



Interim Report Presentation Q1 2020

April 24, 2020



An aerial photograph of a white wind turbine in the foreground, with its three blades extending across the frame. The background is a vast, rolling landscape covered in dense forests with some autumn-colored trees. A small lake is visible in the distance. The sky is clear with a few wispy clouds.

Ulf Larsson, CEO



Summary Q1 2020

Coronavirus pandemic

- Health and safety highest priority
- Limited effect in Q1, significant uncertainty going forward
- Higher demand for pulp to tissue and hygiene products, and for packaging paper to e-commerce and essential products
- Lower demand for solid wood products and publication paper

Sales declined 6% vs Q1 2019

- Price/mix -16%, volume 11%, currency 2%, acq/div -3%

EBITDA down 34% vs Q1 2019

- Lower selling prices
- + Higher pulp and kraftliner volumes
- + Lower raw material costs

Higher forest growth enables increased annual harvesting

- Gradual increase from 4.3m m³sub / year 2020 to 5.4m m³sub /year 2025



SCA's performance Q1 2020

EBITDA (SEKm)

1,030

Industrial ROCE ¹⁾

9%

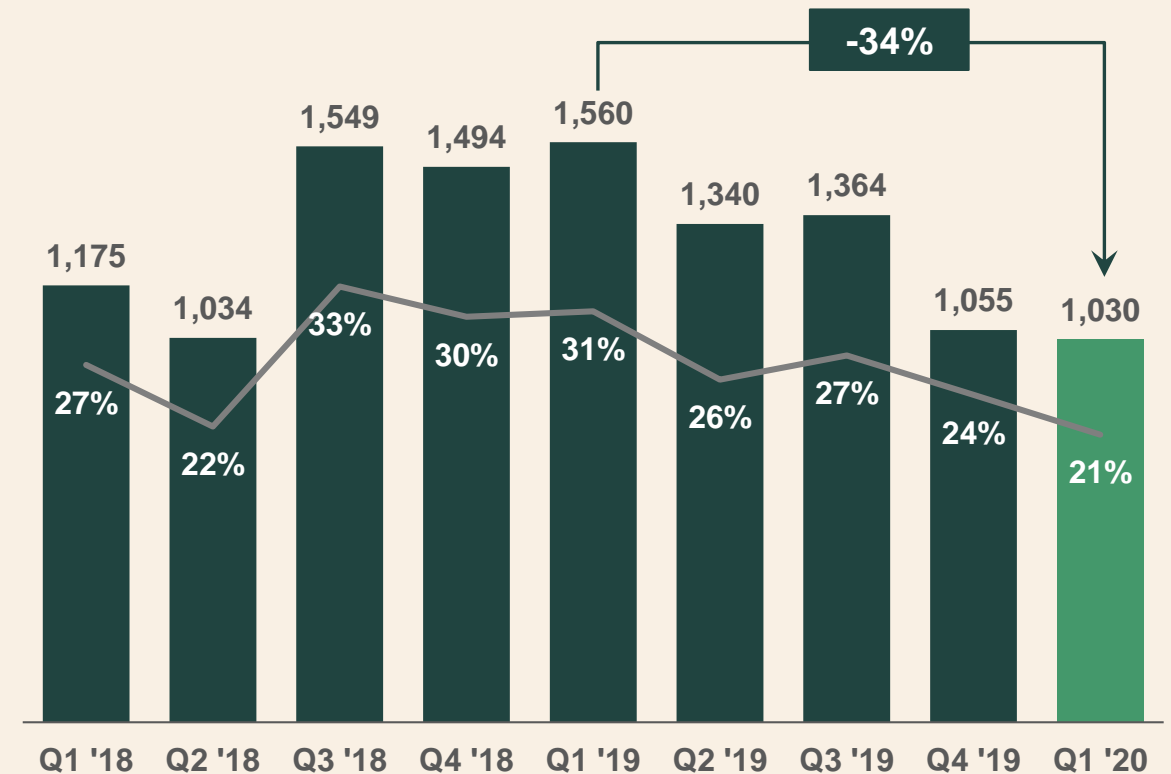
EBITDA development (SEKm)

EBITDA margin

21%

Net debt/EBITDA

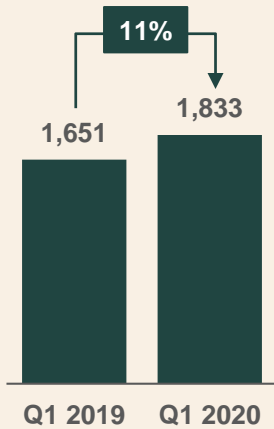
1.9x



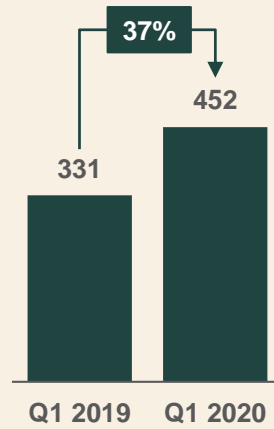
Note: 1) ROCE for the industrial segments; Wood, Pulp and Paper. ROCE calculated as LTM.

Forest Q1 2020 vs. Q1 2019

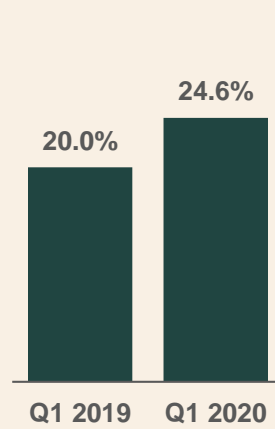
Net sales (SEKm)



EBITDA (SEKm)



EBITDA margin



Declining prices

Stable wood supply to industries

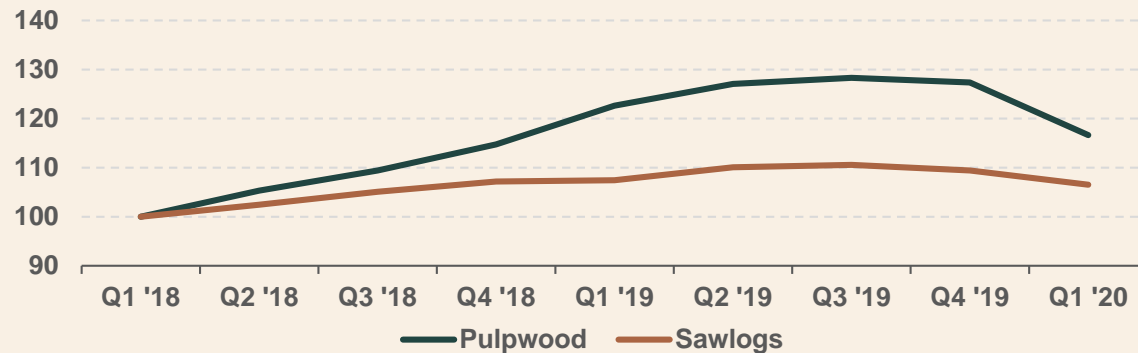
Sales up 11%

- + Increased pulp and kraftliner volumes
- Lower prices

EBITDA up 37%

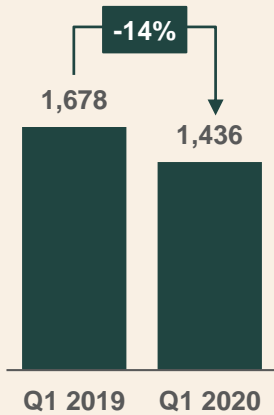
- + Higher forest growth increasing earnings from revaluation of biological assets
- Lower prices

