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Interim Report

1 January–30 June 2005

	2005:2	2005:1	0506	0406
Earnings per share, SEK	4.27	2.82	7.09	11.83
Cash flow from current operations per share, SEK	4.64	-0.11	4.53	6.28
Net sales, SEK M	23,986	22,518	46,504	44,027
Earnings after financial items, SEK M	1,361	894	2,255	3,815
Net earnings, SEK M	1,006	662	1,668	2,776

2005 compared with first half of 2004

- Net sales amounted to SEK 46,504 M (44,027).
- Earnings after taxes amounted to SEK 1,668 M (2,776)¹.
- Earnings per share amounted to SEK 7.09 (11.83).
- Earnings after financial items amounted to SEK 2,255 M (3,815). Adjusted for items affecting comparability totaling SEK 425 M (44), earnings after financial items amounted to SEK 2,680 M (3,859).

Compared with first quarter of 2005

- Net sales amounted to SEK 23,986 M (22,518).
- Earnings after taxes amounted to SEK 1,006 M (662)¹.
- Earnings per share amounted to SEK 4.27 (2.82).
- Earnings after financial items amounted to SEK 1,361 M (894). Adjusted for items affecting comparability totaling SEK 425 M in the first quarter, earnings after financial items amounted to SEK 1,361 M (1,319).

¹ Earnings for the first quarter were affected by costs for rationalization measures of SEK 425 M before taxes, and SEK 314 M after taxes.

Effective 2005, the Group's financial reports are prepared in accordance with International Financial Reporting Standards (IFRS). According to an EU directive, the application is mandatory for publicly listed companies. The effects of the conversion are reported as an adjustment in the opening balance of shareholders' equity for 2004. All comparative figures for 2004 have been recalculated.

A detailed description of the effects of the conversion from Swedish accounting standards to IFRS on opening and closing balance sheet totals for 2004, and earnings in 2004, is presented in the Annual Report for 2004 (Note 33). Effects of the conversion to IAS 32 and 39 as per January 1, 2005 are presented in detail in the interim report for the first quarter 2005. The first-quarter report also includes a presentation of the conversion's effects on Group earnings and equity per quarter during 2004. For further information please visit www.sca.com.

COMMENTS BY THE CEO

In Europe, continued weak economic growth characterized our operations, with low growth values, tough competition and, in turn, price pressure, with particular emphasis on tissue and corrugated board operations. The stronger North American economy has led to improved demand for our products, with rising prices, which are compensating for higher raw material prices introduced earlier.

After a weak first quarter, Personal Care in Europe reported more normal delivery rate during the second quarter. For European consumer tissue operations, price declines during the second quarter were not as sharp as declines during the first quarter and, in parallel, production costs were reduced as a result of the efficiency enhancement and rationalization programs that are being implemented.

Price increases introduced during the first quarter in AFH-tissue both in Europe and North America yielded their full effects during the second quarter.

Delivery volumes for European packaging operations were weak throughout virtually the entire first half of 2005. Some recovery was noted toward the end of the second quarter, however. At the same time, prices for containerboard and corrugated board continued to decline.

In the publications paper segment, the labor conflict in Finland did not in the short-term cause any significant effects on operations. The low inventory levels, however, have led to an improvement in the supply and demand balance, particularly in the market for magazine paper.

The cost-savings program approved and introduced earlier is proceeding according to plan and is expected to generate savings of SEK 1,200 M when full effects of the program are realized in 2006. In order to create better conditions for a favorable return on capital despite today's depressed price levels, a comprehensive program comprising additional efficiency enhancement measures within the business groups was formulated during the spring and early summer. The new measures are intended to lead to a further improvement in earnings, corresponding to at least 1.5 percentage points, calculated as gross margin. This does not include consideration for the favorable effects on pricing that might be created by shutdowns of paper capacity in the packaging segment. The new rationalization program will be defined in August.

Several new hygiene product launches are now in progress and planning stages, while a re-orientation is being implemented within the European and North American packaging operations towards customer segments that are not exposed to continued relocation to low-cost regions of the world.

SCA has strong packaging operations, with a network of units that is unique in the industry, and the ability to serve global customers on three continents. A corresponding underlying strength lies within the areas comprising tissue and personal care products, which have been the focus of a substantial share of strategic investments during recent years. In Europe, we also have effective and strongly invested publication paper operations.

The aim is that the strong efforts now in progress within the business areas, combined with the new efficiency enhancement program, will provide us with the competitiveness needed under today's market conditions.

