

**1 JANUARY–30 SEPTEMBER 2008 (compared with same period previous year)**

- Net sales rose 5% to SEK 82,290m (78,105).
- Profit before tax was SEK 5,087m (5,895).
- Net profit for the period was SEK 4,172 (5,023).
- Earnings per share were SEK 5.92 (7.13).
- Operating cash flow was SEK 2,178 (3,105).

**EARNINGS TREND**

SEKm	0809	0709	%	2008:3	2007:3	%
<b>Net sales</b>	<b>82,290</b>	78,105	5	<b>27,438</b>	26,362	4
<b>Gross contribution</b>	<b>16,030</b>	15,746	2	<b>5,426</b>	5,326	2
<b>Operating profit</b>	<b>6,716</b>	7,256	-7	<b>2,046</b>	2,526	-19
Financial items	-1,629	-1,361		-608	-507	
<b>Profit before tax</b>	<b>5,087</b>	5,895	-14	<b>1,438</b>	2,019	-29
Tax	-915	-872		-185	0	
<b>Net profit for the period</b>	<b>4,172</b>	5,023	-17	<b>1,253</b>	2,019	-38
Earnings per share, SEK	5.92	7.13	-17	1.78	2.87	-38

**CEO'S MESSAGE**

Net sales rose 5% compared with the same period a year ago, mainly as a result of acquisitions. SCA's operating profit fell 7% compared with a year ago, to SEK 6,716m (7,256). The hygiene operations reported stronger sales as well as earnings, while a deterioration was noted for the Packaging and Forest Products operations.

The global financial crisis has accelerated the recession that we have felt the effects of since the start of the year. SCA has a secure share of committed long-term credit facilities to cover its financing needs in the years immediately ahead.

SCA's hygiene operations, which have become an increasingly important part of our portfolio, are affected to a lesser extent than the other product areas by an economic downturn. The Tissue operations have shown a strong improvement in sales and earnings compared with the preceding year (up 17 and 44%, respectively), as well as compared with previous quarters this year. We are working intensively on creating a better product mix in both the Away-From-Home segment, where the Tork brand is steadily gaining ground, and in the retail consumer segment, where our efforts have been focused on growing the share of branded products.

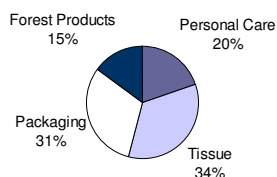
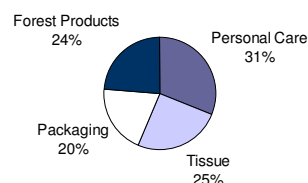
Sales and operating profit for the Personal Care operations are up compared with a year ago and the second quarter of this year. The autumn has been characterised by a higher level of campaign intensity than earlier in the year. SCA is acting with force in all segments and has maintained or strengthened its market positions. The important technological shift in the production of baby diapers, which will strengthen our product offering and our margins once it has been fully implemented, continues to weigh down earnings.

At SCA our packaging operations give us an early economic indicator, and packaging is also the business area in which SCA has seen a significantly weaker result compared with the previous year and quarter. Demand is lower, and the large inventories of liner held by producers continue to plague the industry. SCA is acting by cutting its testliner production by a total of 50,000 tonnes in October and November. During the autumn, prices for raw materials and energy have started to fall. Our Forest Products business is also exposed to swings in the economy to some extent, and the negative trend that we have seen in the sawmill operations continues.

We believe that our hygiene operations have continued favourable prospects for improved sales and earnings, while for our packaging and solid-wood operations, we expect sales and earnings to remain under pressure.

To further strengthen our competitiveness, we have sharpened our focus on cost-consciousness and cash flow in the Group.

Jan Johansson, President and CEO

**SHARE OF NET SALES  
0809****SHARE OF OPERATING PROFIT  
0809****EARNINGS TREND FOR THE GROUP**

SEKm	0809	0709	%	2008:3	2007:3	%
<b>Net sales</b>	<b>82,290</b>	78,105	5	<b>27,438</b>	26,362	4
Cost of goods sold	-66,260	-62,359		-22,012	-21,036	
<b>Gross contribution</b>	<b>16,030</b>	15,746	2	<b>5,426</b>	5,326	2
Sales, general and administration	-9,314	-8,490		-3,380	-2,800	
<b>Operating profit</b>	<b>6,716</b>	7,256	-7	<b>2,046</b>	2,526	-19
Financial items	-1,629	-1,361		-608	-507	
<b>Profit before tax</b>	<b>5,087</b>	5,895	-14	<b>1,438</b>	2,019	-29
Tax	-915	-872		-185	0	
<b>Net profit for the period</b>	<b>4,172</b>	5,023	-17	<b>1,253</b>	2,019	-38

**Earnings per share, SEK - equity holders of the Parent Company**

- after dilution effects	5.92	7.13	-17	1.78	2.87	-38
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**Margins (%)**

<b>Gross margin</b>	<b>19.5</b>	20.2		<b>19.8</b>	20.2	
<b>Operating margin</b>	<b>8.2</b>	9.3		<b>7.5</b>	9.6	
Financial net margin	-2.0	-1.7		-2.2	-1.9	
<b>Profit margin</b>	<b>6.2</b>	7.6		<b>5.3</b>	7.7	
Tax	-1.1	-1.1		-0.7	0.0	
<b>Net margin</b>	<b>5.1</b>	6.5		<b>4.6</b>	7.7	

**OPERATING PROFIT PER BUSINESS AREA**

SEKm	0809	0709	%	2008:3	2007:3	%
Personal Care	2,200	2,179	1	734	742	-1
Tissue	1,756	1,216	44	633	464	36
Packaging	1,384	1,959	-29	319	648	-51
Forest Products	1,689	2,179	-22	481	766	-37
Other	-313	-277		-121	-94	
<b>Total</b>	<b>6,716</b>	7,256	-7	<b>2,046</b>	2,526	-19

