

Q3 2018



JANUARY 1 – SEPTEMBER 30, 2018

(compared with the year-earlier period)

- Net sales increased 11% to SEK 13,829m (12,422). The growth was primarily attributable to Paper and Wood.
- EBITDA increased 46% to SEK 3,758m (2,570). The improvement in EBITDA was mainly related to higher prices.
- EBITDA margin increased to 27.2% (20.7)
- Earnings per share amounted to SEK 3.99 (1.82)
- Operating cash flow, which excludes strategic capital expenditures, increased to SEK 2,007m (1,431). Strategic capital expenditures totaled SEK 1,705m (2,085) and relate to the Östrand investment.

EARNINGS TREND

SEKm	Quarter					Jan-Sep		
	2018:3	2017:3	%	2018:2	%	2018	2017	%
Net sales	4,759	4,231	12	4,670	2	13,829	12,422	11
EBITDA	1,549	1,049	48	1,034	50	3,758	2,570	46
Operating profit	1,226	776	58	744	65	2,859	1,725	66
Net profit	991	627	58	1,109	-11	2,799	1,278	119
EBITDA margin	32.5	24.8		22.1		27.2	20.7	
Earnings per share, SEK	1.41	0.89		1.58		3.99	1.82	
Operating cash flow	742	525		674		2,007	1,431	



COMMENTS ON THE FINANCIAL STATEMENTS

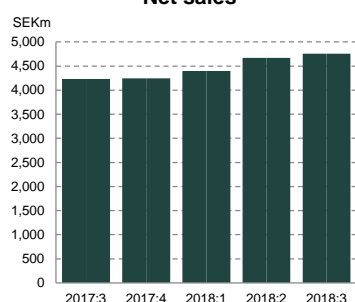
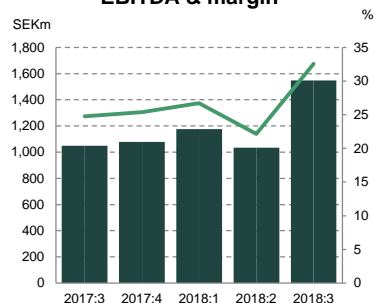
The market trend in the quarter was stable with unchanged or increased prices in all of SCA's product areas. Earnings increased compared with the preceding quarter as well as the year-on-year quarter. The improvement in EBITDA came from Paper, Wood and Pulp.

The supply of wood to SCA's industries was stable. Deliveries of wood increased during the quarter due to the start-up of the expanded pulp mill. The price of timber and pulpwood increased slightly.

The consumption of solid-wood products remained favorable with slightly higher prices during the quarter. Inventories of solid-wood products are generally low.

The pulp market remained strong with high demand in all markets. The price of pulp increased slightly compared with the preceding quarter. The expanded Östrand pulp mill began operating in June and the ramp up has progressed as planned. Work is now focusing on gradually trimming the mill to reach full capacity and the highest quality.

The market trend for kraftliner was stable during the quarter with unchanged prices. For publication papers, capacity reductions among paper producers have created a better balance between supply and demand. Price increases were implemented during the quarter for both uncoated and coated paper.

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

	1809 vs. 1709	2018:3 vs. 2017:3	2018:3 vs. 2018:2
Total	11	12	2
Price/mix	13	14	3
Volume	-7	-9	-2
Currency	5	7	1

Change in EBITDA (%)

	1809 vs. 1709	2018:3 vs. 2017:3	2018:3 vs. 2018:2
Total	46	48	50
Price/mix	67	62	14
Volume	-5	-7	-4
Raw materials	-17	-23	-11
Energy	1	-1	-3
Currency	10	11	1
Other	-10	6	53

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

Net sales amounted to SEK 13,829m (12,422), an increase of 11%, of which price/mix accounted for 13%, volume for -7% and currency for 5%. The growth was primarily attributable to Wood and Paper. Lower delivery volumes in Pulp due to the expansion stop in the second quarter 2018 had an adverse impact on net sales.

EBITDA increased 46% to SEK 3,758m (2,570), which corresponds to an EBITDA margin of 27.2% (20.7). 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 lower pulp volumes.

SCA's growing wind power business contributes with a steadily increasing lease income, which for the first nine months of 2018 amounted to SEK 32m. During the period a wind power project was sold to Green Investment Group, a specialized green energy investor. The project comprises 56 turbines, of which 22 are to be located on SCA's land. The sale of the project had a SEK 48m impact on earnings.

