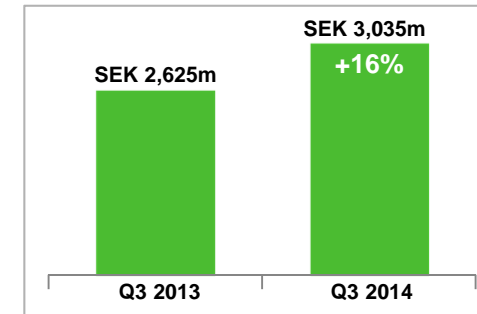
Group

Q3 2014 vs. Q3 2013

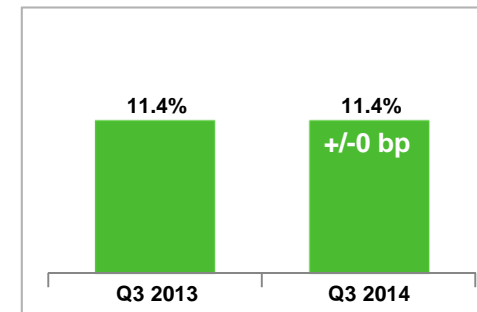


- Operating profit increased 16%*
 - ◆ Organic operating profit growth 6%**
 - ◆ Better price/mix
 - ◆ Higher volumes
 - ◆ Cost savings
 - ◆ Consolidation of Vinda
 - ◆ Higher raw material costs
- Operating margin flat at 11.4%*
- Earnings per share increased 30%
- Operating cash flow increased 59%

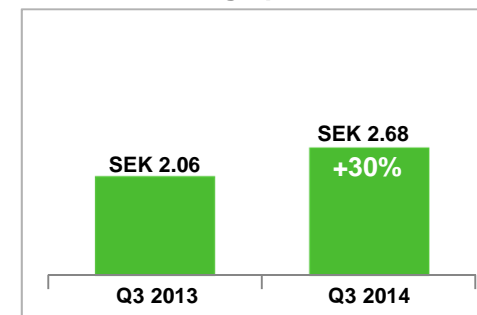
Operating Profit*



Operating Margin*



Earnings per Share

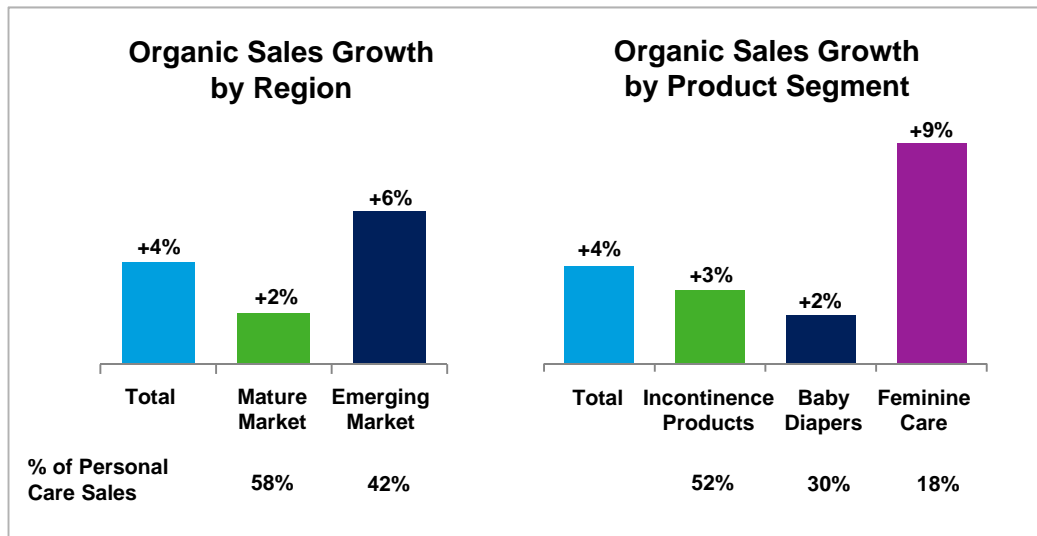
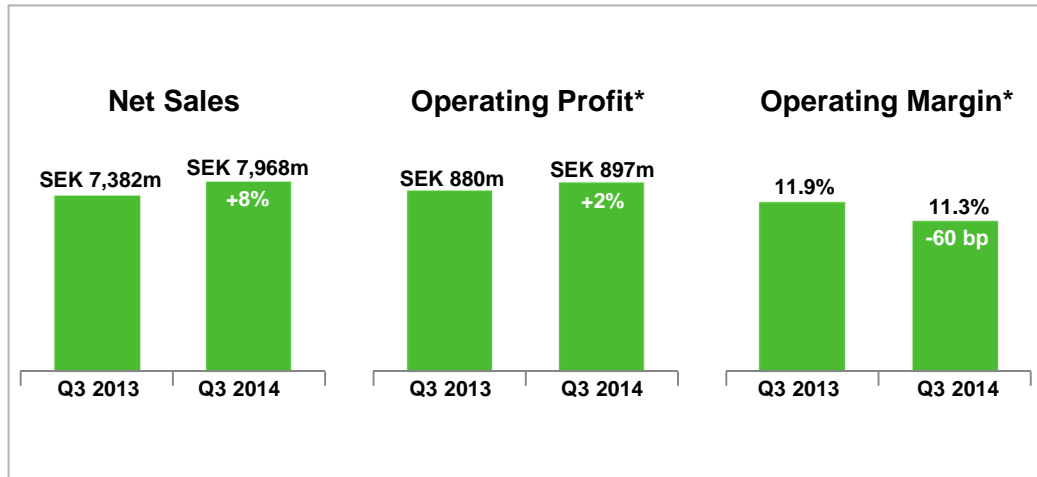