**OPERATING CASH FLOW PER BUSINESS AREA**

SEKm	0809	0709	%	2008:3	2007:3	%
Personal Care	1,740	2,164	-20	762	866	-12
Tissue	1,656	1,713	-3	1,071	985	9
Packaging	933	489	91	462	582	-21
Forest Products	997	1,854	-46	311	922	-66
Other	-199	-332		-130	-271	
<b>Total</b>	<b>5,127</b>	5,888	-13	<b>2,476</b>	3,084	-20

Performance compared with January–September 2007:



### Tissue

Net sales: +17%  
Operating profit: +44%



### Personal Care

Net sales: +4%  
Operating profit: +1%



### Forest Products

Net sales: -10%  
Operating profit: -22%



### Packaging

Net sales: +2%  
Operating profit: -29%

## GROUP

### MARKET

The global economy weakened further as a result of the deepened financial crisis. Growth forecasts for 2009 have been dampened, with a zero-growth outlook for the US economy and a half per cent growth forecast for Western Europe. The strong growth in Asia and Latin America is also expected to subside.

*In SCA's product portfolio*, the packaging operations are the most sensitive to economic swings, as are solid-wood products. The hygiene operations, with products for everyday use, are less sensitive to economic fluctuations.

**Personal Care:** Demand is developing well, however, the competition is intense in the European retail market for feminine care products, baby diapers and also light incontinence products. In the publicly procured segment of the incontinence products market, i.e., institutions and assisted-living centres, the competition is fierce, and pressure has grown on costs. The strongest growth is taking place in southern Europe, driven by the surging organic growth of senior care in France and Italy. Eastern Europe is also showing favourable growth.

*SCA is addressing* this situation through an increase in marketing activities, which has had a positive effect. Tena, SCA's brand of incontinence products, has exhibited strong growth in Russia, among other markets, due to a broader product range and distribution.

**Tissue:** The weakening of the broader economy is continuing in the USA, where the hotel and restaurant industries are reporting a drop in customer numbers. Demand in the fast food segment remains favourable.

In Europe, demand in the Away-From-Home sector (AFH) has been favourable. In the consumer products sector, growth is in parity with movements in GDP.

*In the USA, SCA has increased* its market share in the napkin market, which is an important segment for the company. SCA has grown its sales of AFH tissue in Europe, and the Tork brand is growing strongly in all regions and is contributing to an improved product mix.

**Packaging:** Demand for corrugated board has softened in Europe, with all major markets showing lower demand. Prices of corrugated board, which have a strong correlation with prices for containerboard (liner), have progressively come under pressure. However, average prices are still 2% higher than at the start of the year and 4% higher than a year ago.

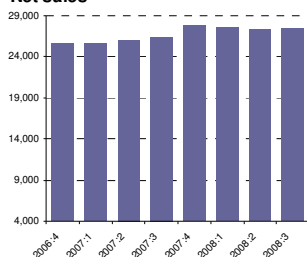
There is currently an imbalance between supply and demand for testliner, and producer inventories are high. A number of manufacturers have announced price increases, which have not yet been implemented. Prices of recycled fibre have fallen during the autumn and are expected to continue falling.

*In October SCA cut* its testliner production by 15,000 tonnes, and an additional 35,000 tonnes will be cut in the next six weeks.

**Publication papers:** Although the European advertising market has weakened, the market balance for magazine paper is favourable and prices could be raised after the summer. In response to falling revenues, many buyers are trying to reduce their costs by choosing other paper grades. This has been noticed in a shift from LWC to SC paper. Demand for newsprint has weakened in Europe, and profitability in the industry is under pressure. Price increases have been announced for 2009.

**Solid-wood products:** The market for solid-wood products is expected to remain weak due to the decline in the construction market.

Net sales



## SALES AND EARNINGS

Net sales increased by 5%, or SEK 4,185m, compared with a year earlier to SEK 82,290m (78,105). Volume growth was 5%, of which organic growth was 1%.

Acquisitions contributed 5% to net sales, while the divestment of the North American packaging operation and the sale of the Softis brand decreased net sales by 1%. Higher prices for primarily tissue and corrugated board increased net sales by 3%. Net sales were hurt by 2% by exchange rate movements. Operating profit fell 7% to SEK 6,716m (7,256). Higher prices and larger volumes have not compensated for higher manufacturing costs. An improved product mix and price increases resulted in a SEK 2,300m improvement in earnings, while raw material and energy costs increased by SEK 2,000m and SEK 900m, respectively. Exchange rate movements decreased operating profit by 1%.

Compared with the third quarter of 2007, net sales rose 4% to SEK 27,438m (26,362). The increase is mainly attributable to acquisitions, which added 5%, while higher prices added 4% to sales growth. Exchange rate movements decreased net sales by 1%. Operating profit was 19% lower and amounted to SEK 2,046m (2,526), as higher prices failed to compensate for higher raw material and energy costs.

## CASH FLOW AND FINANCING

Operating cash surplus decreased by SEK 898m to SEK 10,427m (11,325). The build-up of working capital was lower than a year ago and amounted to SEK 1,478m (1,876), despite the current year's inventory build-up ahead of a shift in production to a new generation of baby diapers. Working capital in relation to net sales was unchanged at 15%. Current capital expenditures were slightly higher than a year ago and amounted to SEK 3,363m (3,076), which corresponds to slightly more than 4% of net sales. Operating cash flow was SEK 5,127m (5,888).

Financial items increased by SEK 268 to SEK -1,629m – an effect of higher interest rates and a higher level of net debt. Tax payments were slightly lower than in the same period a year ago and amounted to SEK 1,332m (1,429). Cash flow from current operations thereby amounted to SEK 2,178m (3,105).

Strategic investments and acquisitions amounted to SEK 3,832m (1,536). Outlays pertained primarily to the second and third instalments for the acquisition of Procter & Gamble's European tissue business, the installation of a second paper machine at the tissue plant in Barton, Alabama, USA, and broadened ownership in the Chinese tissue company Vinda. The divestment of the corrugated board operations in the UK was completed as per the end of September and amounted to a total of SEK 1,175m (2,846). The dividend paid to the shareholders and minority owners amounted to SEK 3,127m (2,904). Net cash flow was SEK -3,578m, compared with SEK 1,565m in the same period a year ago.