EBITDA was impacted by costs for the start-up of the expanded Östrand pulp mill: (i) expansion stop costs of SEK 236m (73); (ii) project costs of SEK 44m (78); (iii) higher direct costs of SEK 125m (0). Refer to page 5 for details.

Costs for planned maintenance stops in Paper had a negative impact of SEK 34m (97) on earnings.

Operating profit increased 66% to SEK 2,859m (1,725).

July-September 2018 compared with July-September 2017

Net sales for the third quarter grew by 12%, of which price/mix accounted for 14%, volume for -9% and currency for 7%, and amounted to SEK 4,759m (4,231). Sales growth was mainly related to higher prices in all segments, offset by lower delivery volumes in Pulp, Wood and Publication paper.

EBITDA amounted to SEK 1,549m (1,049), an increase of 48%. The increase was mainly attributable to higher selling prices and positive exchange rate effects. Higher raw material costs and lower delivery volumes had an adverse impact on earnings.

EBITDA was impacted by costs for the start-up of the expanded Östrand pulp mill: (i) expansion stop costs of SEK 0m (0); (ii) project costs of SEK 13m (28); (iii) higher direct costs of SEK 50m (0). Refer to page 5 for details.

Costs for planned maintenance stops in Paper were SEK 0m (16).

Operating profit increased 58% to SEK 1,226m (776).

July-September 2018 compared with April-June 2018

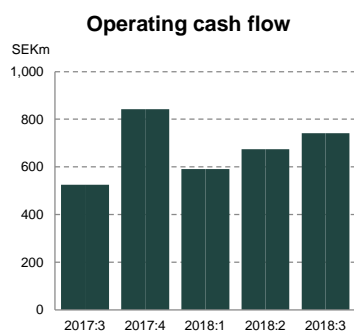
Net sales increased 2%, of which price/mix accounted for 3%, volume -2% and currency 1%. Net sales amounted to SEK 4,759m (4,670).

EBITDA increased 50% to SEK 1,549m (1,034). This increase was primarily attributable to higher selling prices and the start-up of the expanded Östrand pulp mill. Seasonally lower personnel costs due to the vacation period had a positive impact on earnings of approximately SEK 50m.

EBITDA was impacted by costs for the start-up of the expanded Östrand pulp mill: (i) expansion stop costs of SEK 0m (236); (ii) project costs of SEK 13m (15); (iii) higher direct costs of SEK 50m (50). Refer to page 5 for details.

Costs for planned maintenance stops in Paper were SEK 0m (34).

Operating profit increased 65% to SEK 1,226m (744).



CASH FLOW

January-September 2018 compared with January-September 2017

The operating cash surplus amounted to SEK 3,192m (2,167). The cash flow effect of changes in working capital was SEK -626m (-239). Net current capital expenditures amounted to SEK 530m (418). Operating cash flow was SEK 2,007m (1,431). See page 21.

Strategic capital expenditures amounted to SEK 1,705m (2,085) and relate to the investment in increased capacity at the Östrand pulp mill, see page 5. Cash flow for the period was SEK -8m (706).

FINANCING

At September 30, 2018, net debt totaled SEK 6,906m, a reduction during the quarter of SEK 442m.

At September 30, 2018, gross debt amounted to SEK 8,386m with an average maturity of 4.2 years. The loan structure consists of short-term commercial paper as well as long-term bonds and bilateral bank loans. Unutilized credit facilities amounted to SEK 8,000m. Cash and cash equivalents amounted to SEK 542m at the end of the period.

The debt/equity ratio was 0.18 at the end of the third quarter compared with 0.16 for the corresponding period in 2017.

In the January-September 2018 period, financial items totaled SEK -11m compared with SEK -86m in the year-earlier period.

TAX

January-September 2018 compared with January-September 2017

The Swedish Parliament has decided to reduce the corporate tax rate in two steps. In January 2019, tax will be reduced from 22.0% to 21.4%. In January 2021, tax will be further reduced from 21.4% to 20.6%. The reduction of the corporate tax rate resulted in a revaluation of deferred tax liabilities in 2018, resulting in a positive one-off item of SEK 543m in the second quarter of 2018. Tax, including the revaluation of deferred tax liabilities, amounted to SEK -49m. Tax, excluding the revaluation of deferred tax liabilities, amounted to SEK -593m (-361), corresponding to a tax rate of 20.8% (22.0).

EQUITY

January-September 2018

Total equity increased by SEK 1,639m during the period, to SEK 38,392m at September 30, 2018. Equity increased due to comprehensive income for the period of SEK 2,731m, and decreased due to the dividend of SEK 1,054m. Other items reduced equity by SEK 38m.