MARKET OUTLOOK

Within the tissue segment, demand remains strong but the consumer sector of the market in Europe is still characterized by overcapacity. Demand in the European packaging market grew somewhat stronger during the quarter. However, the higher volumes did not offset lower prices in the corrugated board segment and new testliner capacity has created imbalance in the market. The tissue market in North America remains strong and price increases are offsetting the effects of higher energy costs. Growth in the segment comprising personal care products remains stable in Europe and several markets outside Europe continue to show favorable growth. The balance between supply and demand for publication paper has improved.

EARNINGS TREND

SEK M	2005:2	2005:1 ¹	0506 ¹	0406 ²
Hygiene Products	962	908	1,870	2,364
- Tissue	391	379	770	1,123
- Personal Care	571	529	1,100	1,241
Packaging	455	458	913	1,318
Forest Products	416	401	817	874
- Publication papers	113	121	234	206
- Pulp, timber and solid-wood products	303	280	583	668
Other	-114	-530	-644	-228
Operating profit	1,719	1,237	2,956	4,328
Financial items	-358	-343	-701	-513
Earnings after financial items	1,361	894	2,255	3,815
Income tax	-355	-232	-587	-1,039
Net earnings	1,006	662	1,668	2,776
Earnings per share, SEK	4.27	2.82	7.09	11.83

¹ Including items affecting comparability, SEK -425 M before taxes and SEK -314 M after taxes.

² Including items affecting comparability, SEK -44 M before taxes and SEK -30 M after taxes.

Compared with first half of 2004

Net sales increased by 6%. Currency movements had a negative impact of 2% on net sales.

Operating profit was charged with SEK 425 M for rationalization programs. Combined with costs for measures approved during the fourth quarter of 2004, total costs for the programs amounted to SEK 1,150 M.

Excluding items affecting comparability amounting to an expense of SEK 425 M (exp: 44), the operating profit declined by 23%, while earnings after financial items were down by 31% and net earnings and earnings per share declined by 29%. Currency movements had a negative impact of 3% on earnings.

Return on equity amounted to 7% (10), and the return on capital employed was 7% (10).

Compared with first quarter of 2005

Net sales increased by 7%. Currency movements had a positive impact of 2% on net sales.

Excluding items affecting comparability totaling an expense of SEK 425 M in the first quarter, operating profit increased by 3%. Currency movements had a positive impact of 3% on earnings. The operating profit for Hygiene Products was 6% higher than the preceding quarter, while Packaging's operating profit was in line with the preceding quarter and the operating profit of Forest Products improved by 4%.

Financial items amounted to an expense of SEK 358 M (exp: 343). Financial items in the second quarter included dividends received from Industrivärden totaling SEK 23 M. The Group's consolidated earnings after financial items, accordingly, excluding items affecting comparability of SEK 425 M in the first quarter, amounted to SEK 1,361 M (1,319), an increase of 3%. Currency movements had a positive impact of 3% on earnings.

Earnings per share during the second quarter amounted to SEK 4.27 (2.82).

TISSUE

The tissue segment is characterized by shifting trends in different parts of the world. In Europe, price pressure on consumer tissue has somewhat declined. In the AFH-segment, price increases introduced earlier have now achieved their full effect and volumes in America are seasonally high.

Compared with first half of 2004

Continued intensive competition in several of the Group's markets led to a lower operating profit. The decline in earnings attributable to operations in Europe was mainly a result of lower prices for consumer tissue. This was partly offset, however, by price adjustments implemented gradually in the AFH-segment and by lower production costs attributable to the ongoing efficiency enhancement programs.

AFH-operations in North America showed favorable trends as a result of higher prices and the efficiency enhancement programs, which were partly offset by rising energy costs.

Compared with first quarter of 2005

Competitive pressure remained strong in the European consumer tissue sector, resulting in lower prices. Price increases and seasonally higher volumes improved earnings in North American operations.

PERSONAL CARE

The product segment is generally characterized by continued price pressure. The relationship between proprietary brands and retailer brands in Europe is shifting gradually toward an increase in retailer brands. To meet the competition from retailer brands, manufacturers have reduced prices on their proprietary brands. SCA's clearly defined focus on efforts to continue to meet demand for retailer brands creates new opportunities in pace with the gradual rebalancing.

Compared with first half of 2004

Price pressure, combined with increased raw material costs, led to a decline in operating profit that was offset partly by higher volumes, more effective raw materials utilization and acquisitions.

Compared with first quarter of 2005

Operations during the second quarter reflected favorable volume trends that were offset in part by continued price pressure and higher costs for oil-based raw materials.

PACKAGING

Prices declined in the European market for corrugated board, in part due to weak demand in the beginning of the year, but also as a result of lower paper prices. Paper prices were impacted strongly by new capacity added during the first half of the year.