Price development – Pulpwood and Sawlogs

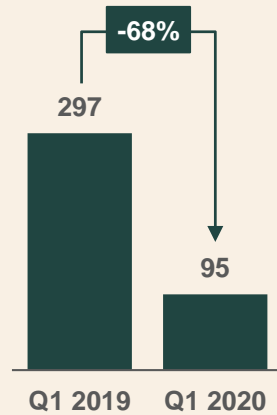


Wood Q1 2020 vs. Q1 2019

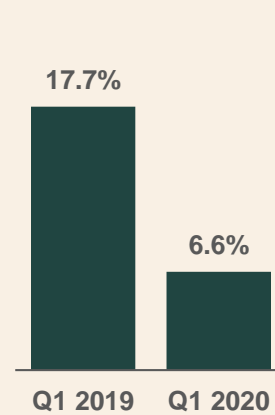
Net sales (SEKm)



EBITDA (SEKm)



EBITDA margin



Stable consumption, but low prices due to over supply in continental Europe

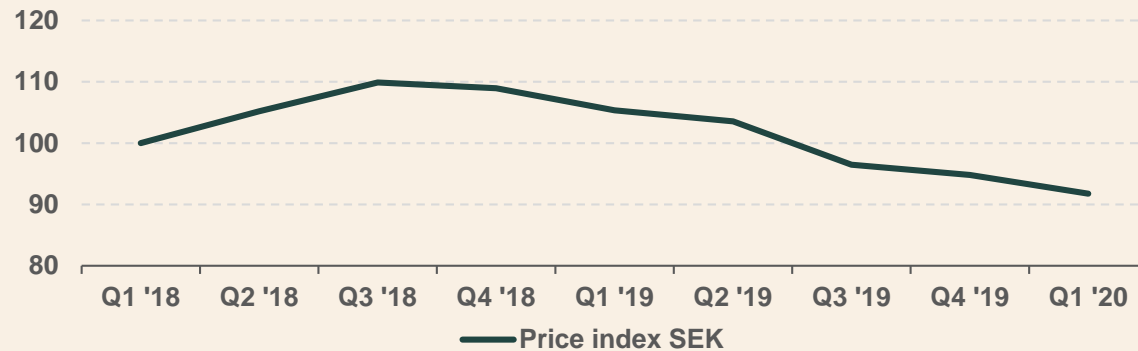
Sales down 14%

- Lower prices
- Deconsolidation in Wood France following merger with Groupe ISB

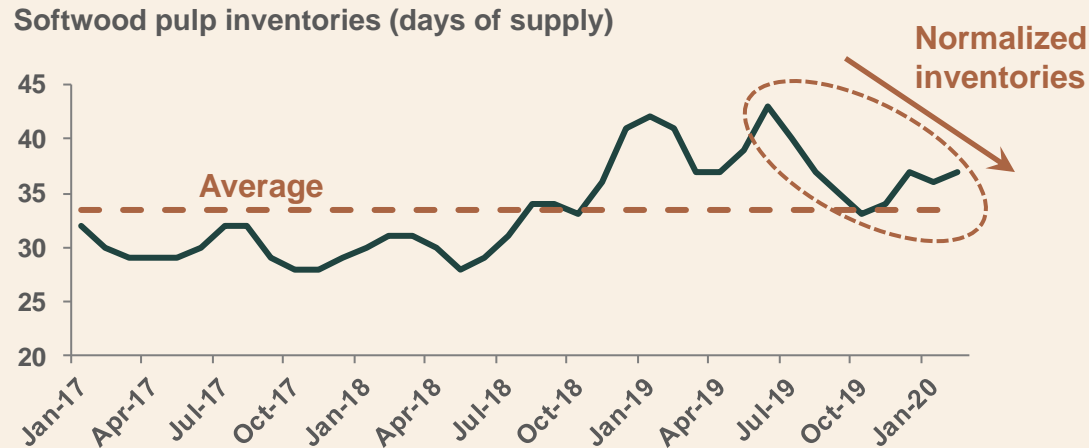
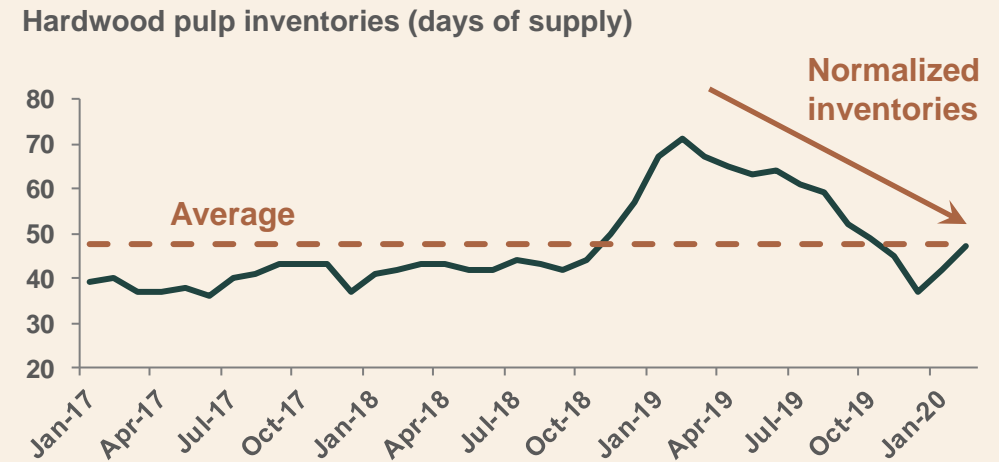
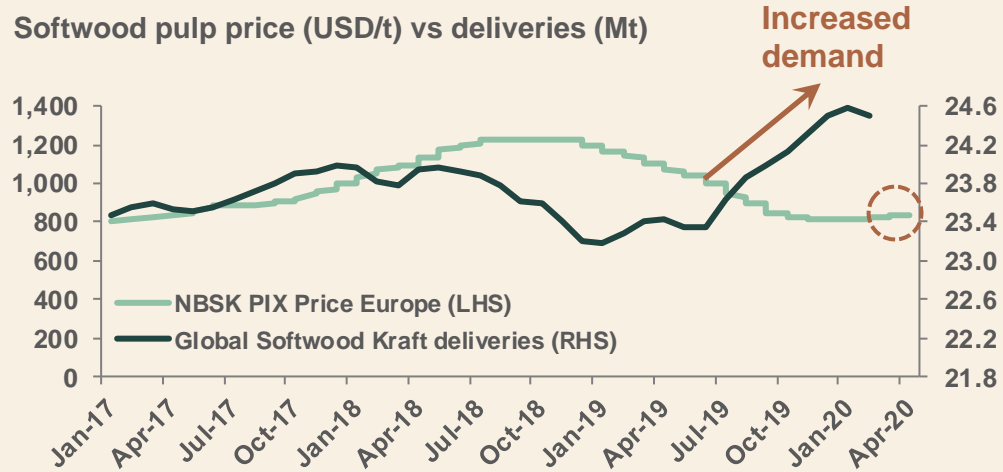
EBITDA down 68%