CURRENCY EXPOSURE AND CURRENCY HEDGING

Due to a high level of 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.

The company has hedged about 70% of the expected net exposure from sales minus purchases in EUR until the end of the first quarter of 2019, as well as approximately 50% of the second and third quarters of 2019, at the average EUR/SEK exchange rate of 10.16. The company has hedged about 60% of the expected net exposure from sales minus purchases in USD until the end of the first quarter of 2019, as well as approximately 45% of the second and third quarters of 2019, at the average USD/SEK exchange rate of 8.40. 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 third quarter of 2018.

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

SEKm	Actual				Total
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	
Pulp	8	65	0	58	131
Paper	3	78	16	25	122
Total	11	143	16	83	253

SEKm	Actual			Forecast	
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Total
Pulp	0	236	0	20	256
Paper	0	34	0	60	94
Total	0	270	0	80	350

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.

At the end of the third quarter of 2018, about SEK 7.1bn had been invested in Östrand, corresponding to about 90% of the total investment. Of the remaining 10%, about half is expected to impact the fourth quarter of 2018 and half 2019.

The expanded pulp mill was put into operation according to plan in June 2018 following the expansion stop that commenced in April 2018. For the full-year 2018, the production capacity for bleached kraft pulp is expected to reach approximately the same level as for the full-year 2017. The lost production volumes from the expansion stop will be offset by higher capacity following commissioning of the new plant.

Temporary project-related costs

During the investment period project-related costs will impact 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 75m, of which about SEK 20m is attributable to depreciation. For the first nine months of 2018, project-related costs amounted to approximately SEK 62m, of which depreciation accounted for about SEK 18m. The remaining costs will impact the fourth quarter.

During the start-up period for the plant, direct costs for energy, chemicals, pulpwood and the share of B-grade pulp have been higher than normal. For 2018, these expenses are expected to impact earnings by between SEK 150m and SEK 175m. For the first quarter of 2018, these costs amounted to approximately SEK 25m, for the second quarter about SEK 50m, and for the third quarter about SEK 50m. The remaining costs will impact the fourth quarter.

Working capital will increase in connection with the expansion.

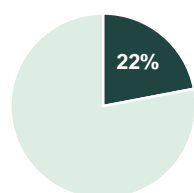
Efficient production facility with double the capacity

The project will double SCA's production capacity. Following 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.

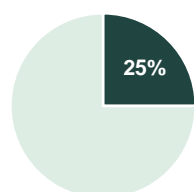
At full capacity utilization, Östrand's cash costs are expected to decrease by about SEK 350 per tonne, mainly related to indirect costs. This places Östrand in the top quartile of the cost curve for the world's bleached softwood kraft pulp producers (NBSK).¹

Depreciation is expected to increase by about SEK 300m per year. The higher rate of depreciation began at the end of the third quarter of 2018.

¹ Source: Pöyry, SCA's estimate

Share of net sales
Jan-Sep 2018*

* before elimination of intra-Group sales

Share of EBITDA
Jan-Sep 2018**

** share calculated of total EBITDA excluding central items

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 in SCA's own forests is purchased from other forest owners. By-products are used in energy production.

SEKm	Quarter				Jan-Sep			
	2018:3	2017:3	%	2018:2	%	2018	2017	%
Net sales	1,455	1,261	15	1,162	25	3,915	3,783	3
EBITDA	292	316	-8	371	-21	967	1,005	-4
Depreciation	-29	-29	0	-28	4	-85	-84	1
Operating profit	263	288	-9	343	-23	882	921	-4
EBITDA margin, %	20.1	25.1		32.0		24.7	26.6	
Operating margin, %	18.1	22.9		29.5		22.5	24.4	
Return on capital employed, %	3.8	4.3		5.1		4.4	4.6	
Harvesting of own forest, thousand m ³ sub	922	964	-4	1,414	-35	3,031	2,981	2
Revaluation of biological assets ¹	197	181	9	92	114	515	515	0

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. The pricing method is based on an average of Forest's externally sourced timber prices.

During the first nine months of the year, the volume of timber harvested from SCA-owned forest was 3.0 million m³ sub. The current planned rate of timber harvested in SCA-owned forest is approximately 4.3 million m³ sub per year.

January-September 2018 compared with January-September 2017

Net sales increased 3% to SEK 3,915m (3,783). This increase was primarily attributable to higher selling prices for both timber and pulpwood. During the period, Forest accumulated inventories to meet Östrand's rising pulpwood demand. Timber supply to the industries remained stable.