Compared with first half of 2004

Earnings attributable to European packaging operations declined due to lower prices and higher energy costs. Structural changes initiated earlier resulted in reduced costs, which are still not enough, however, to compensate for the lower prices. In the North American packaging operations, price increases already implemented have not fully offset the cost increases for oil-based raw materials and energy.

Compared with first quarter of 2005

Compared with the first quarter, prices continued to decline in Europe, which were offset by higher volumes, however.

PUBLICATION PAPERS

Effects of the Finnish strike had only marginal effects since most of the Group's capacity was already committed to longer contracts.

Compared with first half of 2004

Higher prices compensated for increased energy costs and negative currency effects.

Compared with first quarter of 2005

The effects of higher prices did not fully compensate for the planned, weeklong maintenance stoppage in Ortviken during the second quarter.

PULP, TIMBER AND SOLID-WOOD PRODUCTS

Import prices for timber have declined as a result of storm damage during the winter.

Compared with first half of 2004

Operating profit was lower compared with the preceding year, due to lower prices for solid-wood products and negative currency effects.

Compared with first quarter of 2005

The operating profit improved compared with the first quarter, partly as a result of higher deliveries of solid-wood products.

CASH FLOW

SEK M	2005:2	2005:1	0506	0406
Net sales	23,986	22,518	46,504	44,027
Operating cash surplus	3,155	3,087	6,242	7,103
<i>% of net sales</i>	13	14	13	16
Current capital expenditures, net	-1,163	-750	-1,913	-1,603
<i>% of net sales</i>	-5	-3	-4	-4
Change in working capital	-175	-1,266	-1,441	-2,140
Other operating cash flow changes	-169	-156	-325	-166
Operating cash flow	1,648	915	2,563	3,194
Tax payment etc ¹	-311	-704	-1,015	-1,374
Free cash flow	1,337	211	1,548	1,820
<i>Per share, SEK</i>	5.73	0.90	6.63	7.79
Interest payment after taxes	-253	-237	-490	-352
Cash flow from current operations	1,084	-26	1,058	1,468
<i>Per share, SEK</i>	4.64	-0.11	4.53	6.28
Strategic investments and divestments	-741	-662	-1,403	-9,129
Cash flow before dividend	343	-688	-345	-7,661
Dividend	-2,455	-	-2,455	-2,450
Conversion of debentures, warrants	-	-	-	1
Sale of own shares	1	2	3	7
Net cash flow	-2,111	-686	-2,797	-10,103

¹ Tax attributable to operating profit.

Compared with first half of 2004

The operating cash surplus declined compared with the first six months 2004, while some increase was noted in current capital expenditures. Working capital, however, showed more favorable development compared with the preceding year.

Taxes paid declined slightly compared with the preceding year, when taxes were impacted by substantial supplementary tax payments. Interest payments also increased, mainly as a result of acquisitions during 2004.

Cash flow from current operations, accordingly, amounted to SEK 1,058 M (1,468).

Compared with first quarter of 2005

Cash flow from current operations improved compared with the first quarter, mainly as the result of a significantly lower increase in working capital, and amounted to SEK 1,084 M (exp: 26).

FINANCING AND SHAREHOLDERS' EQUITY

Financial items increased to an expense of SEK 701 M (exp: 513). The increase was mainly attributable to acquisitions.

Net debt amounted to SEK 42,550 M, an increase of SEK 6,727 M from the beginning of the year. Net cash flow amounted to a deficit of SEK 2,797 M, while negative currency effects showed a deficit of SEK 3,215 M and revaluations in compliance with IAS 19 for pensions, and IAS 39 for financial instruments, amounted to a deficit of SEK 715 M.

The Group's pension liabilities increased by SEK 1,063 M during the quarter. The increase was attributed primarily to lower interest rates and currency effects. A higher yield on assets held in funds partly helped to limit the increase. Negative effects on equity amounted to SEK 493 M¹.

Consolidated shareholders' equity rose during the period by SEK 2,523 M to SEK 57,588 M. Net earnings for the period increased equity by SEK 1,668 M. Currency effects etc. impacted positively on shareholders' equity by SEK 3,772 M, while dividends had a negative impact of SEK 2,451 M. Effects of revaluations in compliance with IAS 19 for pensions, and IAS 39 for financial instruments, had a negative impact of SEK 466 M.

The debt/equity ratio, which amounted to 0.65 at the beginning of the year, totaled 0.74 (0.69) at the close of the quarter. The interest coverage multiple was 4.2 (8.4).

PERSONNEL

The average number of employees at the close of the quarter was 52,014, compared with 46,966 at the end of the second quarter in 2004. The increase represents the net amount of acquisitions and rationalization programs implemented within the Group during 2004.