- Lower prices
- Restructuring SCA Wood France 0 (+90) SEKm

Price development – Solid Wood Products



Pulp market development

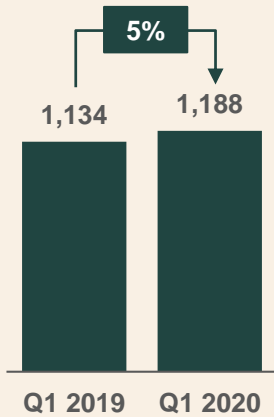


Higher pulp demand

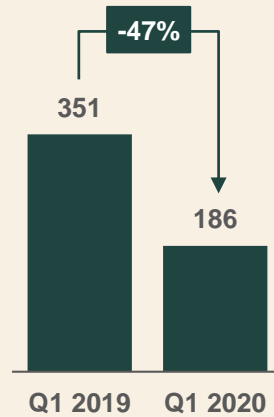
- Increased global pulp deliveries
- Decreased softwood and hardwood inventories
- However, prices lagging behind
- European NBSK PIX price up from 820 to 840 USD/t in March
- Further price increase announced

Pulp Q1 2020 vs. Q1 2019

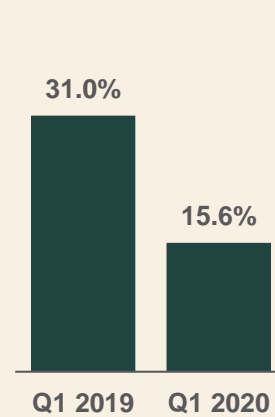
Net sales (SEKm)



EBITDA (SEKm)



EBITDA margin



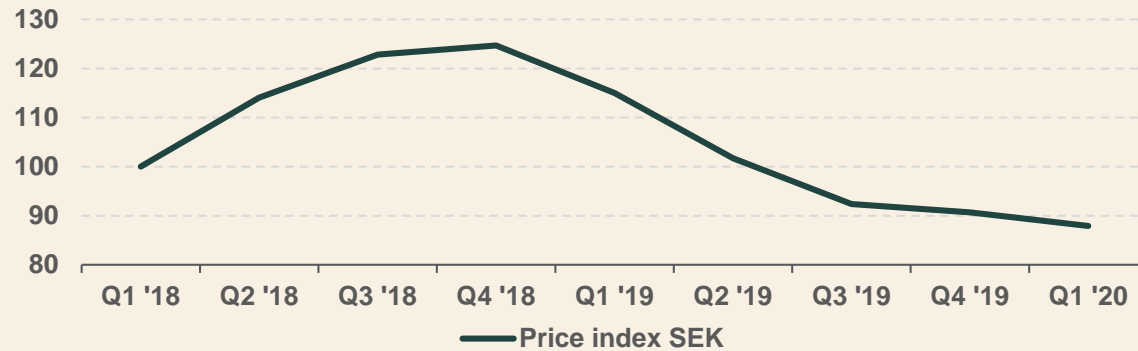
Sales up 5%

- + Increased volumes to expanded pulp mill
- Lower prices

EBITDA down 47%

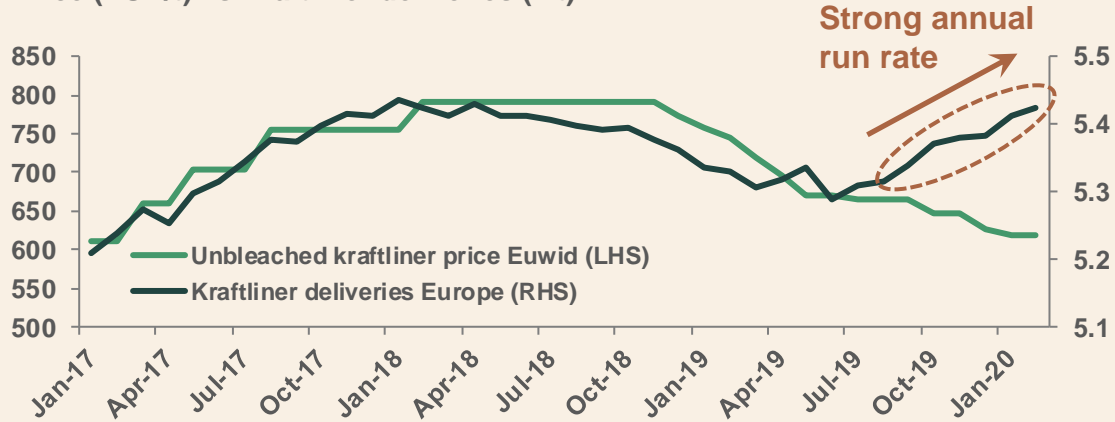
- Lower prices
- + Increased volumes to expanded pulp mill
- + Positive currency effects