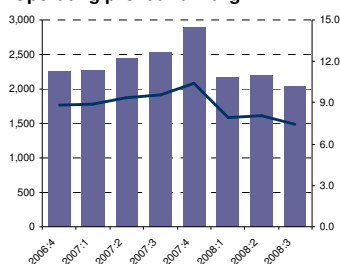
Net debt at the end of the period was SEK 43,501m, compared with SEK 37,368m at the start of the year. Net cash flow was -3,578m. In addition, net debt was affected by revaluations as a result of the weakening of the Swedish krona and by the restatement of pensions and financial instruments to fair value. The net debt/equity ratio was 0.67 (0.58 at the start of the year).

On 28 October 2008 SCA had outstanding commercial paper valued at SEK 12,405m, with maturity within four months. Unutilized long-term credit facilities at the same date amounted to SEK 20,200m. In addition, the Group had SEK 4,000m in cash and cash equivalents.

## EQUITY

Consolidated equity increased during the period by SEK 341m to SEK 64,620m. Net profit for the period increased equity by SEK 4,172m, while dividends reduced equity by SEK 3,127m. The effects of restatements according to IAS 19 for pensions and IAS 39 for financial instruments, and of exchange rate movements, etc., decreased equity by SEK 1,142m and 97m, respectively.

Operating profit and margin



Excluding items affecting comparability

## TAX

The estimated tax expense for the year has been adjusted downward from 20% to 18%. The main reason for the decrease is that SCA, through transfers of the tax base to newly acquired assets, has received effective tax exemptions from certain capital gains.

## ACQUISITIONS AND DIVESTMENTS

During the second quarter SCA signed an agreement on the sale of its conventional corrugated business in the UK and Ireland. The purchaser is the Spanish company SAICA, and the deal was completed on 30 September after clearance was obtained from the competition authorities. The purchase price was SEK 1,200m (GBP 100m). See also the press release dated 18 June 2008.

During the first quarter, SCA acquired an additional 5% of the Chinese tissue company Vinda for SEK 119m. SCA's ownership stake after the acquisition amounts to 19%.

To meet the EU Commission's conditions for approving the acquisition of P&G's European tissue operation, during the first quarter the Softis brand along with accompanying patents and machines was sold to the Italian tissue company Sofidel, in accordance with the established plan.

## CAPITAL EXPENDITURES

To improve the offering of consumer products and strengthen its competitiveness and profitability, SCA is investing SEK 1,525m in a new tissue plant in Mexico. SCA has a strong market position in Mexico of 18%, and the recent years' annual market growth of 4-5% is expected to continue. The plant is expected to be operating by 2010.

To support continued growth of the hygiene business, investments totalling SEK 1,050m have been decided on during the year in plants in the Netherlands, Russia and the USA.

SCA's half-owned company Productos Familia, with operations in Colombia, Ecuador, Peru and Venezuela, is investing SEK 420m in a new tissue machine to meet the strong growth in sales in the region.

A new automated sorting plant will be installed at SCA's Tunadal sawmill in Sweden. This investment is worth SEK 210m.

## OTHER EVENTS DURING THE PERIOD

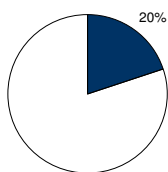
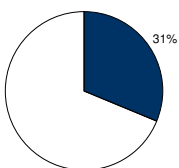
On 1 April and 1 July, the last two units of the P&G acquisition – in Orléans, France, and in Manchester, England – were taken over. The acquisition is thereby complete. Payment for the Orléans unit, totalling SEK 529m (EUR 56m) was made on 1 April, and payment for the Manchester unit, totalling SEK 1,150m (EUR 123m), was made on 1 July.

As a consequence of the integration work in the European tissue operations, SCA has shut down capacity in the UK equivalent to 30,000 tonnes.

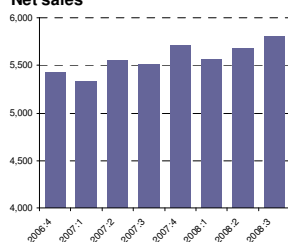
During the second quarter, SCA's Class B shares were delisted from the London Stock Exchange and are now listed on the OMX Nordic Exchange in Stockholm and through an ADR (American Depositary Receipt) programme in the US.

In June SCA announced that it intends to close its containerboard mill (testliner) in New Hythe, England, in 2010. The mill has a capacity of 240,000 tonnes of paper.

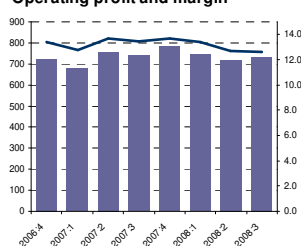
To create a better model for governance and follow-up as well as to facilitate comparisons with other companies, a changeover to a function-based income statement was made as from 1 January 2008. See also the interim report published on 29 April 2008.

Share of Group, net sales  
0809Share of Group, operating profit  
0809

Net sales



Operating profit and margin



Deviations, operating profit (%)

0809 vs. 0709	
	1
Price/mix	4
Volume	17
Raw material	-17
Energy	-1
Currency	0
Other	-2

## PERSONAL CARE

SEKm	0809	0709	%	2008:3	2007:3	%
Volume growth	-	-	5.8	-	-	4.4
Net sales	17,042	16,395	4	5,807	5,510	5
Operating surplus	2,938	2,919	1	965	995	-3
Operating profit	2,200	2,179	1	734	742	-1
Operating margin, %	12.9	13.3		12.6	13.5	

### January–September 2008 compared with corresponding period a year ago

Net sales rose 4% to SEK 17,042m. The sales increase is an effect of higher volumes (6%) and an improved product mix. Exchange rate movements affected net sales negatively by 1%. Sales in emerging markets increased by 13%.

Operating profit was level with the preceding year and amounted to SEK 2,200m (2,179). The effect of the improved product mix was offset by higher raw material costs. The operating margin was slightly lower compared with a year earlier.