EBITDA declined 4% to SEK 967m (1,005), which was mainly related to slightly higher costs due to the dry summer conditions and slightly higher costs initially to meet Östrand's growing pulpwood demand.

July-September 2018 compared with July-September 2017

Net sales increased 15% to SEK 1,455m (1,261). This increase was primarily attributable to higher selling prices and higher delivery volumes to the expanded pulp mill.

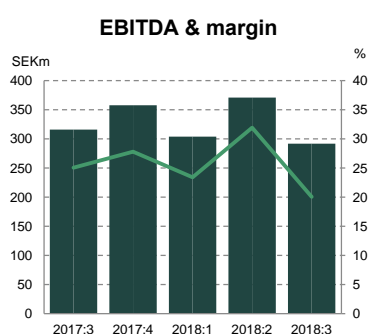
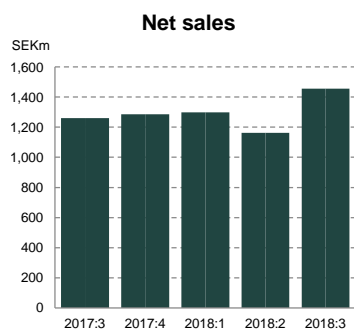
EBITDA was SEK 292m (316), a reduction by 8%, which was mainly due to a lower share of timber deliveries from SCA-owned forest and slightly higher costs due to the dry summer conditions. Earnings were also affected by higher costs for externally sourced wood which, due to the application of an average price method for sales onwards to the industries, are not yet fully compensated by a higher income.

July-September 2018 compared with April-June 2018

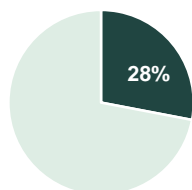
Net sales increased 25% to SEK 1,455m (1,162). This increase was primarily attributable to higher delivery volumes.

EBITDA declined 21% to SEK 292m (371). 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. Prices for timber and pulpwood increased slightly during the third quarter of 2018.

¹ The proportion of timber harvested from SCA-owned forest relative to deliveries from external suppliers varies between quarters. The expected change in value of the biological asset is distributed between the quarters in relation to seasonal variations in harvesting of SCA-owned forest. A higher share of harvesting from SCA-owned forest generally leads to a lower impact from the revaluation of biological assets.

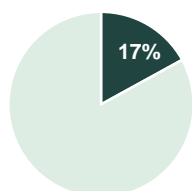


Share of net sales Jan-Sep 2018*



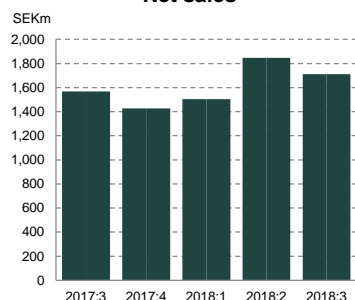
*before elimination of intra-Group sales

Share of EBITDA Jan-Sep 2018**

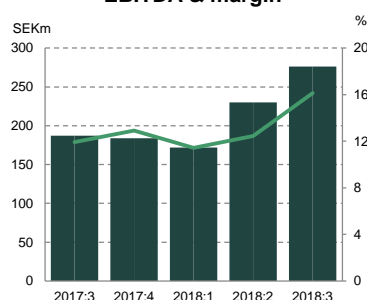


** share calculated of total EBITDA excluding central items

Net sales



EBITDA & margin



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					Jan-Sep		
	2018:3	2017:3	%	2018:2	%	2018	2017	%
Net sales	1,712	1,567	9	1,846	-7	5,060	4,568	11
EBITDA	276	187	48	230	20	678	486	40
Depreciation	-55	-54	2	-52	6	-163	-171	-5
Operating profit	222	133	67	177	25	515	315	63
EBITDA margin, %	16.1	11.9		12.5		13.4	10.6	
Operating margin, %	13.0	8.5		9.6		10.2	6.9	
Return on capital employed, %	27.4	18.9		22.2		21.4	14.9	
Deliveries, wood products, thousand m ³	626	687	-9	697	-10	1,930	1,993	-3

January-September 2018 compared with January-September 2017

Net sales increased 11% to SEK 5,060m (4,568). This increase was primarily attributable to higher selling prices.

EBITDA improved 40% to SEK 678m (486). The increase was attributable to higher selling prices and positive exchange rate effects. Higher raw material costs had a negative impact on earnings.

