

Q1 2018

JANUARY 1 – MARCH 31, 2018

(compared with the year-earlier period)

- Net sales increased 11% to SEK 4,400m (3,972). Sales growth was mainly related to higher prices in the industrial units.
- EBITDA rose 47% to SEK 1,175m (797). The improvement in EBITDA was mainly related to higher prices in Wood, Pulp and Kraftliner, and an improved market and product mix.
- EBITDA margin increased to 26.7% (20.1)
- Earnings per share amounted to SEK 1.00 (0.52)
- Operating cash flow, which excludes strategic capital expenditures, rose to SEK 591m (85). Strategic capital expenditures amounted to SEK 634m (515) and relates to the Östrand investment which proceeds according to plan.

EARNINGS TREND

SEKm	Quarter				
	2018:1	2017:1	%	2017:4	%
Net sales	4,400	3,972	11	4,242	4
EBITDA	1,175	797	47	1,078	9
Operating profit	889	498	79	786	13
Net Profit	699	363	93	596	17
EBITDA margin	26.7	20.1		25.4	
Earnings per share SEK	1.00	0.52		0.85	
Operating cash flow	591	85		842	



COMMENTS ON THE FINANCIAL STATEMENTS

The market trend in the first quarter was positive in all of SCA's product areas, with healthy demand and continued price increases. Earnings improved compared with the preceding quarter as well as the first quarter last year. The main contribution toward the earnings improvement was from kraftliner and pulp.

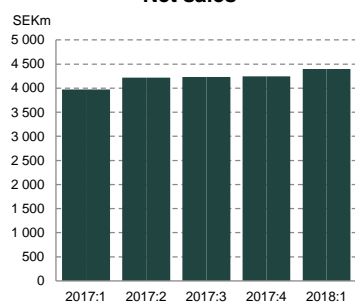
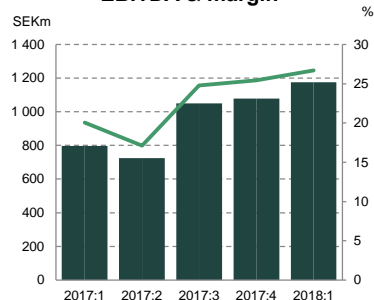
Despite exceptionally harsh winter conditions, timber supply to SCA's industries remained stable, and there were no production stoppages due to lack of timber. Transportation and felling operations however were affected, resulting in slightly higher costs for the period.

Demand in the Wood segment remained strong in all SCA's main markets, driven by a favorable level of construction activity and a growing market for home improvement. Further price increases were implemented during the first quarter.

The positive trend in the pulp market continues, with favorable global demand. The price of softwood kraft pulp rose in the quarter and additional price increases have been announced from April. SCA is investing SEK 7.8bn in doubling the production of bleached softwood kraft pulp. The expanded facility will begin operating in June 2018 and then gradually increase to full capacity. The project is on track both in terms of time and budget.

The market for kraftliner remains strong, with growing demand and limited supply. In addition to the positive economic trend in Europe, growth in e-commerce increases demand for transport packaging. During the quarter, price increases of EUR 60 per tonne were announced for all grades of brown and white kraftliner.

Capacity reductions in publication papers have created a better balance between supply and demand in a structurally contracting market. The improved balance has resulted in a more stable market with higher prices.

Net sales**EBITDA & margin****Change in net sales (%)**

	2018:1 vs. 2017:1	2018:1 vs. 2017:4
Total	11	4
Price/mix	13	4
Volume	-3	-1
Currency	1	1

Change in EBITDA (%)

	2018:1 vs. 2017:1	2018:1 vs. 2017:4
Total	47	9
Price/mix	60	15
Volume	-3	-1
Raw materials	-8	-9
Energy	1	-4
Currency	5	3
Other	-8	5

GROUP**SALES AND OPERATING PROFIT****January-March 2018 compared with January-March 2017**

Net sales amounted to SEK 4,400m (3,972), an increase of 11%, of which price/mix accounted for 13%, volume for -3%, and currency for 1%. Sales growth was mainly related to higher prices in the industrial units.

EBITDA increased 47% to SEK 1,175m (797), which corresponds to an EBITDA margin of 26.7% (20.1). The increase was mainly attributable to higher selling prices. Earnings were positively impacted by exchange rate effects, but adversely impacted by higher raw material costs and slightly lower volumes. Planned project-related costs of SEK 16m (15) for the investment in Östrand had a negative impact on EBITDA. The cost of planned maintenance stops amounted to SEK 0m (11). Refer to page 5 for details.

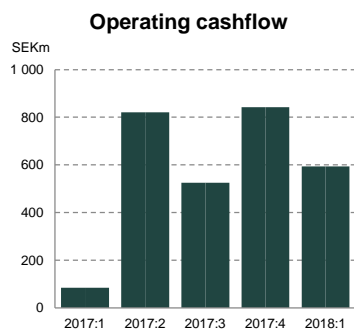
Operating profit increased 79% to SEK 889m (498).

January-March 2018 compared with October-December 2017

Net sales increased 4%, of which price/mix accounted for 4%, volume -1% and currency 1%. Net sales amounted to SEK 4,400m (4,242).

EBITDA increased 9% to SEK 1,175m (1,078). The increase was mainly attributable to higher selling prices and positive exchange rate effects. Higher raw material and energy costs had a negative impact on earnings. Planned maintenance stops had a SEK 0m (83) impact on earnings. Planned project-related costs of SEK 16m (28) for the investment in Östrand had a negative impact on earnings.

Operating profit increased 13% to SEK 889m (786).



CASH FLOW

January-March 2018 compared with January-March 2017

The operating cash surplus amounted to SEK 922m (574). The cash flow effect of changes in working capital was SEK -159m (-354). Working capital as a share of net sales was stable at 17.1% (18.4). Net current capital expenditures amounted to SEK -76m (-126).