RATIONALIZATION PROGRAMS

The program that was approved by the Board of Directors in January is proceeding according to plan. Combined with the measures approved during the fourth quarter of 2004, total costs for the programs amount to SEK 1,150 M, of which SEK 425 M has been charged against earnings for the year.

The savings effects will be realized gradually during 2005. For full-year 2005, the effects are expected to total approximately SEK 600 M, of which SEK 200 M impacted earnings already during the first half of the year. Full effects of the programs, totaling SEK 1,200 M, will be realized beginning in 2006.

After the close of the period, one of the Group's smaller plants in Italy (Rovereto) was sold for approximately SEK 240 M as part of the ongoing rationalization program. The plant consists of three small tissue machines without conversion capacities and an older machine for the production of core board. The loss of capacity will be covered by other plants, among others the Group's new tissue machine in Spain.

OTHER

This interim report was prepared in accordance with IAS 34 and the Swedish Financial Accounting Standards Council's recommendation RR 31 and, with regard to the Parent Company, RR 32.

The Group's parent company, Svenska Cellulosa Aktiebolaget SCA (publ), owns the forestlands and other fixed properties that are part of the Group's forestry operations and provide felling rights for standing timber to its subsidiary SCA Skog AB. In other respects, the parent company is a holding company whose main task is to own and manage shares in a number of business-group companies and to provide Group-wide management and administration. Operating revenues during the period January-June 2005 totaled SEK 74 M (79) and earnings before appropriations and taxes amounted to SEK 994 M (2,619). During the quarter, the Parent Company made no investments in shares and participations. Investments in properties and plant amounted to SEK 10 M (11) during the period. Liquid funds at the close of the period amounted to SEK 20 M (19).

The Nordic tissue operations of Munksjö and two small packaging companies were acquired during the period. Munksjö was consolidated as per May 18, 2005.

¹ Actuarial gains and losses from the calculation of pensions are booked directly against shareholders' equity. This supplement to IAS 19 has not yet been approved by the EU. However, EFRAG, the European Financial Reporting Advisory Group, which is the EU's expert group, has recommended approval.

SHARE DISTRIBUTION

30 June 2005	Series A	Series B	Total
Registered number of shares	40,427,755	194,608,943	235,036,698
Of which treasury shares	-	(1,643,117)	(1,643,117)

During the first half of 2005, 102 Series A shares were converted into Series B shares. The proportion of Series A shares at the close of the period totaled 17.2%.

Computed in accordance with IFRS recommendations, the effects of outstanding personnel options programs correspond to a maximum dilution effect of 0.04%, which was taken into account in calculations of earnings per share during the period.

Stockholm, 21 July 2005

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Jan Åström
President and CEO

This report is unaudited.

BUSINESS AREA HYGIENE PRODUCTS

SEK M	2005:2	2005:1	0506	0406
Net sales	12,258	11,606	23,864	21,694
Tissue	7,531	7,144	14,675	13,011
Personal Care	4,727	4,462	9,189	8,683
Operating surplus	1,701	1,636	3,337	3,672
Tissue	892	888	1,780	2,012
Personal Care	809	748	1,557	1,660
Operating profit	962	908	1,870	2,364
Tissue	391	379	770	1,123
Personal Care	571	529	1,100	1,241
Gross margin, %	13.9	14.1	14.0	16.9
Tissue	11.8	12.4	12.1	15.5
Personal Care	17.1	16.8	16.9	19.1
Operating margin, %	7.8	7.8	7.8	10.9
Tissue	5.2	5.3	5.2	8.6
Personal Care	12.1	11.9	12.0	14.3
Volume trend, %				
Tissue	4.6 ¹	-2.1 ¹	14.4 ²	4.8 ²
Personal Care	8.0 ¹	-2.7 ¹	7.3 ²	6.5 ²

¹ Compared with the immediately preceding quarter.

² Compared with corresponding period previous year.

BUSINESS AREA PACKAGING

SEK M	2005:2	2005:1	0506	0406
Net sales	8,094	7,642	15,736	15,769
Operating surplus	919	898	1,817	2,201
Operating profit	455	458	913	1,318
Gross margin, %¹	11.4	11.8	11.5	14.0
Operating margin, %¹	5.6	6.0	5.8	8.4
Production				
Liner products, kton	689	666	1,355	1,335
Deliveries				
Liner products, kton	690	651	1,341	1,331
Corrugated board, Mm ²	1,105²	1,052 ²	2,157²	2,128 ²

¹ Adjusted for the external trading with linerboard, margins increase by about 2 percentage points.

² Volumes do not include volumes from protective packaging and other high-value segments.