Price development – NBSK Pulp

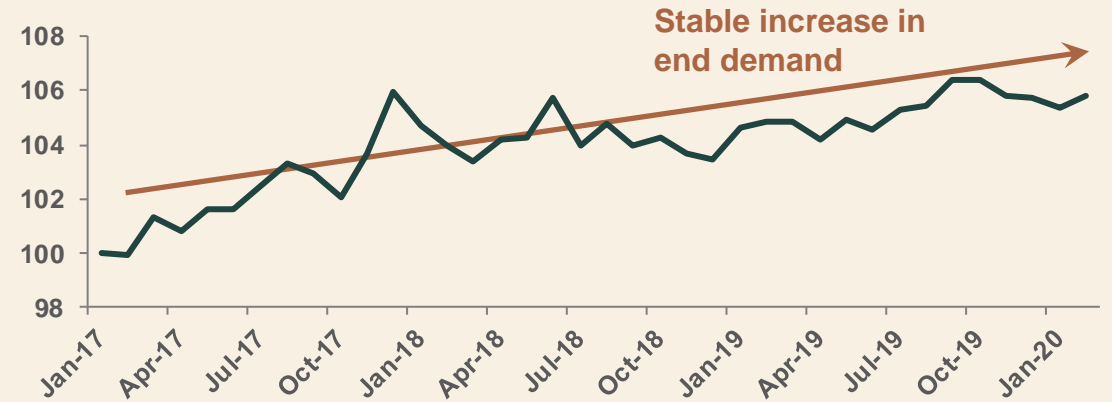


Containerboard market development

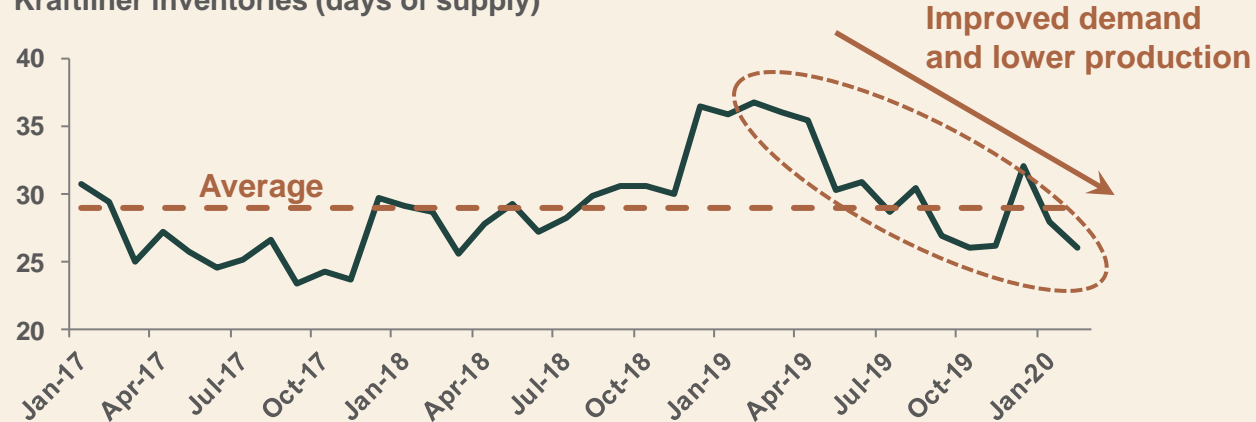
Price (EUR/t) vs Kraftliner deliveries (Mt)



European box demand (index)



Kraftliner inventories (days of supply)

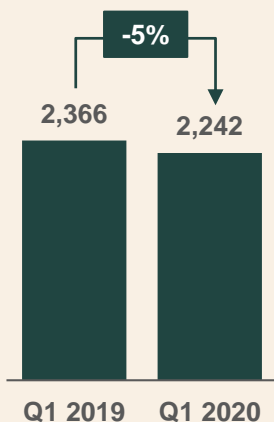


Higher kraftliner demand

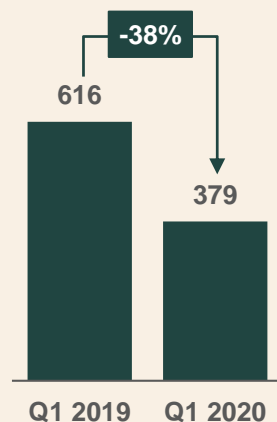
- European deliveries continued to be strong
- Inventories continued to decrease
- Good order in-flow
- Stable box demand
- **Price increase announced**

Paper Q1 2020 vs. Q1 2019

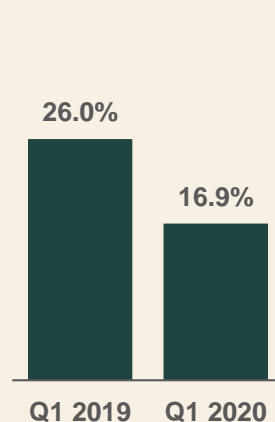
Net sales (SEKm)



EBITDA (SEKm)



EBITDA margin



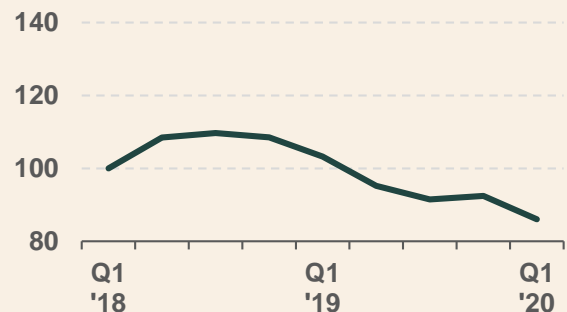
Sales down 5%

- Lower kraftliner and publication paper prices
- + Higher kraftliner volumes

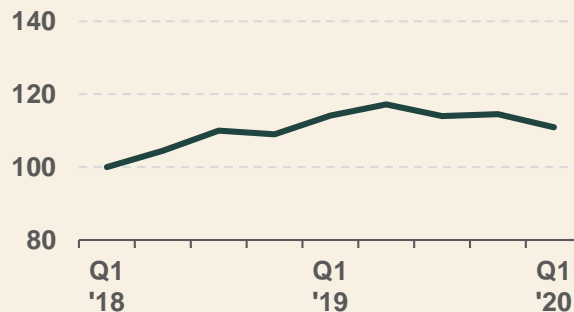
EBITDA down 38%

- Lower kraftliner and publication paper prices
- + Higher kraftliner volumes
- + Lower raw material costs and positive currency effects

Price development – Kraftliner



Price development – Publication paper (LWC)



— Price index SEK

Higher forest growth enables increased harvesting

New forest survey conducted in 2019

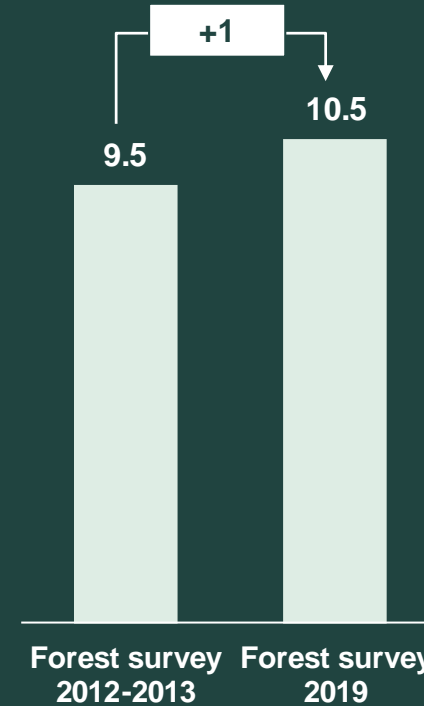
Annual growth 1m m³fo higher than expected

- Gross growth of 10.5 (9.5) m m³fo per year
- Net growth of 4.0 (3.0) m m³fo per year