Operating cash flow totaled SEK 591m (85).

Strategic capital expenditures amounted to SEK -634m (-515) and related to the investment in increased capacity at the Östrand pulp mill, see page 5. Cash flow for the period was SEK -45m (136).

FINANCING

At March 31, 2018, net debt totaled SEK 7,256m, an increase during the quarter of SEK 1,290m, due to the dividend of SEK 1,054m (SEK 1.50 per share).

At March 31, 2018, gross debt amounted to SEK 9,729m, with an average maturity of 4.0 years and an average fixed-interest rate period of 6.6 months. Unutilized credit facilities amounted to SEK 7,000m. Cash and cash equivalents amounted to SEK 506m at March 31, 2018.

At the end of the period, the debt/equity ratio was 0.20 (0.16).

In the January-March 2018 period, financial items totaled SEK 1m compared with SEK -36m in the same period last year.

TAX

January-March 2018 compared with January-March 2017

Tax expense amounted to SEK 191m (99), corresponding to an effective tax rate of 21.5% (21.4).

EQUITY

During the first quarter, consolidated equity decreased SEK 509m to SEK 36,244m at March 31, 2018. Equity increased due to comprehensive income of SEK 546m, and decreased due to the approved dividend of SEK 1,054m. Other items reduced equity by SEK 1m.

CURRENCY EXPOSURE AND CURRENCY HEDGING

Due to its major focus on exports, SCA's operations are sensitive to currency fluctuations. About 80% of sales are priced in currencies other than SEK, primarily EUR, USD and GBP. Most purchasing is conducted in SEK, but some purchasing is carried out in foreign currencies. Refer to page 53 in the 2017 Annual Report for more details about the net currency exposure.

The company has hedged about 70% of the expected net exposure from sales minus purchases in EUR for the remainder of 2018, as well as 30% of the first quarter 2019, at the average EUR/SEK exchange rate of 9.96. For USD, the company has hedged about 30% of the expected net exposure for the remainder of 2018 at the average USD/SEK exchange rate of 8.11. All balance-sheet items in foreign currency are hedged, as well as decided and contracted expenses in foreign currency for investments in fixed assets.

PLANNED MAINTENANCE STOPS

No maintenance stops were carried out in the first quarter of 2018.

The estimated effect of maintenance stops on earnings in 2018, calculated as the total of the direct maintenance cost and the effect from lower fixed cost coverage from the reduced production during the stop, is shown in the table below.

SEKm	Outcome				Total
	2017:1	2017:2	2017:3	2017:4	
Pulp	8	65	0	58	131
Paper	3	78	16	25	122
Total	11	143	16	83	253

SEKm	Outcome	Forecast			Total
	2018:1	2018:2	2018:3	2018:4	
Pulp	0	220	0	20	240
Paper	0	40	0	50	90
Total	0	260	0	70	330

INVESTMENT IN EXPANDED PULP CAPACITY AT ÖSTRAND

In 2015, SCA decided to invest in increased pulp production capacity at the Östrand pulp mill. The annual production capacity of bleached kraft pulp is expected to increase from the current level of 430,000 tonnes to about 900,000 tonnes. The estimated investment is SEK 7.8bn.

The project is following the investment plan, both in terms of time and investment budget. At the end of the first quarter of 2018, about SEK 6.1bn had been invested in Östrand, corresponding to about 80% of the total investment. A further SEK 1.3bn is expected to be invested in the remainder of 2018 and the outstanding amount of SEK 0.4bn in 2019.

Production start-up is scheduled for June 2018, following an extended maintenance stop that began in April 2018. For the full-year 2018, the production capacity for bleached softwood kraft pulp is expected to reach approximately the same level as for the full-year 2017. The lost production volumes from the extended maintenance stop will be offset by higher capacity after the planned start-up in June.

Temporary project-related costs

During the investment period, project-related costs will have a negative impact on earnings, in particular costs for additional wood handling, temporary staff increases to enable employee training and a higher rate of depreciation. For full-year 2017, project-related costs before tax amounted to approximately SEK 150m, of which depreciation accounted for about SEK 50m.

In 2018, project-related costs are expected to amount to approximately SEK 60m, of which about SEK 10m is attributable to depreciation. For the first quarter 2018, project-related costs amounted to approximately SEK 19m, of which depreciation accounted for about SEK 3m. The remaining costs will mainly impact the second and third quarters.

During the start-up period for the plant, direct costs for energy, chemicals, pulpwood and a higher share of B-grade pulp will be higher than normal. For 2018, these expenses are expected to impact earnings by between SEK 100m and SEK 250m depending on the start-up curve. For the first quarter of 2018, these costs amounted to approximately SEK 25m. The remaining costs will mainly impact the second and third quarters.

During 2018, the capital tied up in working capital, primarily in raw materials inventories, will successively increase due to higher production volumes.

Efficient production facility with double the capacity

The project will double SCA's capacity and make Östrand one of the most cost-efficient production facilities in the world for softwood kraft pulp.

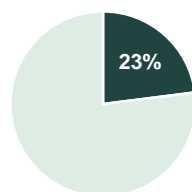
According to the start-up curve, production capacity is expected to gradually increase until the end of 2019. 2020 is therefore expected to be the first year with full effect, corresponding to 900,000 tonnes. The Östrand mill also has a chemical thermomechanical pulp (CTMP) production capacity of 100,000 tonnes per year, which will remain unchanged after the investment.

At full capacity utilization, Östrand's cash costs are expected to decrease by about SEK 350 per tonne, mainly related to indirect costs. This places Östrand in the top quartile of the cost curve for the world's bleached softwood kraft pulp producers.¹

Depreciation is expected to increase by about SEK 300m per year from the third quarter and onward.