* Excluding items affecting comparability

** Excluding items affecting comparability, exchange rate effects and consolidation of China

Personal Care

Q3 2014 vs Q3 2013



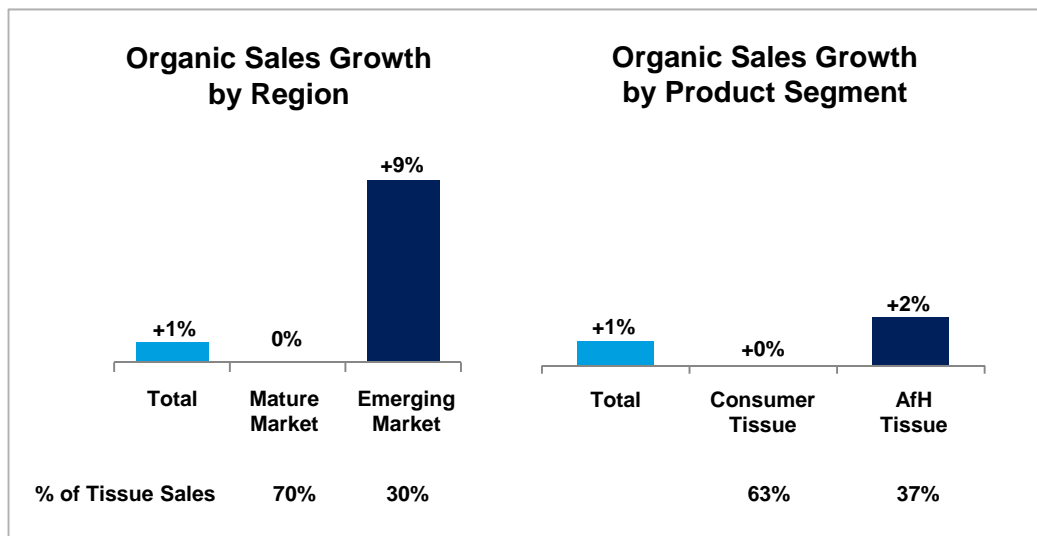
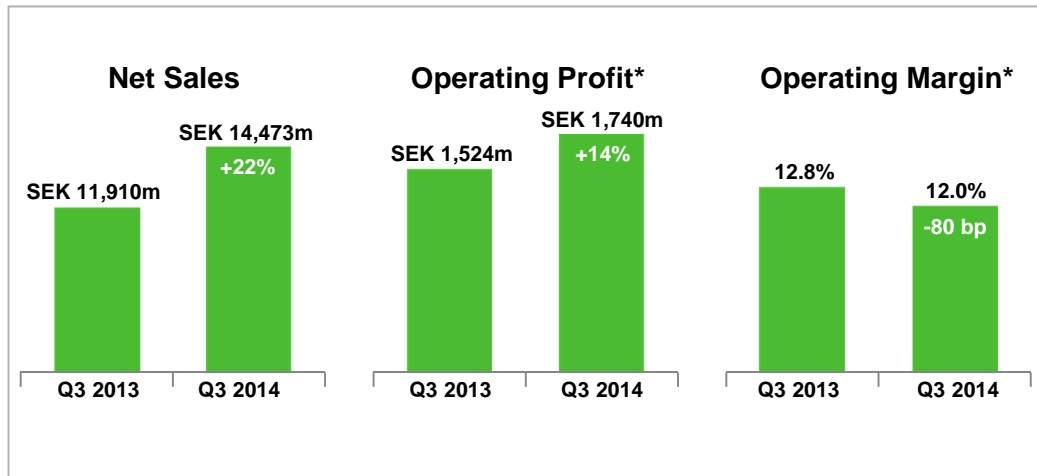
- **Sales growth 8%**
- **Organic sales growth 4%**
 - ◆ Price/mix +0%
 - ◆ Volume +4%
 - ◆ Strong growth in emerging markets
 - ◆ Growth in all product segments
 - ◆ Strong growth for feminine care
- **Operating profit increased 2%***
 - ◆ Higher volumes
 - ◆ Cost savings
 - ◆ Higher raw material costs partly due to stronger USD
- **Operating margin 11.3%***