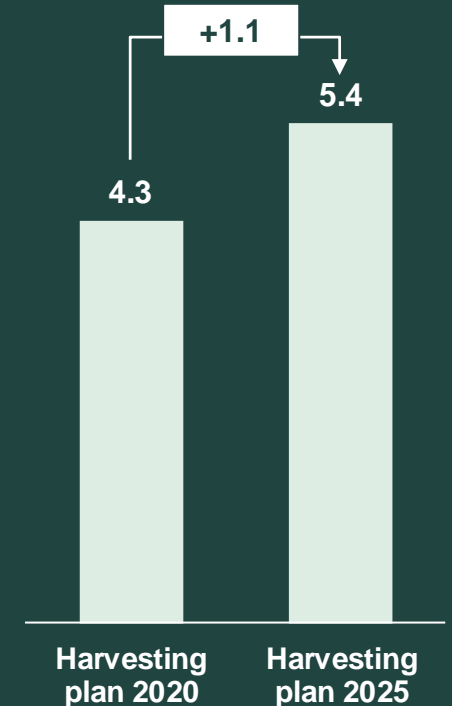
New harvesting plan calculated based on the new survey

- Gradual increase from 4.3m m³sub / year 2020 to 5.4m m³sub / year 2025
- Ramp-up expected to be linear over 5 years

Gross forest growth Sweden
(m m³fo / year)



Harvesting plan
(m m³sub / year)



Coronavirus Pandemic

Limited effect in Q1, significant uncertainty going forward

No disruptions in production or distribution in Q1

- **Forest** – no effect in Q1
- **Wood** – limited effect in Q1, significant uncertainty going forward
- **Pulp** – increased demand in Q1
- **Paper** – higher demand for kraftliner, significantly lower for publication paper

Actions to mitigate impact

- Protect risk groups and reduce the spread of the virus
- Strict procedures in place to minimize impact on production
- Secure supply chain and key raw materials
- SCA Logistics with own ships and controlled harbors
- Cost control, inventory levels and capex
- High liquidity reserve and forest asset backing

SCA supplies raw material to tissue and hygiene products





Toby Lawton, CFO



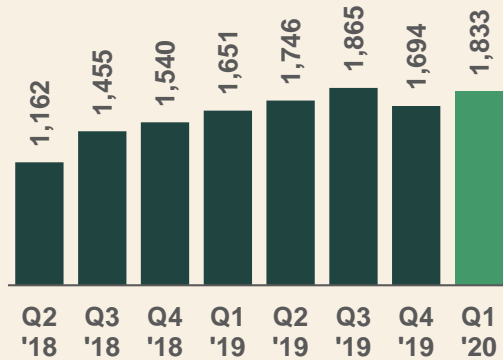
Income statement

SEKm	Quarter		
	Q1 2020	Q1 2019	Change
Net sales	4,793	5,076	-6%
EBITDA	1,030	1,560	-34%
<i>EBITDA margin</i>	21.5%	30.7%	-9.2 p.p.
EBIT	628	1,168	-46%
<i>EBIT margin</i>	13.1%	23.0%	-9.9 p.p.
Financial items	-24	-30	
Profit before tax	604	1,138	-47%
Tax	-121	-230	
Profit for the period	483	908	-47%
Earnings per share, SEK	0.69	1.29	

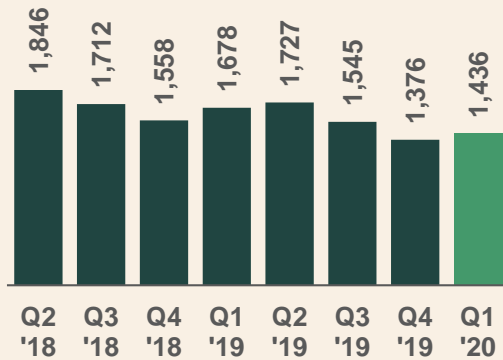
Contribution by segment and quarter

Forest

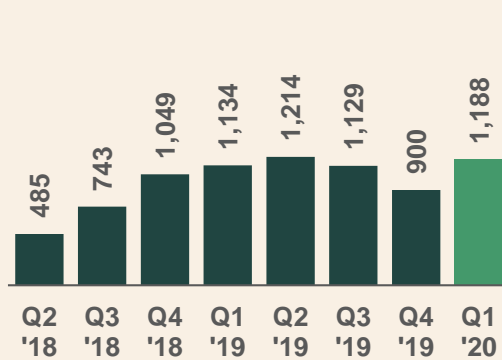
Net sales (SEKm)



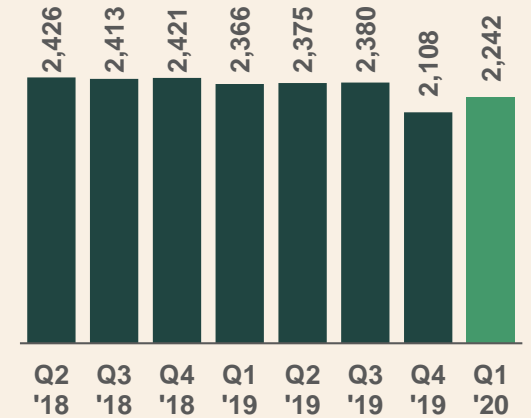
Wood



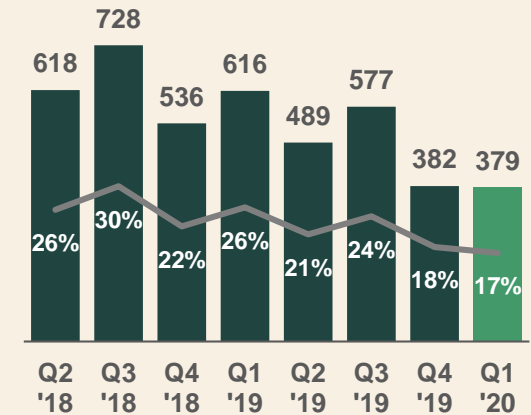
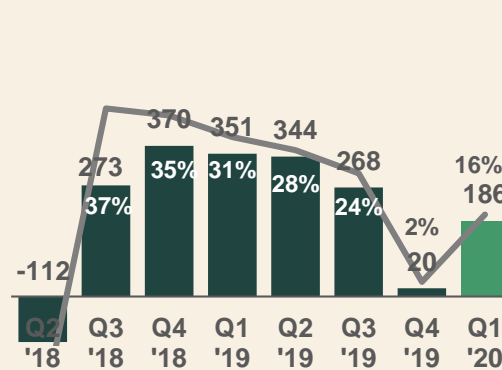
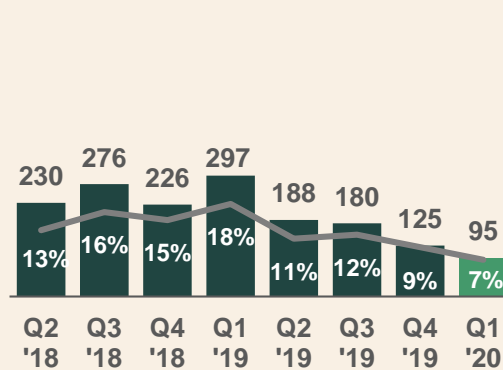
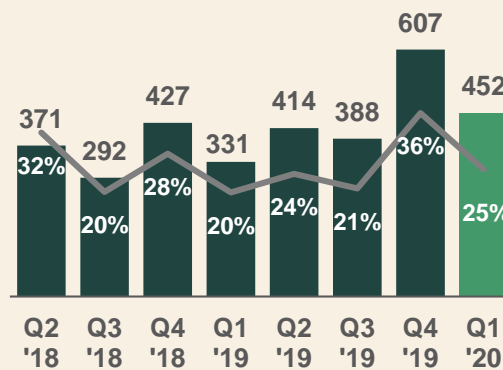
Pulp