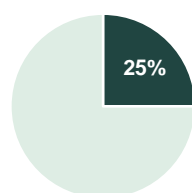
¹ Source: Pöyry, SCA's estimate

Share of net sales 1803*



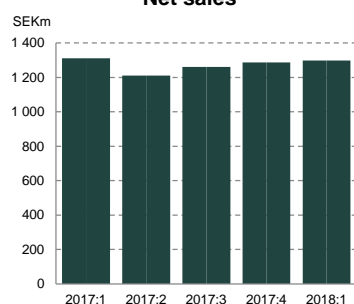
* before elimination of intra-Group sales

Share of EBITDA 1803**

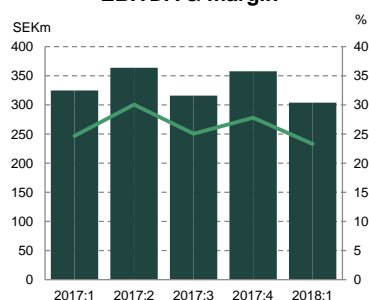


** share calculated of total EBITDA excluding central items

Net sales



EBITDA & margin



FOREST

SCA owns 2.6 million hectares of forest land, of which 2 million is productive, and supplies timber to SCA's forest industry operations (Wood, Pulp and Paper). Approximately the same amount of timber that is harvested from SCA's own forests is purchased from other forest owners. By-products are used in energy production.

SEKm	Quarter				
	2018:1	2017:1	%	2017:4	%
Net sales	1,298	1,312	-1	1,287	1
EBITDA	304	325	-6	358	-15
Depreciation	-28	-28	0	-36	-22
Operating profit	276	297	-7	323	-15
EBITDA margin, %	23.4	24.8		27.8	
Operating margin, %	21.3	22.6		25.1	
Return on capital employed, %	4.1	4.5		4.8	
Harvesting of own forest, thousand m ³ sub	695	664	5	1,468	-53
Revaluation of biological assets	226	231	-2	102	122

Management of SCA-owned forest

Forest includes net sales from timber sourced from SCA's own forests, and from timber purchased from other forest owners, which is sold internally to SCA's forest industry operations, as well as other income primarily from the sale of forest seedlings. Pricing to the industry is based on Forest's external timber purchasing prices. Logistics cost savings generated by location swaps are reported in the industries. These sales of internally and externally purchased timber volumes supplied to SCA's forest industry operations, together with the internal supply of by-products, represent Forest's net sales.

The proportion of timber harvested from SCA-owned forest relative to deliveries from external suppliers varies between quarters. The revaluation of biological assets amounted to SEK 226m in the first quarter of 2018, compared with SEK 102m in the fourth quarter of 2017.

During the first quarter of 2018, the volume of timber harvested from SCA-owned forest totaled 695 thousand m³ sub. The current planned rate of timber harvested from SCA-owned forest is approximately 4.3 million m³ sub per year.

January-March 2018 compared with January-March 2017

Net sales decreased 1% to SEK 1,298m (1,312). The decrease was mainly related to lower deliveries. Prices for timber and pulpwood increased slightly during the first quarter 2018.

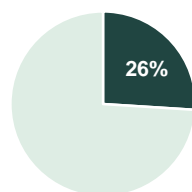
EBITDA declined 6% to SEK 304m (325). Harsh winter conditions, with an abnormally large amount of snow, had a negative impact on earnings. Despite this, timber supply to the industries remained stable, and there were no production stoppages due to a lack of timber.

January-March 2018 compared with October-December 2017

Net sales increased slightly to SEK 1,298m (1,287).

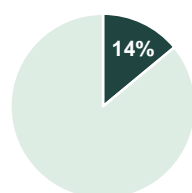
EBITDA declined 15% to SEK 304m (358). The decrease was mainly related to a lower share of timber deliveries from SCA-owned forest which was offset by higher earnings from the revaluation of biological assets.

Share of net sales 1803*



* before elimination of intra-Group sales

Share of EBITDA 1803**



** share calculated of total EBITDA excluding central items

WOOD

The Wood segment comprises five sawmills in Sweden, wood processing units with planing mills in Sweden, the UK and France, as well as a distribution and wholesale business. All by-products from the sawmills are used; chips are used as raw material at pulp and paper mills, sawdust is used in SCA's pellet manufacturing and bark in SCA's energy production.

SEKm	Quarter				
	2018:1	2017:1	%	2017:4	%
Net sales	1,503	1,364	10	1,426	5
EBITDA	172	145	19	184	-7
Depreciation	-56	-62	-10	-55	2
Operating profit	116	83	40	128	-9
EBITDA margin, %	11.4	10.6		12.9	
Operating margin, %	7.7	6.1		9.0	
Return on capital employed, %	15.8	11.7		18.7	
Deliveries, wood products, thousand m ³	607	601	1	602	1

January-March 2018 compared with January-March 2017

Net sales increased 10% to SEK 1,503m (1,364). This increase was primarily attributable to higher selling prices.

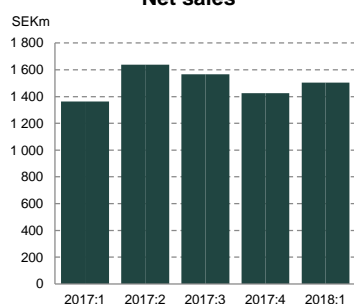
EBITDA improved 19% to SEK 172m (145). This increase was mainly attributable to higher selling prices. Higher raw material costs had a negative impact on earnings. Harsh winter conditions, with an abnormal amount of snow and freezing weather, also had a smaller impact on costs.