BUSINESS AREA FOREST PRODUCTS

SEK M	2005:2	2005:1	0506	0406
Net sales	4,116	3,762	7,878	7,554
Publication papers	1,965	1,932	3,897	3,695
Pulp, timber and solid-wood products	2,151	1,830	3,981	3,859
Operating surplus	758	738	1,496	1,522
Publication papers	330	334	664	634
Pulp, timber and solid-wood products	428	404	832	888
Operating profit	416	401	817	874
Publication papers	113	121	234	206
Pulp, timber and solid-wood products	303	280	583	668
Gross margin, %	18.4	19.6	19.0	20.1
Publication papers	16.8	17.3	17.0	17.2
Pulp, timber and solid-wood products	19.9	22.1	20.9	23.0
Operating margin, %	10.1	10.7	10.4	11.6
Publication papers	5.8	6.3	6.0	5.6
Pulp, timber and solid-wood products	14.1	15.3	14.6	17.3
Production				
Publication papers, kton	352	367	719	723
Solid-wood products, km ³	372	372	744	732
Deliveries				
Publication papers, kton	358	366	724	783
Solid-wood products, km ³	407	369	776	714

OPERATING CASH FLOW ANALYSIS

1 January–30 June

SEK M	2005	2004
Operating cash surplus	6,242	7,103
Changes in working capital	-1,441	-2,140
Current capital expenditures, net	-1,913	-1,603
Other operating cash flow changes	-325	-166
Operating cash flow	2,563	3,194
Financial items	-701	-513
Income taxes paid	-805	-1,220
Other	1	7
Cash flow from current operations	1,058	1,468
Acquisitions	-305	-8,035
Strategic capital expenditures, properties	-1,074	-977
Strategic structural expenditures	-24	-117
Divestments	0	0
Cash flow before dividend	-345	-7,661
Dividend	-2,455	-2,450
Cash flow after dividend	-2,800	-10,111
Conversion of debentures, warrants	-	1
Sale of own shares	3	7
Net cash flow	-2,797	-10,103
Net debt at beginning of period	-35,823	-26,533
Net cash flow	-2,797	-10,103
Adjustment to IFRS rules	-715	-
Currency effects	-3,215	-942
Net debt at end of period	-42,550	-37,578
Debt payment capacity	24%	36%
Debt/equity ratio	0.74	0.69

STATEMENT OF EARNINGS

	2005:2	2004:2	2005:1	0506	0406
	SEK M	SEK M	SEK M	SEK M	SEK M
Net sales	23,986	22,340	22,518	46,504	44,027
Operating expenses ¹	-20,711	-18,644	-19,737	-40,448	-36,843
Operating surplus	3,275	3,696	2,781	6,056	7,184
Depreciation and write-down, properties and plant ²	-1,564	-1,473	-1,550	-3,114	-2,868
Share in earnings of associated companies	8	8	6	14	12
Operating profit	1,719	2,231	1,237	2,956	4,328
Financial items	-358	-299	-343	-701	-513
Earnings before taxes	1,361	1,932	894	2,255	3,815
Income taxes	-355	-540	-232	-587	-1,039
Net earnings	1,006	1,392	662	1,668	2,776

Earnings attributable to:

Parent company shareholders	998	1,387	658	1,656	2,762
Minority interest	8	5	4	12	14

Earnings per share, SEK

- before dilution effects	4.27	5.94	2.83	7.10	11.84
- after dilution effects	4.27	5.94	2.82	7.09	11.83

Return on shareholders' equity	7%	10%	5%	7%	10%
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Return on capital employed	7%	10%	5%	7%	10%
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Margins (percent)

Gross margin	13.7	16.5	12.4	13.0	16.3
Operating margin	7.2	10.0	5.5	6.4	9.8
Financial net margin	-1.5	-1.3	-1.5	-1.5	-1.2
Profit margin	5.7	8.7	4.0	4.9	8.6
Tax and minority	-1.5	-2.4	-1.0	-1.3	-2.4
Net margin	4.2	6.3	3.0	3.6	6.2

Specification of earnings per share

Net earnings for the period	1,006.0	1,392.0	662.0	1,668.0	2,776.0
Minority interest	-8.0	-5.0	-4.0	-12.0	-14.0
Adjusted earnings	998.0	1,387.0	658.0	1,656.0	2,762.0

Average number of shares before dilution	233.4	233.3	233.4	233.4	233.3
Outstanding warrants	0.1	0.2	0.1	0.1	0.2
Average number of shares after dilution	233.5	233.5	233.5	233.5	233.5

Specifications of items affecting comparability**¹ Operating expenses**

- Rationalization costs	-	-14	-394	-394	-44
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² Depreciation and write-down, properties and plant

- Write-down in connection with rationalization programs	-	-	-31	-31	-
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STATEMENT OF EARNINGS