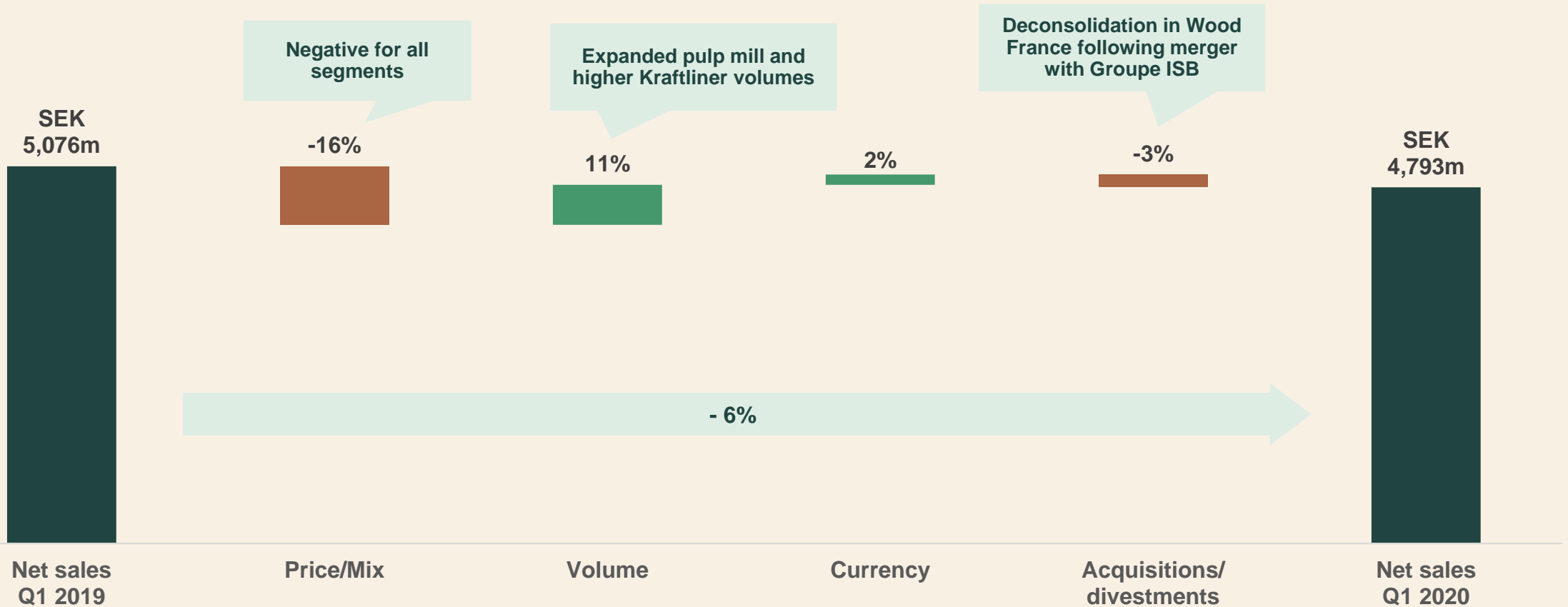
Paper



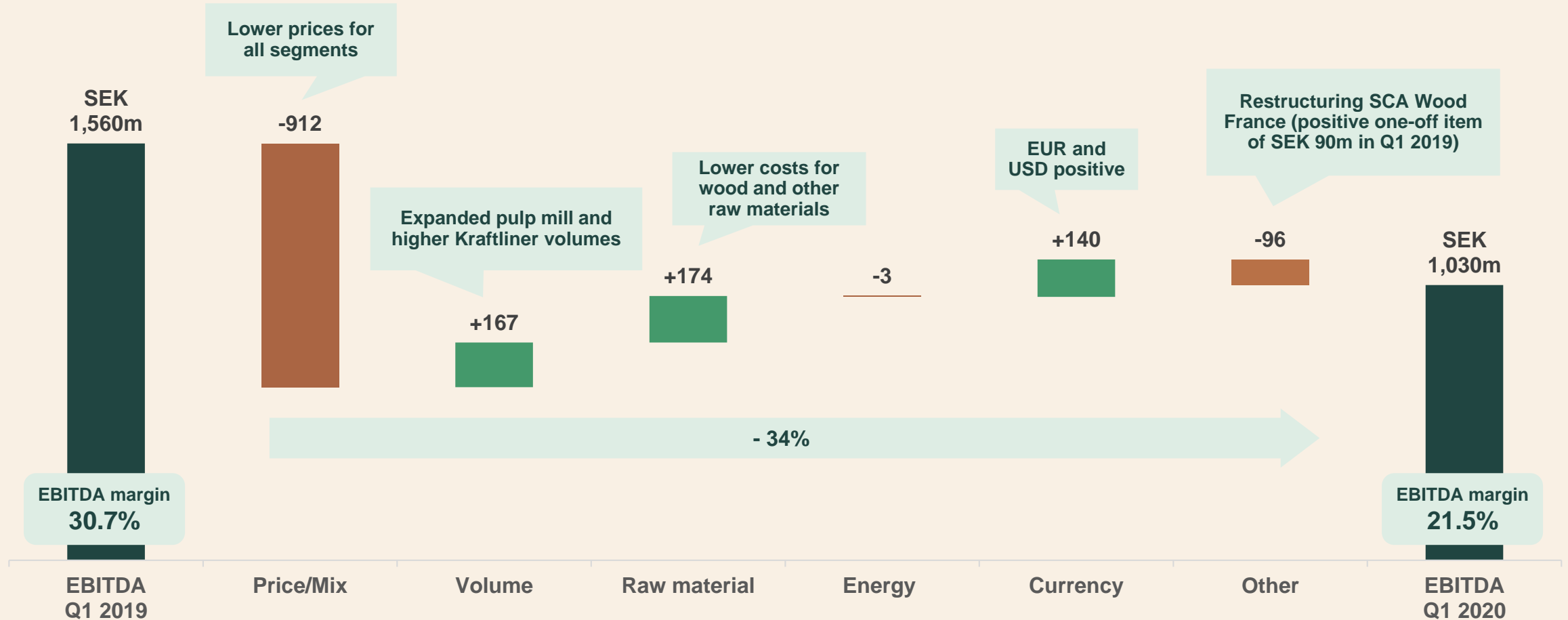
EBITDA (SEKm) and EBITDA margin



Net sales Q1 2020 vs. Q1 2019



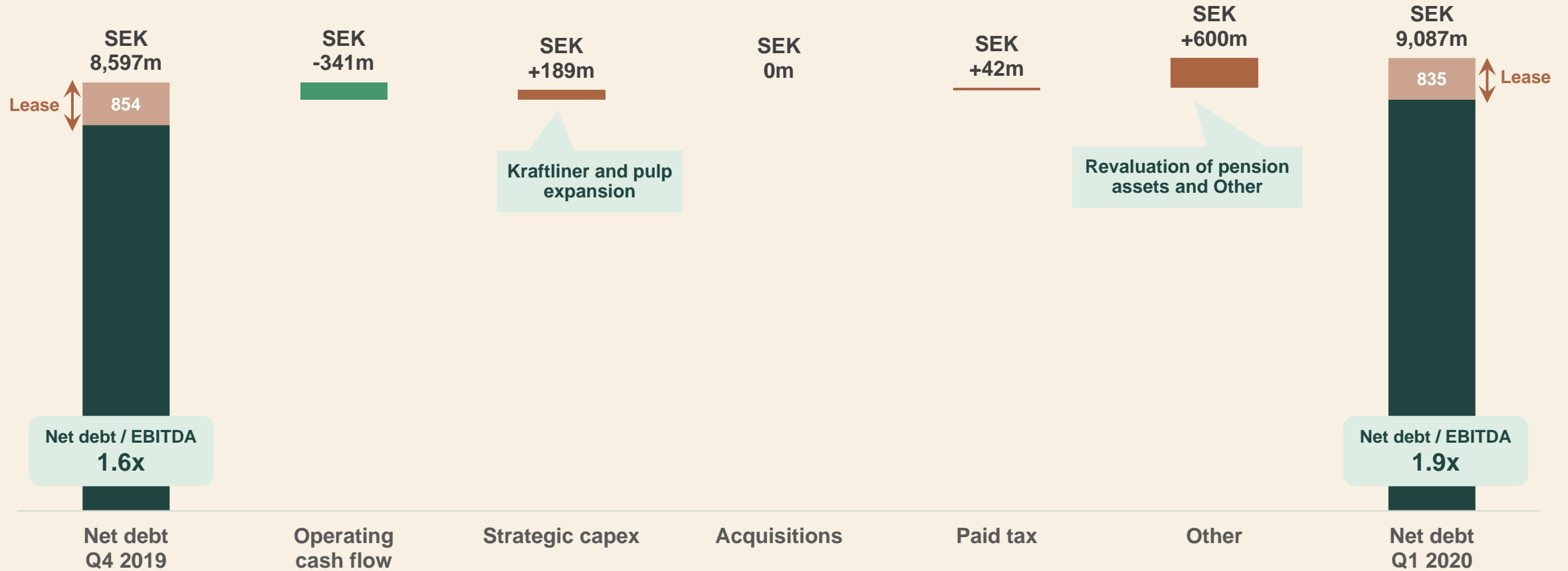
EBITDA Q1 2020 vs. Q1 2019



Cash flow

SEKm	Quarter	
	Q1 2020	Q1 2019
EBITDA	1,030	1,560
Revaluation of biological assets and other non cash flow items	-340	-246
Operating cash surplus	690	1,314
Change in working capital	-146	-353
Current capital expenditures	-175	-168
Other operating cash flow	-28	-167
Operating cash flow	341	626
Acquisitions	0	-158
Strategic capital expenditures	-189	-143

Net debt Q1 2020 vs. Q4 2019