Operating cash surplus was SEK 2,946m (2,923). Operating cash flow decreased as a result of a higher level of tied-up working capital, and amounted to SEK 1,740m (2,164).

### Third quarter 2008 compared with third quarter 2007

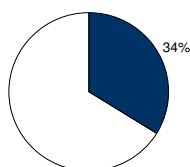
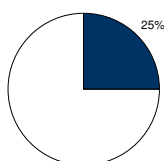
Sales rose 5% to SEK 5,807m (5,510). The sales increase is mainly attributable to higher volumes for incontinence products. Exchange rate movements increased sales by 1%.

The sales increase for TENA-brand incontinence products was 7%. Sales of products to the healthcare sector rose 9%. Growth was favourable in Russia and in the more rapidly growing markets in Eastern Europe. Sales to the retail sector showed continued favourable growth.

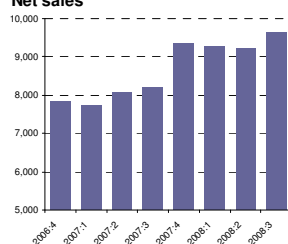
The sales increase for baby diapers was 6%. Sales in emerging markets such as South America and Malaysia remained very strong with double-digit growth. The generation shift that is taking place in Europe towards new products along with changes in production had a dampening effect on growth, while the changed product mix made a positive contribution.

Sales of feminine care products increased by 4%. Favourable volume development was offset by negative exchange rate movements.

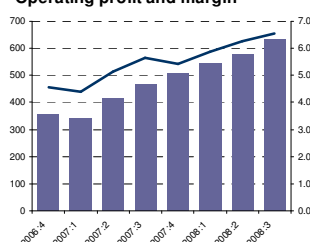
Operating profit decreased by 1% to SEK 734m. In the baby diapers segment, the generation shift towards new products continued to have an adverse effect on earnings. An improved product mix and higher volumes failed to fully compensate for higher raw material costs. In the baby diapers segment, the improved product mix was mainly attributable to a higher share of branded products. For incontinence products, the improvement can be credited to a higher share of sales of panty-model incontinence products.

Share of Group, net sales  
0809Share of Group, operating profit  
0809

Net sales



Operating profit and margin



Deviations, operating profit (%)

0809 vs. 0709		44
Price/mix	120	
Volume	7	
Raw material	-63	
Energy	-35	
Currency	-2	
Other	17	

## TISSUE

SEKm	0809	0709	%	2008:3	2007:3	%
Volume growth	-	-	14.1	-	-	14.9
Net sales	28,124	23,989	17	9,642	8,204	18
Operating surplus	3,337	2,857	17	1,176	1,022	15
Operating profit	1,756	1,216	44	633	464	36
Operating margin, %	6.2	5.1		6.6	5.7	

### January–September 2008 compared with corresponding period a year ago

Net sales rose 17% to SEK 28,124m (23,989). Volumes increased by 14%, mainly as a result of acquisitions. Price increases during the second half of 2007 and in 2008 increased sales by 6%. Exchange rate movements had an adverse impact on net sales by 3%. Sales in emerging markets increased by 16%.

Operating profit improved by SEK 540m to SEK 1,756m (1,216). Acquisitions and higher prices accounted for approximately SEK 1,700m of this improvement. Price increases were offset by higher raw material and energy costs. Exchange rate movements impacted profit negatively by 2%.

Operating cash surplus amounted to SEK 3,218m (2,834), and operating cash flow was SEK 1,656m (1,713). An improved operating cash surplus was offset by a higher level of tied-up working capital and slightly higher net current capital expenditures.

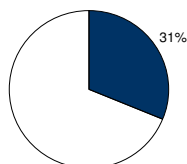
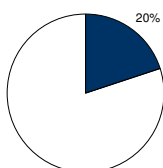
### Third quarter 2008 compared with third quarter 2007

Sales rose 18% to SEK 9,642m (8,204). Volumes increased by 15%, of which acquisitions accounted for 12%. Higher prices accounted for 6% of the sales increase. Exchange rate movements reduced sales by 2%.

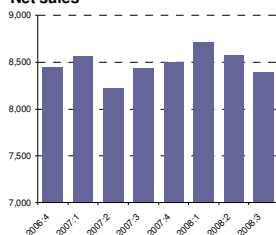
Sales of consumer tissue rose 30%. Excluding acquisitions, sales increased by 8% as a result of higher prices and larger volumes. Volume growth was high in Eastern Europe and Latin America.

Sales of AFH tissue rose 3%. Adjusted for exchange rate movements, the increase was 6%. Higher prices in all regions were offset by negative volume and exchange rate movements in the North American operations.

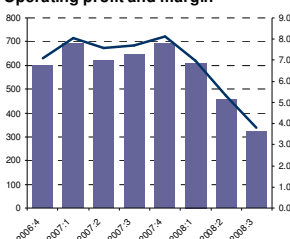
Operating profit increased by SEK 169m to SEK 633m (464), mainly as a result of higher prices and acquisitions, which were offset by higher costs for pulp, recycled fibre and energy. Exchange rate movements decreased operating profit by 3%.

Share of Group, net sales  
0809Share of Group, operating profit  
0809

Net sales



Operating profit and margin



Deviations, operating profit (%)

0809 vs. 0709	
Price/mix	49
Volume	-5
Raw material	-39
Energy	-15
Currency	1
Other	-20

## PACKAGING

SEKm	0809	0709	%	2008:3	2007:3	%
Deliveries						
- Liner products, ktonnes	1,777	1,775	0	583	583	0
- Corrugated board, million m <sup>2</sup>	3,261	3,328	-2	1,047	1,084	-3
Net sales	25,695	25,234	2	8,400	8,434	0
Operating surplus	2,597	3,110	-16	729	1,044	-30
Operating profit	1,384	1,959	-29	319	648	-51
Operating margin, %	5.4	7.8		3.8	7.7	

### January–September 2008 compared with corresponding period a year ago

Net sales increased by SEK 461m to SEK 25,695m (25,234). Adjusted for the divestment of the North American packaging operations in 2007, net sales increased by just under 4%. The increase is mainly attributable to price increases, which for corrugated board amounted to approximately 4%. Exchange rate movements had a 1% negative effect on net sales.