	2005:2	2004:2	2005:1	0506	0406
	EUR M ¹	EUR M ¹	EUR M ²	EUR M ³	EUR M ⁴
Net sales	2,608	2,444	2,483	5,091	4,808
Operating expenses	-2,252	-2,039	-2,176	-4,428	-4,023
Operating surplus	356	405	307	663	785
Depreciation and write-down, properties and plant	-170	-161	-171	-341	-313
Share in earnings of associated companies	1	1	1	2	1
Operating profit	187	245	137	324	473
Financial items	-39	-33	-38	-77	-56
Earnings after financial items	148	212	99	247	417
Income taxes	-38	-59	-26	-64	-113
Net earnings	110	153	73	183	304

¹ Isolated quarterly amounts have been calculated as the difference between two accumulated results.

² The average exchange rate of 9.07 was applied in translation to EUR.

³ The average exchange rate of 9.13 was applied in translation to EUR.

⁴ The average exchange rate of 9.16 was applied in translation to EUR.

BALANCE SHEET	30 June 2005		31 December 2004	
	SEK M	EUR M ¹	SEK M	EUR M ¹
Assets				
Goodwill	19,676	2,054	17,131	1,906
Other intangible assets	2,120	219	2,025	225
Tangible assets	78,934	8,372	74,714	8,314
Shares and participations	722	80	696	77
Long-term financial receivables ²	1,647	175	1,126	125
Other long-term receivables	1,112	118	682	76
Total fixed assets³	104,211	11,018	96,374	10,723
Operating receivables and inventories	30,558	3,241	25,774	2,868
Short-term investments	407	43	891	99
Cash and bank balances	1,708	181	2,735	304
Total current assets⁴	32,673	3,465	29,400	3,271
Total assets	136,884	14,483	125,774	13,994
Shareholders' equity				
Equity excluding minority interest	56,764	5,994	54,202	6,031
Minority interest	824	88	768	85
Total equity	57,588	6,082	54,970	6,116
Liabilities				
Provisions for pensions	5,239	556	4,388	488
Other provisions	12,664	1,340	12,346	1,374
Long-term interest-bearing debt	15,904	1,687	19,155	2,131
Other long-term interest-free liabilities	332	35	90	10
Total long-term liabilities⁵	34,139	3,618	35,979	4,003
Short-term interest-bearing debt ⁷	25,090	2,661	15,776	1,755
Operating liabilities	20,067	2,122	19,049	2,120
Total current liabilities⁶	45,157	4,783	34,825	3,875
Total liabilities	79,296	8,401	70,804	7,878
Total equity and liabilities	136,884	14,483	125,774	13,994
Debt/equity ratio	0.74		0.65¹⁰	
Equity/assets	42%		44%	

CHANGE IN SHAREHOLDERS' EQUITY, SEK M

	Jan-June 2005	Jan-June 2004
Shareholders' equity, 1 January ⁸	54,970	49,754
Adjustment to IFRS rules ⁹	95	3,588
Shareholders' equity, 1 January, in accordance with IFRS	55,065	53,342
Result from fair value valuation		
- financial assets available for sale	9	-
- change in actuarial gains and losses of pensions	-493	-
Cash-flow hedging	18	-
Translation differences on hedge instruments of net investments	529	-474
Translation differences	3,196	964
Changes in minority interests		
incl. translation differences	44	16
Conversion of debentures, warrants	-	1
Sale of own shares	3	7
Dividend	-2,451	-2,450
Earnings for the period	1,668	2,776
Shareholders' equity, 30 June	57,588	54,182

¹ The average exchange rate of 9.13 (8.99) was applied in translation to EUR.

² Of which pension assets

201	21	418	46
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³ Of which derivative instruments

⁴ Of which derivative instruments

⁵ Of which derivative instruments

⁶ Of which derivative instruments

⁷ Contracted committed credit lines amount to SEK 26.261 M.

⁸ 2005 in accordance with IFRS as of 31 December 2004. 2004 in accordance with Swedish GAAP.

⁹ 2005 pertains to IAS 32 and IAS 39. 2004 transition to IFRS at 1 January 2004.

¹⁰ As per 1 January 2005 including adjustments for IAS 32 and IAS 32.