Financing overview

Debt overview (Mar 31, 2020)

Debt (SEKbn)	Limit	Maturity, years			Total utilized
		0-1	1-2	2-	
Syndicated credit facilities (RCF)	5.0				-
Bond loans within MTN program	8.0	1.0	1.1		2.1
Commercial paper (CP)	5.0	2.9			2.9
Other loans ¹				4.0	4.0
Total Group		3.9	1.1	4.0	9.0

¹ SEK, EIB and NIB

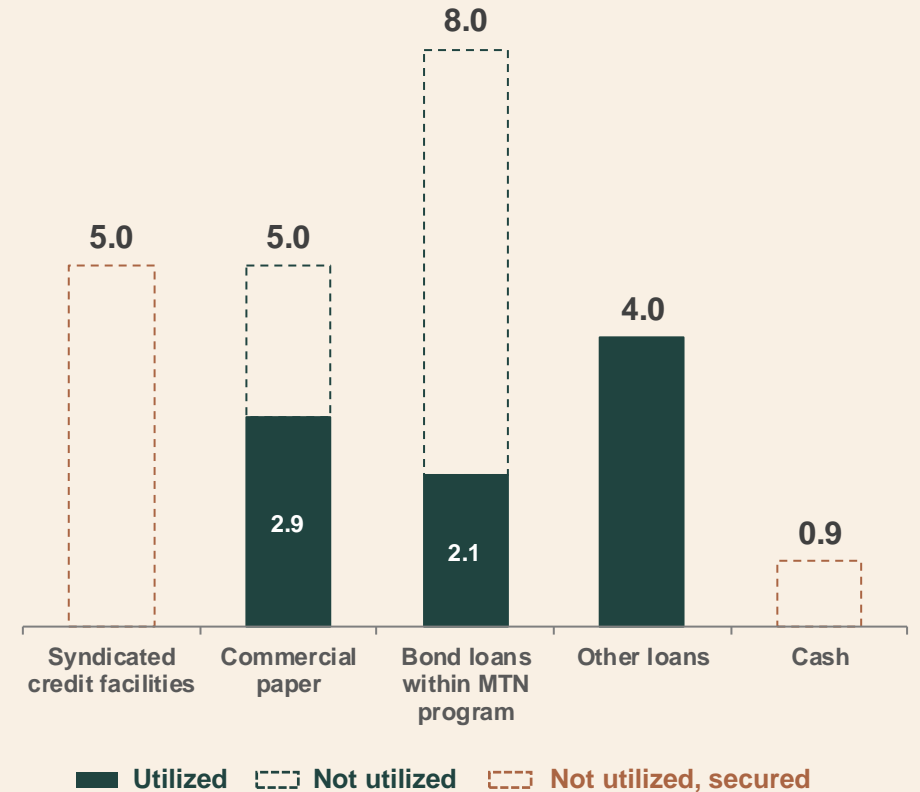
Actions and measures after end of period:

- New loan from Swedish Export Credit Agency (SEK 1bn) used to repay CP in April
- New additional syndicated RCF (SEK 1.6bn)
- **Total liquidity reserve of SEK ~7.5bn (5.0bn RCF + 1.6bn new RCF + Cash)**

Note: Leasing excluded.