January-March 2018 compared with October-December 2017

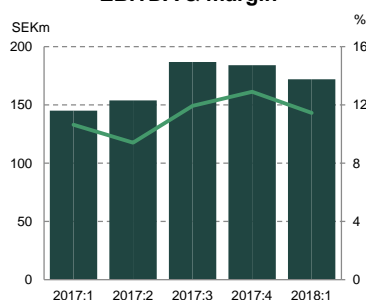
Net sales increased 5% to SEK 1,503m (1,426). This increase was primarily attributable to higher selling prices.

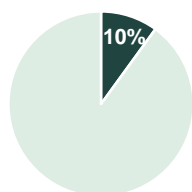
EBITDA declined 7% to SEK 172m (184). The decrease was mainly related to higher raw material and energy costs and the harsh winter conditions, which was offset by higher selling prices.

Net sales

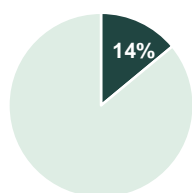


EBITDA & margin



Share of
net sales 1803*

* before elimination of intra-Group sales

Share of
EBITDA 1803**

** share calculated of total EBITDA excluding central items

PULP

The Pulp segment comprises softwood kraft pulp and chemical thermomechanical pulp (CTMP). The pulp is produced at the Östrand pulp mill, where a major investment project to expand the production capacity is ongoing.

SEKm	Quarter				
	2018:1	2017:1	%	2017:4	%
Net sales	589	641	-8	672	-12
EBITDA	178	104	71	149	19
Depreciation	-65	-73	-11	-63	3
Operating profit	113	31	265	87	30
EBITDA margin, %	30.2	16.2		22.2	
Operating margin, %	19.2	4.9		12.9	
Return on capital employed, %	6.1	2.6		5.1	
Deliveries, pulp, thousand tonnes	101	128	-21	125	-19

January-March 2018 compared with January-March 2017

Net sales declined 8% to SEK 589m (641). The decrease was mainly related to lower deliveries as a result of planned inventory build-up prior to the production stop in the second quarter. Higher prices had a positive effect on net sales.

EBITDA improved 71% to SEK 178m (104). This increase was primarily attributable to higher selling prices. Lower volumes, negative exchange rate effects and higher direct costs arising from the project had a negative impact on earnings. Earnings were affected by planned project costs of SEK 16m (15) for the investment in Östrand, and by SEK 0m (8) from planned maintenance stops.

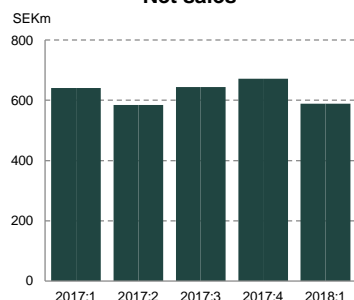
January-March 2018 compared with October-December 2017

Net sales declined 12% to SEK 589 m (672). The decrease was mainly related to lower deliveries as a result of planned inventory build-up prior to the production stop in the second quarter. Higher prices had a positive effect on net sales.

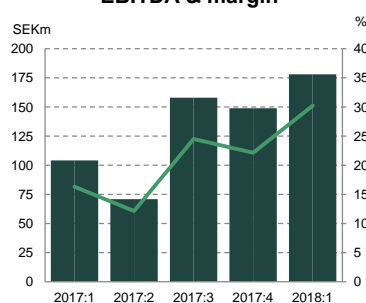
EBITDA improved 19% to SEK 178m (149). Earnings were positively impacted by higher selling prices. Lower volumes and higher direct costs had an adverse impact on earnings. The cost of planned maintenance stops amounted to SEK 0m (58). Planned project costs of SEK 16m (28) for the investment in Östrand had a negative impact on earnings.

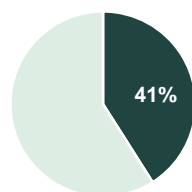
SCA provides more detailed information about the investment in expanded pulp capacity at Östrand on page 5 of this report.

Net sales

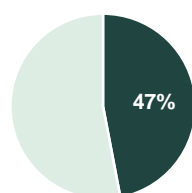


EBITDA & margin



Share of
net sales 1803*

* before elimination of intra-Group sales

Share of
EBITDA 1803**

** share calculated of total EBITDA excluding central items

PAPER

The Paper segment comprises packaging paper (kraftliner) manufactured in Obbola and Munksund, and publication paper manufactured in Ortviken and used for magazines, catalogues and commercial print.

SEKm	Quarter				
	2018:1	2017:1	%	2017:4	%
Net sales	2,383	2,049	16	2,220	7
EBITDA	586	268	119	481	22
Depreciation	-131	-127	3	-131	0
Operating profit	455	141	223	351	30
EBITDA margin, %	24.6	13.1		21.7	
Operating margin, %	19.1	6.9		15.8	
Return on capital employed, %	30.1	9.1		23.6	
Deliveries, kraftliner, thousand tonnes	207	226	-8	204	1
Deliveries, publication paper, thousand tonnes	195	175	11	187	4

January-March 2018 compared with January-March 2017

Net sales increased 16% to SEK 2,383m (2,049). This increase was primarily attributable to higher selling prices for kraftliner.

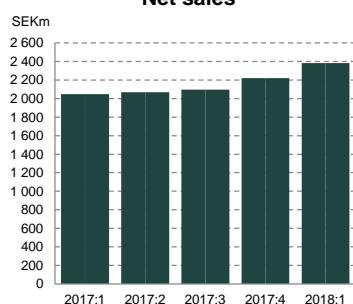
EBITDA improved 119% to SEK 586m (268). The increase was primarily related to higher selling prices for kraftliner and positive exchange rate effects. The cost of planned maintenance stops amounted to SEK 0m (3).