Quarterly data

Group

OPERATING CASH FLOW ANALYSIS

SEK M	2005			2004		
	II	I	IV	III	II	I
Operating cash surplus	3,155	3,087	3,371	3,634	3,658	3,445
Changes in working capital	-175	-1,266	942	554	-771	-1,369
Current capital expenditures, net	-1,163	-750	-1,596	-1,071	-1,020	-583
Other operating cash flow changes	-169	-156	-195	5	-88	-78
Operating cash flow	1,648	915	2,522	3,122	1,779	1,415
Financial items	-358	-343	-241	-330	-299	-214
Income taxes paid	-204	-601	-367	-501	-878	-342
Other	-2	3	11	4	5	2
Cash flow from current operations	1,084	-26	1,925	2,295	607	861
Acquisitions	-256	-49	-1,757	452 ¹	-7,047	-988
Strategic capital expenditures, properties	-473	-601	-669	-752	-512	-465
Strategic structural expenditures	-12	-12	-46	-63	-32	-85
Divestments	0	0	0	0	0	0
Cash flow before dividend	343	-688	-547	1,932	-6,984	-677
Dividend	-2,455	-	-	-21	-2,450	-
Cash flow after dividend	-2,112	-688	-547	1,911	-9,434	-677
Conversion of debentures, warrants	-	-	-	-	-	1
Sale of own shares	1	2	6	2	3	4
Net cash flow	-2,111	-686	-541	1,913	-9,431	-672

¹ Preference shares have been reclassified and are treated as loans.

Quarterly data

Group

STATEMENT OF EARNINGS

SEK M	2005			2004		
	II	I	IV	III	II	I
Net sales	23,986	22,518	23,128	22,812	22,340	21,687
Operating expenses ¹	-20,711	-19,737	-20,222	-19,099	-18,644	-18,199
Operating surplus	3,275	2,781	2,906	3,713	3,696	3,488
Depreciation and write-down, properties and plant ²	-1,564	-1,550	-1,696	-1,588	-1,473	-1,395
Share in earnings of associated companies	8	6	2	4	8	4
Operating profit	1,719	1,237	1,212	2,129	2,231	2,097
Financial items ³	-358	-343	-241	-330	-299	-214
Earnings after financial items	1,361	894	971	1,799	1,932	1,883
Income taxes ⁴	-355	-232	111	-465	-540	-499
Net earnings	1,006	662	1,082	1,334	1,392	1,384

Earnings per share, SEK

- before dilution effects	4.27	2.83	4.63	5.67	5.94	5.90
- after dilution effects	4.27	2.82	4.62	5.67	5.94	5.89

Margins (percent)

Gross margin	13.7	12.4	12.6	16.3	16.5	16.1
Operating margin	7.2	5.5	5.2	9.3	10.0	9.7
Financial net margin	-1.5	-1.5	-1.0	-1.4	-1.3	-1.0
Profit margin	5.7	4.0	4.2	7.9	8.7	8.7
Tax and minority	-1.5	-1.0	0.5	-2.0	-2.4	-2.3
Net margin	4.2	3.0	4.7	5.9	6.3	6.4

Specifications of items
affecting comparability¹ Operating expenses

- Rationalization costs	-	-394	-555	-	-14	-30
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² Depreciation and write-
down, properties and plant

- Write-down in connection with rationalization programs	-	-31	-171	-	-	-
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³ Financial items

- Sale of shares in Industrivärden	-	-	100	70	-	-
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⁴ Income taxes

- Tax treatment of loss carryforwards and changed tax rates	-	-	320	-	-	-
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Quarterly data

Business areas

SEK M	2005			2004		
	II	I	IV	III	II	I
NET SALES						
Hygiene Products	12,258	11,606	11,904	11,761	11,149	10,545
Tissue	7,531	7,144	7,336	7,249	6,652	6,359
Personal Care	4,727	4,462	4,568	4,512	4,497	4,186
Packaging	8,094	7,642	7,804	7,928	7,939	7,830
Forest Products	4,116	3,762	3,814	3,586	3,741	3,813
Publication papers	1,965	1,932	2,005	1,909	1,790	1,905
Pulp, timber and solid-wood products	2,151	1,830	1,809	1,677	1,951	1,908
Other	288	232	298	265	268	256
Intra-group deliveries	-770	-724	-692	-728	-757	-757
Total net sales	23,986	22,518	23,128	22,812	22,340	21,687
OPERATING SURPLUS						
Hygiene Products	1,701	1,636	1,712	1,878	1,881	1,791
Tissue	892	888	907	1,056	1,028	984
Personal Care	809	748	805	822	853	807
Packaging	919	898	1,036	1,172	1,138	1,063
Forest Products	758	738	800	773	782	740
Publication papers	330	334	354	340	317	317
Pulp, timber and solid-wood products	428	404	446	433	465	423
Other	-103	-491	-642	-110	-105	-106
Total operating surplus	3,275	2,781	2,906	3,713	3,696	3,488
OPERATING PROFIT						
Hygiene Products	962	908	998	1,093	1,186	1,178
Tissue	391	379	408	495	556	567
Personal Care	571	529	590	598	630	611
Packaging	455	458	580	706	697	621
Forest Products	416	401	457	446	457	417
Publication papers	113	121	137	127	104	102
Pulp, timber and solid-wood products	303	280	320	319	353	315
Other	-114	-530	-823	-116	-109	-119
Total operating profit	1,719	1,237	1,212	2,129	2,231	2,097