Financing overview (Mar 31, 2020)



Balance sheet

SEKm	Mar 31, 2020	Dec 31, 2019
Forest assets	70,097	69,682
Working capital	3,470	3,748
<i>Working capital/Net sales ¹⁾</i>	20%	20%
Deferred tax relating to forest assets	-14,107	-13,977
Other capital employed	17,878	17,654
Total capital employed	77,338	77,107
Net debt	9,087	8,597
<i>Net debt/EBITDA ²⁾</i>	1.9x	1.6x
Equity	68,251	68,510
<i>Net debt/Equity</i>	13%	13%

Note: 1) Average working capital for 13 months as a percentage of 12-month rolling net sales.
2) 12-months EBITDA, up to end of each period.

Summary

Ulf Larsson, CEO

Summary Q1 2020

Coronavirus pandemic

Sales declined 6% vs Q1 2019

EBITDA down 34% vs Q1 2019

**Higher forest growth enables increased
annual harvesting**



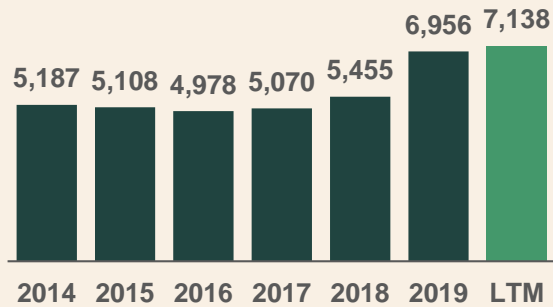
Q&A

Appendix

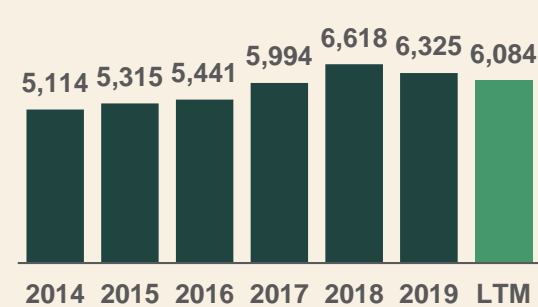
Contribution by segment

Forest

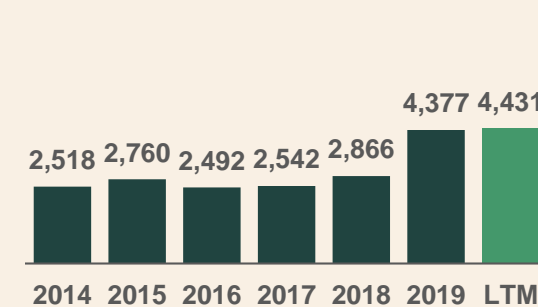
Net sales (SEKm)



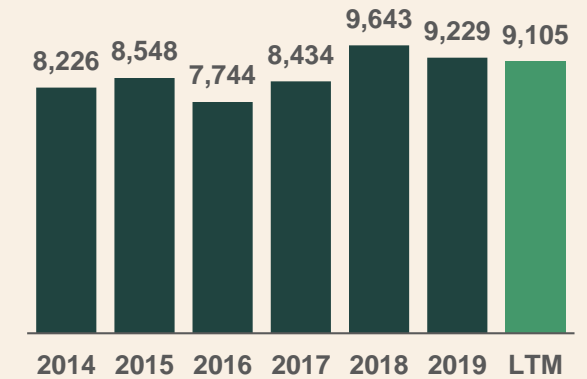
Wood



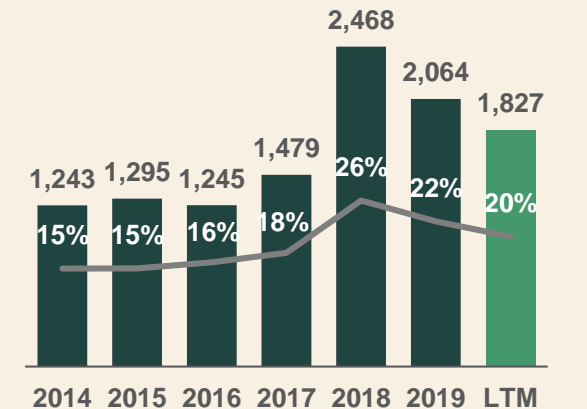
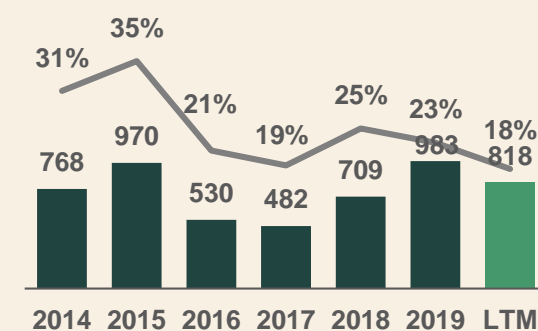
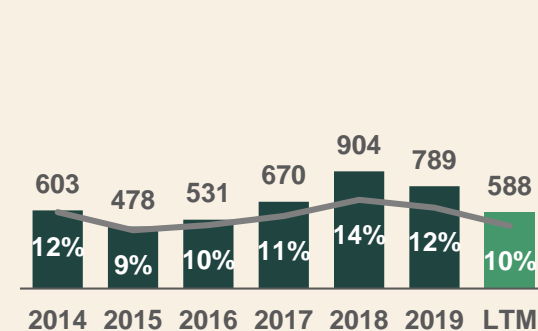
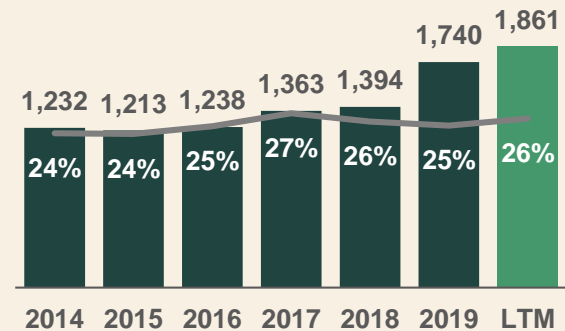
Pulp



Paper



EBITDA (SEKm) and EBITDA margin ¹⁾



Note: 2014 and 2015 EBITDA refer to adjusted figures. 2016 and forward refer to unadjusted figures. For details please see the quarterly report.



Europe's largest private forest owner

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