January-March 2018 compared with October-December 2017

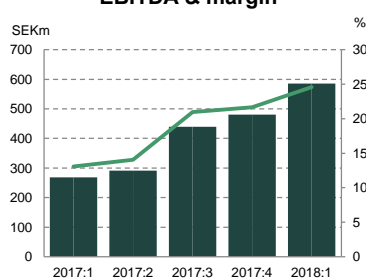
Net sales increased 7% to SEK 2,383m (2,220). The increase was primarily related to higher selling prices for kraftliner, higher volumes and positive exchange rate effects.

EBITDA improved 22% to SEK 586m (481). This increase was primarily attributable to higher selling prices for kraftliner, positive exchange rate effects and higher volumes. Higher energy costs had a negative impact on earnings. The cost of planned maintenance stops amounted to SEK 0m (25).

Net sales



EBITDA & margin



SHARE DISTRIBUTION

March 31, 2018	Class A	Class B	Total
Registered number of shares	64,587,831	637,754,658	702,342,489

At the end of the period, the proportion of Class A shares was 9.2%. In the first quarter, a total of 160 Class A shares were converted to Class B shares at the request of shareholders. The total number of votes in the company thereafter amounted to 1,283,632,968.

EVENTS AFTER THE QUARTER

No significant events took place after the end of the quarter.

FUTURE REPORTS

- Financial statements for the second quarter will be published on July 25, 2018.
- Financial statements for the third quarter will be published on October 30, 2018.

CAPITAL MARKETS DAY

SCA is holding a capital markets day in Galtström in Sundsvall, Sweden, on May 22, 2018.

INVITATION TO PRESS CONFERENCE ON THE INTERIM REPORT Q1 2018

Members of the media and analysts are hereby invited to attend a press conference where this interim report will be presented by the President and CEO, Ulf Larsson, and CFO, Toby Lawton.

Time: April 26, 2018 at 10:00 a.m.

Venue: Kreugersalen, Tändstickspalatset, Västra Trädgårdsgatan 15 in Stockholm, Sweden.

The press conference will be webcast live at www.sca.com. It is also possible to participate by telephone by calling:

Sweden: +46 (0) 8 5661 9445

UK: +44 (0) 1452 541 003

US +1 646 741 2120

Specify "SCA" or the conference ID: 3099569.

Sundsvall, April 26, 2018

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

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Please note:

This is information that SCA is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. The information was submitted for publication, through the agency of the contact person set out below, on April 26, 2018 at 08:00 a.m. CET. The report has not been reviewed by the company's auditors.

Björn Lyngfelt, Senior Vice President, Group Communications, +46 (0)60 19 34 98

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

SEKm	Quarter				
	2018:1	2017:1	%	2017:4	%
Net sales	4,400	3,972	11	4,242	4
Other income	542	462	17	436	24
Change in inventories	52	-27		88	
Change in value in biological assets	226	231	-2	102	122
Raw materials and consumables	-1,654	-1,503	10	-1,631	1
Personnel costs	-732	-659	11	-761	-4
Other external costs	-1,660	-1,669	-1	-1,399	19
Share of profits of associates	1	0		1	
Items affecting comparability	0	-10		0	
EBITDA	1,175	797	47	1,078	9
Depreciation	-286	-299	-4	-292	-2
Operating profit	889	498	79	786	13
Financial items	1	-36		-7	
Profit before tax	890	462	93	779	14
Tax	-191	-99		-183	
Net Profit for the period from continuing operations	699	363	93	596	17
Net profit for the period, discontinued operations	0	1,656		0	
Net Profit for the period from continuing and discontinued operations	699	2,019		596	
Earnings attributable to:					
Owners of the parent					
Profit from continuing operations	699	363		595	
Profit from discontinued operations	0	1,460		0	
Net Profit from continuing and discontinued operations	699	1,823		595	
Non-controlling interests					
Profit from continuing operations	0	0		1	
Profit from discontinued operations	0	196		0	
Profit from continuing and discontinued operations	0	196		1	
Average no. of shares, millions ¹	702.3	702.3		702.3	
Earnings per share SEK – continuing operations ¹	1.00	0.52		0.85	
Earnings per share SEK – total company ¹	1.00	2.60		0.85	
¹ There are no dilution effects					
Percent	2018:1	2017:1		2017:4	
EBITDA margin	26.7	20.1		25.4	
Operating margin	20.2	12.5		18.5	
Net margin	15.9	9.1		14.0	
Adjusted EBITDA margin	26.7	20.3		25.4	
Adjusted operating margin	20.2	12.8		18.5	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter		
	2018:1	2017:1	2017:4
Profit for the period, continuing operations	699	363	596
Profit for the period, discontinued operations	0	1,656	0
Profit for the period	699	2,019	596
Other comprehensive income for the period:			
Items that may not be reclassified to the income statement			
Revaluation of defined benefit pension plans	-159	301	-156
Income tax attributable to components of other comprehensive income	35	-67	35
Total continuing operations	-124	234	-121
Total discontinued operations	0	543	0
Total	-124	777	-121
Items that have been or may be reclassified subsequently to the income statement			
Available-for-sale financial assets	0	0	-2
Cash flow hedges	-97	-55	42
Translation differences in foreign operations	46	1	15
Gains/losses from hedges of net investments in foreign operations	0	-1	0
Income tax attributable to components of other comprehensive income	22	12	83
Total continuing operations	-29	-43	138
Total discontinued operations	0	142	0
Total	-29	99	138
Other comprehensive income for the period, net of tax			
Total, continuing operations	-153	191	17
Total, discontinued operations	0	685	0
Total	-153	876	17
Total comprehensive income for the period			
Total, continuing operations	546	554	613
Total, discontinued operations	0	2,341	0
Total	546	2,895	613
Total comprehensive income attributable to:			
Owners of the parent	546	2,721	613
Non-controlling interests	0	174	0