Operating profit amounted to SEK 1,384m (1,959), a decrease of SEK 575m, of which approximately SEK 50m is attributable to the sale of the North American packaging operations. Higher prices for corrugated board failed to compensate for higher raw material and energy costs.

Operating cash surplus amounted to SEK 2,534m (2,995), and operating cash flow was SEK 933m (489). A lower operating cash surplus was compensated by lower payments for efficiency improvement programmes and a lower level of tied-up working capital.

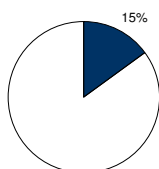
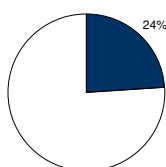
### Third quarter 2008 compared with third quarter 2007

Sales were level with the corresponding period a year ago and amounted to SEK 8,400m (8,434). Higher prices (1%) were offset by lower volumes in Europe.

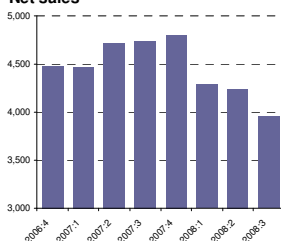
Operating profit decreased by SEK 329m to SEK 319m (648) as a result of lower volumes in all regions. Higher prices for corrugated board failed to compensate for higher raw material, energy and transport costs. In addition, during the third quarter SCA carried out production cuts of 55,000 tonnes, which had a negative earnings impact of approximately SEK 35m.

Due to the inventory surplus in the liner market, during the third quarter SCA increased its external sales of liner to the export markets.

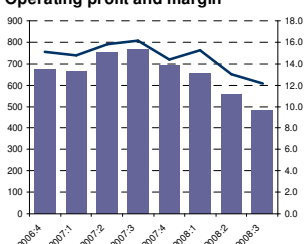


Share of Group, net sales  
0809Share of Group, operating profit  
0809

Net sales



Operating profit and margin



Deviations, operating profit (%)

0809 vs. 0709		-22
Price/mix	-1	
Volume	1	
Raw material	-9	
Energy	-9	
Currency	-7	
Other	3	

## FOREST PRODUCTS

SEKm	0809	0709	%	2008:3	2007:3	%
Deliveries						
- Publication papers, ktonnes	1,157	1,134	2	384	405	-5
- Solid-wood products, km <sup>3</sup>	1,210	1,247	-3	350	395	-11
Net sales	12,485	13,941*	-4*	3,956	4,743*	-11*
Operating surplus	2,641	3,173	-17	800	1,082	-26
Operating profit	1,689	2,179	-22	481	766	-37
Operating margin, %	13.5	15.6		12.2	16.2	

\*) Net sales in 2007 include SEK 911m and SEK 297m, respectively, for SCA's transport operations. Starting in 2008, these sales are reported as other income, which is why the percentage difference above is stated exclusive of these sales.

### January–September 2008 compared with corresponding period a year ago

Net sales decreased by 4%, adjusted for the fact that SCA's transport operations are reported as other income starting in 2008, to SEK 12,485m (13,941, adjusted 13,030). Sales of publication papers were level with the preceding year as a result of higher prices that were offset by lower volumes and negative exchange rate movements. Sales of solid-wood products decreased as a result of lower prices and lower volumes.

Operating profit decreased by SEK 490m to SEK 1,689m (2,179). Despite higher prices, profit for the publication papers business fell due to higher raw material costs and negative exchange rate effects. Operating profit for solid-wood products decreased due to lower prices and higher timber costs. Operating profit for the pulp operations was slightly lower than in the preceding year, while profit for the forest operations improved.

Operating cash surplus amounted to SEK 1,994m (2,891), and operating cash flow was SEK 997m (1,854). A lower operating cash surplus was offset by a lower level of net current capital expenditures.

### Third quarter 2008 compared with third quarter 2007

Sales – adjusted for the handling of the transport operations – fell 11% to SEK 3,956m (4,743, adjusted 4,446).

Sales of publication papers were unchanged compared with the third quarter a year ago. Improved prices compensated for lower volumes and negative exchange rate effects.

Sales for the solid-wood operations decreased as a result of lower prices and volumes. Sales for the pulp operations decreased as a result of negative exchange rate movements, while forest operations sales decreased due to lower volumes.

Operating profit fell 37% to SEK 481m (766). The earnings decline is attributable to the solid-wood products operations, which hurt earnings by approximately SEK 250m. The decline is mainly attributable to lower prices, higher timber costs and planned production cuts aimed to balance the inventory situation. Higher earnings for forest operations failed to fully compensate for lower earnings for the publication papers and pulp operations. Earnings for forest products rose as a result of higher prices; this was offset by higher felling costs. The drop in earnings for publication papers is attributable to the fact that higher prices failed to compensate for higher energy and raw material costs. Operating profit for the pulp operations decreased as a result of higher raw material costs and negative exchange rate movements.

## SHARE DISTRIBUTION

30 September 2008	Class A	Class B	Total
Registered number of shares	112,540,207	592,569,887	705,110,094
- of which treasury shares		2,767,605	2,767,605

At the end of the period, the proportion of Class A shares was 16.0%. As a result of the exercise of employee options, the number of treasury shares has decreased during the year to 2,767,605 (3,154,812).

Calculated according to IFRS recommendations, the effects of outstanding employee option programmes correspond to a maximum dilution of 0.01%, which has been taken into account when calculating earnings per share for the period.

In October, after the end of the quarter, at the request of shareholders, 1,530,000 Class A shares were converted to Class B shares. The total number of votes in the company thereafter amounts to 1,704,201,957.

## RISKS AND UNCERTAINTIES

SCA's financial risk management is presented on pages 72–77 of the 2007 Annual Report. The Group's operations and inherent risks are described on pages 55–57 of the Annual Report. No significant changes have occurred that have changed the risks as reported in the Annual Report.