Percent	2005			2004		
	II	I	IV	III	II	I
GROSS MARGINS						
Hygiene Products	13.9	14.1	14.4	16.0	16.9	17.0
Tissue	11.8	12.4	12.4	14.6	15.5	15.5
Personal Care	17.1	16.8	17.6	18.2	19.0	19.3
Packaging	11.4	11.8	13.3	14.8	14.3	13.6
Forest Products	18.4	19.6	21.0	21.6	20.9	19.4
Publication papers	16.8	17.3	17.8	17.8	17.7	16.6
Pulp, timber and solid-wood products	19.9	22.1	24.5	25.8	23.8	22.2
OPERATING MARGINS						
Hygiene Products	7.8	7.8	8.4	9.3	10.6	11.2
Tissue	5.2	5.3	5.6	6.8	8.4	8.9
Personal Care	12.1	11.9	12.9	13.3	14.0	14.6
Packaging	5.6	6.0	7.4	8.9	8.8	7.9
Forest Products	10.1	10.7	12.0	12.4	12.2	10.9
Publication papers	5.8	6.3	6.9	6.7	5.8	5.4
Pulp, timber and solid-wood products	14.1	15.3	17.6	19.0	18.1	16.5

FIVE-YEAR SUMMARY

Full year	2004 ¹	2003	2002	2001	2000 ²
Earnings after financial items, SEK M	6,585	6,967	8,078	8,090	9,327
Earnings per share, SEK	22.11	21.84	24.54	24.05	30.64
Earnings per share, before goodwill amortization, SEK	22.11	26.51	29.15	28.40	33.76
Debt/equity ratio, times	0.63	0.44	0.49	0.51	0.39
Return on capital employed, %	9	11	13	14	18
Return on shareholders' equity, %	10	10	12	13	20

¹ Adjusted to IFRS.² Adjusted historically to reflect new issues.

CASH FLOW ANALYSIS

1 January–30 June

SEK M	2005	2004
Current operations		
Earnings after financial items	2,255	3,815
Adjustment for items not included in cash flow	2,838	2,486
	5,093	6,301
Taxes paid	-805	-1,220
Cash flow from current operations before changes in working capital	4,288	5,081
Cash flow from changes in working capital		
Change in inventories	-610	-582
Change in current receivables	232	-1,067
Change in operating liabilities	-1,063	-491
Cash flow from current operations	2,847	2,941
Investment activities		
Acquisition of subsidiaries	-282	-7,816
Acquisition of tangible and intangible fixed assets	-3,050	-2,781
Proceeds from sale of equipment	80	201
Payment of loans to external parties	0	-97
Repayment of loans from external parties	33	0
Cash flow from investment activities	-3,219	-10,493
Financing activities		
Sale of own shares	3	7
Borrowings	1,156	9,463
Dividend paid	-2,455	-2,450
Cash flow from financing activities	-1,296	7,020
Cash flow for the period	-1,668	-532
Liquid funds at beginning of year	3,498	1,929
Translation differences in liquid funds	142	20
Liquid funds at end of period	1,972	1,417
Reconciliation with the operative cash flow analysis		
Cash flow for the period	-1,668	-532
Deducted items:		
Repayment from/payment of loans to external parties	-33	97
Increase/amortization of debt	-1,156	-9,463
Added items:		
Net debt in acquired companies	-23	-219
Accrued interests	100	13
Investments through financial leasing	-17	0
Conversion of loan to shareholders' equity	-	1
Net cash flow according to operating cash flow	-2,797	-10,103

Press conference

SCA's interim report for the period 1 January-30 June 2005 will be published on 21 July 2005. A press conference will be held at 13:00 CET in Stockholm, where Jan Åström, President and CEO, will present the results. Venue: Salén Konferenser, Aulan, Norrlandsgatan 15, Stockholm.

Telephone conference

The telephone conference will be held on 21 July 2005, at 15:00 CET, where Jan Åström will comment on the results. To participate, please call the number below at least 5 minutes prior to the conference call.

Dial-in number UK:	+44 (0) 207 162 0181	quote: SCA
Dial-in number US:	+1 334 323 6203	quote: SCA

The interim report and the slide presentation will be available at www.sca.com/Investors.

Webcasting

The telephone conference will be webcasted live (listen-only) at www.sca.com. On 21 July in the evening, a recorded version will be available at www.sca.com/Investors. Requirements: Windows Media Player or Real Player.

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