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	March 31, 2018	December 31, 2017
ASSETS		
Fixed assets		
Goodwill and other intangible assets	127	94
Buildings, land, machinery and equipment	17,523	17,104
Biological assets	31,593	31,386
Other fixed assets	1,006	1,123
Total Fixed assets	50,249	49,707
Current assets		
Inventories	3,559	3,460
Trade receivables	2,638	2,299
Other current receivables	1,805	707
Cash and cash equivalents	506	538
Total current assets	8,508	7,004
Total assets	58,757	56,711
EQUITY AND LIABILITIES		
Equity		
Owners of the parent		
Share capital	2,350	2,350
Share premium	6,830	6,830
Reserves	-248	-219
Retained earnings	27,310	27,790
Non-controlling interests	2	2
Total equity	36,244	36,753
Non-current liabilities		
Non-current financial liabilities	4,063	3,675
Provisions for pensions	407	366
Deferred tax liabilities	8,495	8,381
Other non-current liabilities & provisions	114	116
Total non-current liabilities	13,079	12,538
Current liabilities		
Current financial liabilities	4,205	3,502
Dividend ¹	1,054	0
Trade payables	2,860	2,900
Other current liabilities	1,315	1,018
Total current liabilities	9,434	7,420
Total liabilities	22,513	19,958
Total liabilities and equity	58,757	56,711

¹The dividend was paid on April 3, 2018, after the quarterly accounts

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Mar	Full year
	2018	2017
Attributable to owners of the parent		
Opening balance, January 1	36 751	73 142
Total comprehensive income for the period	546	142 049
Approved dividend	-1 054	0
Cash dividend	0	-4 214
Dividend of Essity shares	0	-174 448
Private placement to non-controlling interest	0	499
Private placement to non-controlling interest, dilution	0	-288
Acquisition of non-controlling interests	0	15
Remeasurement effect upon acquisition of non-controlling interests	-1	-4
Closing balance	36 242	36 751
Non-controlling interests		
Opening balance, January 1	2	6 377
Total comprehensive income for the period	0	168
Cash dividend	0	-130
Dividend of Essity shares	0	-7 242
Private placement to non-controlling interest	0	461
Private placement to non-controlling interest, dilution	0	288
Acquisition of non-controlling interests	0	80
Closing balance	2	2
Total equity, closing balance	36 244	36 753

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Jan-Mar	
	2018	2017
Operating activities		
Profit before tax, continuing operations	890	462
Adjustment for non-cash items ¹	-65	68
Paid tax	-6	-1
Cash flow from continuing operations before changes in working capital	819	529
Cash flow from changes in working capital		
Change in inventories	-75	55
Change in operating receivables	-380	-394
Change in operating liabilities	289	-15
Cash flow from operating activities	653	175
Investing activities		
Acquisitions	-19	0
Divestments	0	-1
Current capital expenditures, net	-76	-126
Strategic capital expenditures in non-current assets	-634	-515
Repayment of loans from external parties	0	131
Cash flow from investing activities	-729	-511
Financing activities		
Loans raised	5 626	0
Change, receivable from operations held for distribution to owners	0	928
Amortization of loans	-5 596	-245
Transactions with owners	0	-211
Cash flow from financing activities	31	472
Net cash flow for the period	-45	136
Cash and cash equivalents at the beginning of the period, continuing operations	538	238
Translation differences in cash and cash equivalents	13	-1
Cash and cash equivalents at the end of the period	506	373
Cash flow from operating activities per share SEK, continuing operations	0,93	0,25
¹ Depreciation/amortization and impairment of non-current assets	286	299
Fair-value measurement of forest assets	-226	-231
Gains/loss on assets sales and swaps of assets	-25	0
Payments related to efficiency programs already recognized	-1	-4
Other	-99	4
Total	-65	68

INCOME STATEMENT PARENT COMPANY

SEKm	Jan-Mar	
	2018	2017
Other operating income	62	55
Other operating expenses	-42	-41
Personnel expenses	-30	-9
Operating profit before depreciations and write-downs (EBITDA)	-10	5
Depreciations and write-downs	-18	-18
Operating profit	-28	-13
Financial items	38	-14
Profit before tax	10	-27
Untaxed reserve and Tax	6	-27
Profit for the period	16	-54

Other operating income was mainly related to remuneration for the granting of felling rights for the Parent Company's forest land.

As of January 1, 2018, the Parent Company has changed its method of measurement of financial derivatives from historical cost to fair value, in order to comply with IFRS 9. The impact of this change on profit or loss at March 31, 2018 is a reduction in financial items of SEK 20m. In the balance sheet at March 31, 2018, financial non-current assets increased by SEK 68m, current assets by SEK 297m and current liabilities by SEK 377m. Equity decreased SEK 12m, which is the result of the change in profit or loss at March 31, 2018 (SEK -19m) and an adjustment of the opening balance from the previous fiscal year (SEK +7m, see below).

The change in method of measurement of financial derivatives from historical cost to fair value has entailed an adjustment of the comparative year. The change had no material impact on profit or loss at March 31, 2017. In the balance sheet at December 31, 2017, financial non-current assets increased by SEK 46m, current assets by SEK 128m, current liabilities by SEK 166m, provisions by SEK 1m and equity by SEK 7m, corresponding to the change in profit or loss at December 31, 2017.

BALANCE SHEET PARENT COMPANY

SEKm	March 31, 2018	December 31, 2017
Intangible and tangible assets	8,349	8,365
Financial non-current assets	4,829	4,941
Total non-current assets	13,178	13,306
Total current assets	15,681	15,674
Total assets	28,859	28,980
Restricted equity	11,373	11,373
Unrestricted equity	7,196	7,181
Total equity	18,569	18,554
Provisions	1,601	1,607
Non-current liabilities	3,980	3,600
Current liabilities	4,709	5,219
Total equity, provisions and liabilities	28,859	28,980

NOTES

1. ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1 of the Swedish Financial Reporting Board, and with regards to the Parent Company, RFR 2.