The recent, dramatic developments in the financial markets have caused a higher level of general uncertainty, which also entails risks and uncertainties for the operations.

### Strategic risks

Risks in conjunction with company acquisitions are analysed in the due diligence processes that SCA carries out prior to all acquisitions. Acquisitions that might affect the assessment of SCA's financial and operational risks are described under the heading "Acquisitions and Divestments" in this report.

### Operational risks

Management of operational risks is primarily carried out by SCA's business managers. SCA's internal audit function is tasked with following up compliance with internal control processes.

## RELATED PARTY TRANSACTIONS

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

## ACCOUNTING PRINCIPLES

This interim report is prepared according to IAS 34 and recommendation RFR 1.1 of the Swedish Financial Reporting Board, and with regard to the Parent Company, according to RFR 2.1. The accounting principles applied correspond to those described in the 2007 Annual Report.

## FUTURE REPORTS

The year-end report for 2008 will be released on 29 January 2009.

## NOMINATION COMMITTEE

SCA's Nomination Committee, which is tasked with – among other things – submitting recommendations to the Annual General Meeting regarding the composition of SCA's board, consists of the following members: Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee; Håkan Sandberg, Handelsbanken's Pension Foundation, and others; Anders Oscarsson, SEB Funds; Hans Sterte, Skandia Liv; Helen Olausson, AB Skrandan and others; and Sverker Martin-Löf, Chairman of the Board of SCA.

## ANNUAL GENERAL MEETING

SCA's Annual General Meeting will be held on Thursday, 2 April 2009, in Stockholm.

Stockholm, 29 October 2008  
SVENSKA CELLULOSA AKTIEBOLAGET (publ)

Jan Johansson  
President and CEO

**OPERATING CASH FLOW ANALYSIS**

SEKm	0809	0709
Operating cash surplus	10,427	11,325
Change in working capital	-1,478	-1,876
Current capital expenditures, net	-3,363	-3,076
Restructuring costs, etc.	-459	-485
<b>Operating cash flow</b>	<b>5,127</b>	<b>5,888</b>
Financial items	-1,629	-1,361
Income taxes paid	-1,332	-1,429
Other	12	7
<b>Cash flow from current operations</b>	<b>2,178</b>	<b>3,105</b>
Acquisitions	-1,754	-740
Strategic capital expenditures, fixed assets	-2,078	-796
Divestments	1,175	2,846
<b>Cash flow before dividend</b>	<b>-479</b>	<b>4,415</b>
Dividend	-3,127	-2,904
<b>Cash flow after dividend</b>	<b>-3,606</b>	<b>1,511</b>
Sale of treasury shares	28	54
<b>Net cash flow</b>	<b>-3,578</b>	<b>1,565</b>
<b>Net debt at the start of the period</b>	<b>-37,368</b>	<b>-36,399</b>
Net cash flow	-3,578	1,565
Remeasurement to equity	-1,787	1,841
Currency effects	-768	-120
<b>Net debt at the end of the period</b>	<b>-43,501</b>	<b>-33,113</b>
<b>Debt/equity ratio</b>	<b>0.67</b>	<b>0.53</b>
<b>Debt payment capacity, %</b>	<b>29</b>	<b>35</b>

**CASH FLOW STATEMENT**

SEKm	0809	0709
<b>Operating activities</b>		
Profit before tax	5,087	5,895
Adjustment for non-cash items <sup>1</sup>	3,386	3,660
	8,473	9,555
Paid tax	-1,332	-1,429
<b>Cash flow from operating activities before changes in working capital</b>	<b>7,141</b>	<b>8,126</b>
<b>Cash flow from changes in working capital</b>		
Change in inventories	-932	-1,354
Change in operating receivables	-524	-1,327
Change in operating liabilities	-22	805
<b>Cash flow from operating activities</b>	<b>5,663</b>	<b>6,250</b>
<b>Investing activities</b>		
Acquisition of operations	-1,752	-705
Sold operations	1,164	2,779
Acquisition tangible and intangible assets	-5,615	-4,309
Sale of tangible assets	174	455
Payment of loans to external parties	-2	-693
<b>Cash flow from investing activities</b>	<b>-6,031</b>	<b>-2,473</b>
<b>Financing activities</b>		
Sale of treasury shares	28	54
Borrowings	6,399	-
Amortization of debt	-	-1,018
Dividends paid	-3,127	-2,904
<b>Cash flow from financing activities</b>	<b>3,300</b>	<b>-3,868</b>
<b>Cash flow for the period</b>	<b>2,932</b>	<b>-91</b>
Cash and cash equivalents at the beginning of the year	3,023	1,599
Exchange differences in cash and cash equivalents	25	3
<b>Cash and cash equivalents at the end of the period</b>	<b>5,980</b>	<b>1,511</b>
<b>Reconciliation with operating cash flow analysis</b>		
<b>Cash flow for the period</b>	<b>2,932</b>	<b>-91</b>
<b>Deducted items:</b>		
Payment of loans to external parties	2	693
Borrowings	-6,399	-
<b>Added items:</b>		
Net debt in acquired and divested operations	9	32
Accrued interest	-122	-69
Investments through finance leases	-	-18
<b>Net cash flow according to operating cash flow analysis</b>	<b>-3,578</b>	<b>1,565</b>
<sup>1</sup> Depreciation and impairment, fixed assets	4,558	4,577
Fair value valuation of forest assets	-678	-318
Payments related to efficiency programmes	-430	-446
Other	-64	-153
<b>Total</b>	<b>3,386</b>	<b>3,660</b>