* Excluding items affecting comparability

Tissue

Q3 2014 vs Q3 2013



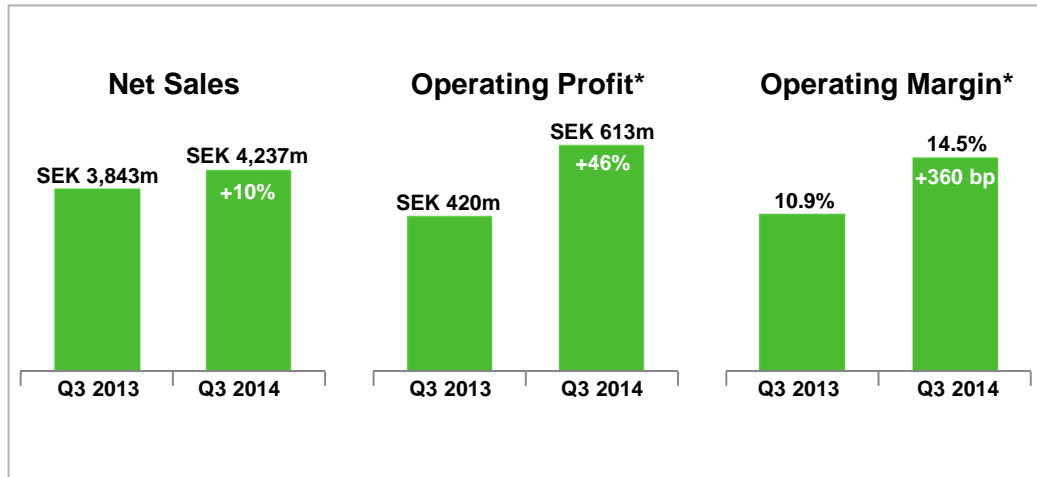
- **Sales growth 22%**
- **Organic sales growth 1%**
 - ◆ Price/mix 0%
 - ◆ Volume +1%
 - ◆ Strong growth in emerging markets
- **Operating profit increased 14%***
 - ◆ Higher volumes
 - ◆ Cost savings
 - ◆ Consolidation of Vinda
 - ◆ Lower energy costs
 - ◆ Higher raw material costs
 - ◆ Higher distribution costs
 - ◆ Lower profit in AfH tissue North America due to increased competition
- **Operating margin 12.0%***
 - ◆ Margin at same level as last year excluding Vinda



* Excluding items affecting comparability

Forest Products

Q3 2014 vs Q3 2013



■ Sales growth 10%

- ◆ Price/mix +4%
- ◆ Volume +5%
- ◆ Currency +1%
- ◆ Growth in all product segments

■ Operating profit increased 46%*

- ◆ Higher prices (including exchange rate effects)
- ◆ Cost savings
- ◆ Lower energy costs
- ◆ Higher harvesting costs

■ Operating margin 14.5%*



* Excluding items affecting comparability

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Global Environment

- Low growth in mature markets and good growth in emerging markets for hygiene products
- Higher raw material prices and FX headwinds due to stronger USD



Q&A