At January 1, 2018, two new accounting standards came into force, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, which entailed a change in the Group's accounting principles.

IFRS 9 is divided into three areas: Classification and measurement of financial assets and liabilities, impairment and hedge accounting. Classification and measurement took place using the categories stated in IFRS 9 without any significant impact on the balance sheet. The application of an impairment model adapted to the requirements of IFRS 9 resulted in a reduction in equity by about SEK 3m in conjunction with the implementation of the standard. The application of IFRS 9 entailed a revision of the Group's hedging documentation, but the application has had no effect on the Group's financial statements.

No translation effects arose in connection with the implementation of IFRS 15. Equity was not impacted by the transition to the new standard.

Translation differences on trade receivables were previously recognized on the line net sales. As of January 1, 2018, translation differences on trade receivables are recognized as other operating income.

In view of the implementation of IFRS 9, the Parent Company has changed method for the measurement of financial derivatives as of January 1, 2018. Refer to page 17.

For further information on accounting principles applied, refer to SCA's 2017 Annual Report.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

NET SALES BY REGION

SEKm	Jan-Mar	
	2018	2017
Sweden	582	547
EU excl. Sweden	2,869	2,577
Rest of Europe	223	203
Rest of world	726	645
Total Group	4,400	3,972

3. RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 50-53 of the 2017 Annual Report. No significant changes have taken place that have affected the reported risks.

4. RELATED PARTY TRANSACTIONS

No transactions took place between SCA and related parties with any material impact on the company's financial position or results.

5. DISCONTINUED OPERATIONS

SCA distributed the shares in Essity to SCA's shareholders in June 2017. Essity's first day of trading on Nasdaq Stockholm was June 15, 2017 and the closing price was SEK 247.20 for the Class A share and 248.50 for the Class B share. This represents a market capitalization of about SEK 174,448m for Essity. The earnings effect of the distribution was set at the difference between the market value of liabilities at the date of distribution and the net assets distributed through Essity and resulted in an earnings effect of SEK 136,914m in the second quarter of 2017.

EARNINGS TREND

	Jan-Mar	Jan-Mar
SEKm	2018	2017
Net sales	0	25,268
Operating profit	0	2,487
Financial items	0	-266
Profit before tax	0	2,221
Tax	0	-565
Profit for the period	0	1,656

CASH FLOW STATEMENT

	Jan-Mar	Jan-Mar
SEKm	2018	2017
Cash flow from operating activities	0	2,887
Cash flow from investing activities	0	-1,123
Cash flow from financing activities	0	24,609
Cash flow for the period, discontinued operations	0	26,373

6. FINANCIAL INSTRUMENTS BY CATEGORY

SEKm	Carrying amount in the balance sheet	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Of which fair value by level		
						1	2	3
March 31, 2018								
Derivatives	191	1	190			149	42	
Non-current financial assets	20			20				20
Total assets	211	1	190	20	0	149	42	20
Derivatives	189	57	132				189	
Current financial liabilities	5,238				5,238			
Non-current financial liabilities	4,063				4,063			
Total liabilities	9,490	57	132	0	9,301	0	189	0
SEKm	Carrying amount in the balance sheet	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Of which fair value by level		
						1	2	3
December 31, 2017								
Derivatives	166	22	144			74	92	
Non-current financial assets	20			20				20
Total assets	186	22	144	20	0	74	92	20
Derivatives	9	5	4			4	5	
Current financial liabilities	3,493				3,493			
Non-current financial liabilities	3,675				3,675			
Total liabilities	7,177	5	4	0	7,168	4	5	0

The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, and the fair value of trade payables is estimated to be equal to their carrying amount. The total fair value of current and non-current financial liabilities was SEK 9,327m (7,178). The value of electricity derivatives is based on published prices in an active market. Other financial instruments are marked-to-market, based on prevailing currency and interest rates on the balance sheet date. The fair value of debt instruments is determined using valuation models, such as discounting future cash flows at quoted market rates for the respective maturity.

7. CONTINGENT LIABILITIES AND PLEDGED ASSETS

Contingent liabilities	Parent		Group	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
SEKm				
Guarantees for subsidiaries	577	564	577	564
Other contingent liabilities	258	238	336	315
Total	835	802	913	879
Pledged assets	Parent		Group	
SEKm	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Chattel mortgages	20	20	20	20
Other	0	-	0	-
Total	20	20	20	20

8. RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

For definitions of alternative performance measures, refer to SCA's 2017 Annual Report, page 77.

OPERATING CASH FLOW	Quarter			Jan-Mar	Full year
	2018:1	2017:1	2017:4	2018	2017
EBITDA	1,175	797	1,078	1,175	3,648
Change in value in biological assets and other non cash flow items	-253	-223	-100	-253	-503
Operating cash surplus	922	574	978	922	3,145
Change in working capital	-159	-354	96	-159	-143
Current capital expenditures, net	-76	-126	-220	-76	-638
Other operating cash flow	-96	-9	-12	-96	-91
Operating cash flow	591	85	842	591	2,273

BALANCE SHEET STRUCTURE

SEKm	March 31, 2018	December 31, 2017
Biological assets	31 593	31 386
Deferred tax relating to biological assets	-6 950	-6 905
Biological assets, net of deferred tax	24 643	24 481
Working capital	3 025	2 861
Other capital employed	15 832	15 377
Total capital employed	43 500	42 719