**CONSOLIDATED INCOME STATEMENT**

SEKm	2008:3	2007:3	2008:2	0809	0709
<b>Net sales</b>	<b>27,438</b>	26,362	27,339	<b>82,290</b>	78,105
Cost of goods sold <sup>1</sup>	-22,012	-21,036	-22,120	-66,260	-62,359
<b>Gross contribution</b>	<b>5,426</b>	5,326	5,219	<b>16,030</b>	15,746
Sales, general and administration <sup>1</sup>	-3,380	-2,800	-3,020	-9,314	-8,490
<b>Operating profit</b>	<b>2,046</b>	2,526	2,199	<b>6,716</b>	7,256
Financial items	-608	-507	-496	-1,629	-1,361
<b>Profit before tax</b>	<b>1,438</b>	2,019	1,703	<b>5,087</b>	5,895
Tax	-185	0	-321	-915	-872
<b>Net profit for the period</b>	<b>1,253</b>	2,019	1,382	<b>4,172</b>	5,023

**Earnings attributable to:**

Equity holders of the Parent Company	1,248	2,014	1,377	4,159	5,008
Minority interests	5	5	5	13	15

**Earnings per share, SEK - equity holders of the Parent Company**

- before dilution effects	1.78	2.87	1.96	5.92	7.14
- after dilution effects	1.78	2.87	1.96	5.92	7.13
<sup>1</sup> Where of depreciations	-1,553	-1,534	-1,489	-4,556	-4,583

	2008:3	2007:3	2008:2	0809	0709
Gross margin	<b>19.8</b>	20.2	19.1	<b>19.5</b>	20.2
Operating margin	<b>7.5</b>	9.6	8.0	<b>8.2</b>	9.3
Financial net margin	-2.2	-1.9	-1.8	-2.0	-1.7
Profit margin	<b>5.3</b>	7.7	6.2	<b>6.2</b>	7.6
Tax	-0.7	0.0	-1.2	-1.1	-1.1
Net margin	<b>4.6</b>	7.7	5.0	<b>5.1</b>	6.5

<b>Calculation of earnings per share</b>	2008:3	2007:3	2008:2	0809	0709
Earnings attributable to equity holdings of the Parent Company	1,248	2,014	1,377	4,159	5,008
Average no. of shares before dilution, millions	702.1	701.8	702.1	702.1	701.8
Warrants	0.2	0.4	0.2	0.2	0.4
Average no. of shares after dilution	702.3	702.2	702.3	702.3	702.2

**CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE**

SEKm	0809	0709
Actuarial gains and losses related to pensions, incl. payroll tax	-1,600	1,848
Available-for-sale financial assets:		
- Gains from fair value measurement taken to equity	-394	51
- Transferred to income statement at sale	0	-34
Cash flow hedges		
- Gains from remeasurement of derivatives taken to equity	56	32
- Transferred to profit or loss for the period	-54	-16
Transferred to cost of hedged investments	-2	3
Translation difference in foreign operations	628	-308
Gains from hedging of net investments in foreign operations	182	204
Tax on items taken to/transferred from equity	458	-493
Total transactions taken to equity	-726	1,287
Net profit for the period recognized in the income statement	4,172	5,023
Total income and expenses recognized for the period	<b>3,446</b>	<b>6,310</b>
<i>Attributable to:</i>		
- <i>Equity holders of the Parent Company</i>	3,404	6,274
- <i>Minority interests</i>	42	36
	<b>3,446</b>	<b>6,310</b>
<i>Other changes in equity</i>		
- <i>sale of treasury shares</i>	28	54
- <i>dividend</i>	-3,127	-2,904
- <i>change in Group structure</i>	-6	-17

**CONSOLIDATED BALANCE SHEET**

	30 September 2008	31 December 2007
	SEKm	SEKm
<b>Assets</b>		
Goodwill	18,679	18,161
Other intangible assets	3,772	3,455
Tangible assets	83,265	80,352
Shares and participations	1,030	1,018
Non-current financial assets <sup>1</sup>	2,489	3,663
Other non-current receivables	1,318	1,164
<b>Total non-current assets</b>	<b>110,553</b>	<b>107,813</b>
Operating receivables and inventories	35,433	33,793
Current financial assets	282	366
Non-current assets held for sale	58	55
Cash and cash equivalents	5,980	3,023
<b>Total current assets</b>	<b>41,753</b>	<b>37,237</b>
<b>Total assets</b>	<b>152,306</b>	<b>145,050</b>
<b>Equity</b>		
Equity holders of the Parent Company	63,933	63,590
Minority interests	687	689
<b>Total equity</b>	<b>64,620</b>	<b>64,279</b>
<b>Liabilities</b>		
Provisions for pensions	2,424	1,987
Other provisions	11,805	12,212
Non-current financial liabilities	31,095	20,247
Other non-current liabilities	143	133
<b>Total non-current liabilities</b>	<b>45,467</b>	<b>34,579</b>
Current financial liabilities <sup>2</sup>	18,369	21,943
Operating liabilities	23,850	24,249
<b>Total current liabilities</b>	<b>42,219</b>	<b>46,192</b>
<b>Total liabilities</b>	<b>87,686</b>	<b>80,771</b>
<b>Total equity and liabilities</b>	<b>152,306</b>	<b>145,050</b>
Debt/equity ratio	0.67	0.58
Visible equity/assets ratio	42%	44%
Return on capital employed	9%	11%
Return on equity	10%	12%
<sup>1</sup> Of which pension assets	1,406	2,137
<sup>2</sup> Contracted committed credit lines amount to SEK 25,780m.		
Capital employed	108,121	101,647
- of which working capital	12,724	11,623
Net debt	43,501	37,368
Shareholders' equity	64,620	64,279
Provisions for restructuring costs are included in the balance sheet as follows:		
- Other provisions*	884	869
- Operating liabilities	596	1,040
*) whereof provisions for taxrisks	249	250