CAPITAL EMPLOYED

SEKm	March 31, 2018	December 31, 2017
Total assets	58,757	56,711
-Financial receivables	-2,473	-1,577
-Non-current non-interest bearing liabilities	-8,609	-8,497
-Current non-interest bearing liabilities	-4,175	-3,918
Capital employed	43,500	42,719

WORKING CAPITAL

SEKm	March 31, 2018	December 31, 2017
Inventories	3,559	3,460
Accounts receivable	2,638	2,299
Other working capital related current receivables	746	694
Accounts payable	-2,860	-2,900
Other working capital related current liabilities	-1,266	-977
Adjustments ¹	208	285
Working capital	3,025	2,861
¹ Adjustments		
Other current receivables, green certificates	-20	-35
Accounts payable, strategic capital expenditures	191	317
Other current liabilities, emission rights	37	3
	208	285

NET DEBT

SEKm	March 31, 2018	December 31, 2017
Surplus in funded pension plans	885	1,002
Non-current financial assets	28	28
Current financial assets	1,054	9
Cash and cash equivalents	506	538
Financial receivables	2,473	1,577
Non-current financial liabilities	4,063	3,675
Provisions for pensions	407	366
Current financial liabilities	5,259	3,502
Financial liabilities	9,729	7,543
Net debt	-7,256	-5,966

9. KEY FIGURES

Percent	Quarter			Jan-Mar		Full year
	2018:1	2017:1	2017:4	2018	2017	2017
MARGINS						
EBITDA margin	26.7	20.1	25.4	26.7	20.1	21.9
Operating margin	20.2	12.5	18.5	20.2	12.5	15.1
Net margin	15.9	9.1	14.0	15.9	9.1	11.2
Adjusted EBITDA margin	26.7	20.3	25.4	26.7	20.3	22.6
Adjusted operating margin	20.2	12.8	18.5	20.2	12.8	15.7
RETURN ON CAPITAL EMPLOYED (ROLLING 12 MONTHS)						
				2018	2017	2017
Return on capital employed, %				6.9	5.7	6.1
Adjusted return on capital employed, %				7.1	5.4	6.3
Industrial return on capital employed, %				12.4	8.1	10.1
Industrial return on capital employed, excluding the ongoing investment in Östrand, %				16.8	9.0	13.1
CAPITAL STRUCTURE						
				2018	2017	2017
Capital employed, SEKm				43,500	40,813	42,719
Net debt, SEKm				7,256	-	5,966
Net debt/EBITDA				1.8	-	1.6
Equity, SEKm				36,244	-	36,753
Equity per share, SEK				52	-	52
Net debt/Equity				20%	-	16%
OTHER KEY FIGURES						
				2018	2017	2017
Working capital / net sales % ¹				17.1%	18.4%	17.7%

¹ Calculated as an average of working capital for 13 months as a percentage of 12-month rolling net sales

10. QUARTERLY DATA BY SEGMENT

NET SALES

SEKm	Quarter								
	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4	2016:3	2016:2	2016:1
Forest	1,298	1,287	1,261	1,210	1,312	1,296	1,261	1,234	1,187
Wood	1,503	1,426	1,567	1,637	1,364	1,361	1,320	1,496	1,264
Pulp	589	672	644	585	641	668	668	556	600
Paper	2,383	2,220	2,096	2,069	2,049	1,998	1,859	1,889	1,998
Intra-group deliveries	-1,373	-1,363	-1,337	-1,282	-1,394	-1,384	-1,339	-1,303	-1,256
Total net sales	4,400	4,242	4,231	4,219	3,972	3,939	3,769	3,872	3,793

EBITDA

SEKm	Quarter								
	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4	2016:3	2016:2	2016:1
Forest	304	358	316	364	325	338	295	312	293
Wood	172	184	187	154	145	161	143	140	87
Pulp	178	149	158	71	104	102	160	105	163
Paper	586	481	439	291	268	271	293	378	303
Other	-65	-94	-51	-156	-45	-53	-46	-27	-33
Total EBITDA	1,175	1,078	1,049	724	797	819	845	908	813

EBITDA MARGIN

Percent	Quarter								
	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4	2016:3	2016:2	2016:1
Forest	23.4	27.8	25.1	30.1	24.8	26.1	23.4	25.3	24.7
Wood	11.4	12.9	11.9	9.4	10.6	11.8	10.8	9.4	6.9
Pulp	30.2	22.2	24.5	12.1	16.2	15.3	24.0	18.9	27.2
Paper	24.6	21.7	20.9	14.1	13.1	13.6	15.8	20.0	15.2
EBITDA margin¹	26.7	25.4	24.8	17.2	20.1	20.8	22.4	23.4	21.4

ADJUSTED EBITDA

SEKm	Quarter								
	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4	2016:3	2016:2	2016:1
Forest	304	358	316	364	325	338	295	312	293
Wood	172	184	187	154	145	161	143	140	87
Pulp	178	149	158	71	104	102	160	105	163
Paper	586	481	439	291	268	277	289	259	303
Other	-65	-94	-51	-53	-35	-52	-46	-27	-33
Total adjusted EBITDA¹	1,175	1,078	1,049	827	807	826	841	789	813

ADJUSTED EBITDA MARGIN

Percent	Quarter								
	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4	2016:3	2016:2	2016:1
Forest	23.4	27.8	25.1	30.1	24.8	26.1	23.4	25.3	24.7
Wood	11.4	12.9	11.9	9.4	10.6	11.8	10.8	9.4	6.9
Pulp	30.2	22.2	24.5	12.1	16.2	15.3	24.0	18.9	27.2
Paper	24.6	21.7	20.9	14.1	13.1	13.9	15.6	13.7	15.2
Adjusted EBITDA margin¹	26.7	25.4	24.8	19.6	20.3	21.0	22.3	20.4	21.4

¹ Excluding items affecting comparability