**NET SALES**

SEKm	2008:3	2008:2	2008:1	2007:4	2007:3	2007:2	2007:1	2006:4
Personal Care	5,807	5,671	5,564	5,706	5,510	5,554	5,331	5,429
Tissue	9,642	9,203	9,279	9,343	8,204	8,060	7,725	7,844
Packaging	8,400	8,582	8,713	8,494	8,434	8,229	8,571	8,445
Forest Products	3,956	4,239	4,290	4,803	4,743	4,726	4,472	4,480
- Publication papers	2,245	2,198	2,199	2,259	2,225	2,149	2,082	2,167
- Pulp, timber and solid-wood products	1,711	2,041	2,091	2,544	2,518	2,577	2,390	2,313
Other	369	351	369	318	320	341	357	336
Intra-group deliveries	-736	-707	-702	-856	-849	-782	-841	-884
<b>Total net sales</b>	<b>27,438</b>	<b>27,339</b>	<b>27,513</b>	<b>27,808</b>	<b>26,362</b>	<b>26,128</b>	<b>25,615</b>	<b>25,650</b>

**OPERATING PROFIT**

SEKm	2008:3	2008:2	2008:1	2007:4	2007:3	2007:2	2007:1	2006:4
Personal Care	734	721	745	781	742	758	679	726
Tissue	633	577	546	508	464	413	339	358
Packaging	319	457	608	692	648	622	689	598
Forest Products	481	553	655	691	766	750	663	676
- Publication papers	78	91	83	125	143	141	128	208
- Pulp, timber and solid-wood products	403	462	572	566	623	609	535	468
Other <sup>1</sup>	-121	-109	-83	219	-94	-95	-88	-97
<b>Total operating profit<sup>1</sup></b>	<b>2,046</b>	<b>2,199</b>	<b>2,471</b>	<b>2,891</b>	<b>2,526</b>	<b>2,448</b>	<b>2,282</b>	<b>2,261</b>
Financial items	-608	-496	-525	-549	-507	-435	-419	-458
<b>Profit before tax<sup>1</sup></b>	<b>1,438</b>	<b>1,703</b>	<b>1,946</b>	<b>2,342</b>	<b>2,019</b>	<b>2,013</b>	<b>1,863</b>	<b>1,803</b>
Tax	-185	-321	-409	-204	0	-443	-429	-352
<b>Net profit for the period<sup>2</sup></b>	<b>1,253</b>	<b>1,382</b>	<b>1,537</b>	<b>2,138</b>	<b>2,019</b>	<b>1,570</b>	<b>1,434</b>	<b>1,451</b>

<sup>1</sup> The fourth quarter of 2007 includes SEK 300m in items affecting comparability, specified per business area in the 2007 annual report.

<sup>2</sup> The fourth quarter of 2007 includes SEK 252m in items affecting comparability.

**OPERATING MARGIN**

%	2008:3	2008:2	2008:1	2007:4	2007:3	2007:2	2007:1	2006:4
Personal Care	12.6	12.7	13.4	13.7	13.5	13.6	12.7	13.4
Tissue	6.6	6.3	5.9	5.4	5.7	5.1	4.4	4.6
Packaging	3.8	5.3	7.0	8.1	7.7	7.6	8.0	7.1
Forest Products	12.2	13.0	15.3	14.4	16.2	15.9	14.8	15.1
- Publication papers	3.5	4.1	3.8	5.5	6.4	6.6	6.1	9.6
- Pulp, timber and solid-wood products	23.6	22.6	27.4	22.2	24.7	23.6	22.4	20.2

**CONSOLIDATED INCOME STATEMENT**

SEKm	2008:3	2008:2	2008:1	2007:4	2007:3
<b>Net sales</b>	<b>27,438</b>	<b>27,339</b>	<b>27,513</b>	<b>27,808</b>	<b>26,362</b>
Cost of goods sold	-22,012	-22,120	-22,128	-22,453	-21,036
<b>Gross contribution</b>	<b>5,426</b>	<b>5,219</b>	<b>5,385</b>	<b>5,355</b>	<b>5,326</b>
Sales, general and administration <sup>1</sup>	-3,380	-3,020	-2,914	-2,464	-2,800
<b>Operating profit<sup>1</sup></b>	<b>2,046</b>	<b>2,199</b>	<b>2,471</b>	<b>2,891</b>	<b>2,526</b>
Financial items	-608	-496	-525	-549	-507
<b>Profit before tax<sup>1</sup></b>	<b>1,438</b>	<b>1,703</b>	<b>1,946</b>	<b>2,342</b>	<b>2,019</b>
Taxes	-185	-321	-409	-204	0
<b>Net profit for the period<sup>2</sup></b>	<b>1,253</b>	<b>1,382</b>	<b>1,537</b>	<b>2,138</b>	<b>2,019</b>

<sup>1</sup> The fourth quarter of 2007 includes SEK 300m in items affecting comparability.

<sup>2</sup> The fourth quarter of 2007 includes SEK 252m in items affecting comparability.



**INCOME STATEMENT PARENT COMPANY**

SEKm	0809	0709
Administration costs	-343	-370
Other operating income	129	122
Other operating expenses	-129	-122
<b>Operating profit</b>	<b>-343</b>	<b>-370</b>
Financial items	403	551
<b>Profit before tax</b>	<b>60</b>	<b>181</b>
Taxes	570	441
<b>Net profit for the period</b>	<b>630</b>	<b>622</b>

**BALANCE SHEET PARENT COMPANY**

	30 September 2008	31 December 2007
	SEKm	SEKm
Intangible assets	3	5
Tangible assets	6,234	6,205
Financial investments	62,540	62,576
<b>Total fixed assets</b>	<b>68,777</b>	<b>68,786</b>
Total current assets	1,125	1,604
<b>Total assets</b>	<b>69,902</b>	<b>70,390</b>
Restricted equity	10,996	10,996
Unrestricted equity	7,067	9,496
<b>Total shareholders' equity</b>	<b>18,063</b>	<b>20,492</b>
Untaxed reserves	128	128
Provisions	1,399	1,330
Long-term liabilities	0	0
Current liabilities	50,312	48,440
<b>Total equity and liabilities</b>	<b>69,902</b>	<b>70,390</b>

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**Note**

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SCA discloses the information provided herein pursuant to the Securities Markets Act. This report has been prepared in both Swedish and English. In case of variation in the content of the two versions, the Swedish version shall take precedence. The report has not been reviewed by the company's auditors.

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