July-September 2018 compared with July-September 2017

Net sales increased 9% to SEK 1,712m (1,567). The increase was attributable to higher selling prices and positive exchange rate effects, which was offset by lower delivery volumes.

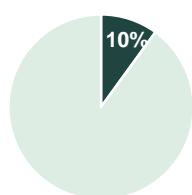
EBITDA improved 48% to SEK 276m (187). The increase was mainly attributable to higher selling prices and positive exchange rate effects. Higher raw material costs and lower delivery volumes had a negative impact on earnings.

July-September 2018 compared with April-June 2018

Net sales declined 7% to SEK 1,712m (1,846). The decrease was primarily attributable to lower delivery volumes.

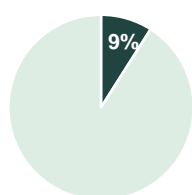
EBITDA improved 20% to SEK 276m (230). The increase was attributable to higher selling prices. Lower delivery volumes had an adverse impact on earnings.

Share of net sales Jan-Sep 2018*



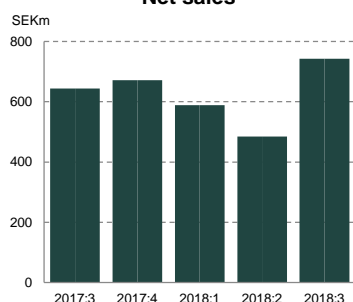
*before elimination of intra-Group sales

Share of EBITDA Jan-Sep 2018**

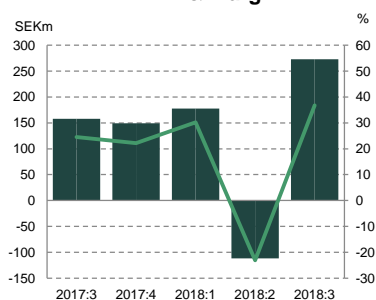


** share calculated of total EBITDA excluding central items

Net sales



EBITDA & margin



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					Jan-Sep		
	2018:3	2017:3	%	2018:2	%	2018	2017	%
Net sales	743	644	15	485	53	1,817	1,870	-3
EBITDA	273	158	73	-112	-	339	333	2
Depreciation	-96	-56	71	-63	52	-224	-184	22
Operating profit	177	102	74	-175	-	115	149	-23
EBITDA margin, %	36.7	24.5		-23.1		18.7	17.8	
Operating margin, %	23.8	15.8		-36.1		6.3	8.0	
Return on capital employed, %	8.4	6.6		-8.8		2.6	3.6	
Deliveries, pulp, thousand tonnes	105	128	-18	74	42	280	370	-24

The expanded pulp mill began operating in June and the ramp up has progressed as planned. Production during the third quarter was about 147,000 tonnes. Production exceeded deliveries in order to restore inventories to a normal level following the expansion stop. Work is now focused on gradually trimming the mill to reach full capacity and the highest quality.

January-September 2018 compared with January-September 2017

Net sales decreased by 3% to SEK 1,817m (1,870). The decrease was mainly related to lower deliveries as a result of the expansion stop in the second quarter of 2018. Higher prices had a positive effect on net sales.

EBITDA improved 2% to SEK 339m (333). EBITDA was impacted by costs for the start-up of the expanded Östrand pulp mill: (i) expansion stop costs of SEK 236m (73); (ii) project costs of SEK 44m (78); (iii) higher direct costs of SEK 125m (0). Refer to page 5 for details. Higher selling prices had a positive impact on earnings.

July-September 2018 compared with July-September 2017

Net sales increased by 15% to SEK 743m (644). The increase was mainly attributable to higher selling prices and positive exchange rate effects. Lower delivery volumes had an adverse impact on net sales.

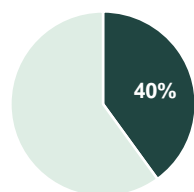
EBITDA improved 73% to SEK 273m (158). EBITDA was impacted by costs for the start-up of the expanded Östrand pulp mill: (i) expansion stop costs of SEK 0m (0); (ii) project costs of SEK 13m (28); (iii) higher direct costs of SEK 50m (0). Refer to page 5 for details. Higher selling prices had a positive impact on earnings.

July-September 2018 compared with April-June 2018

Net sales increased by 53% to SEK 743m (485). This increase was primarily attributable to higher delivery volumes due to the start-up of the expanded pulp mill following the expansion stop in the second quarter.

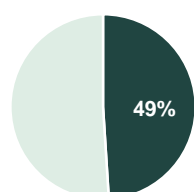
EBITDA totaled SEK 273m (-112). EBITDA was impacted by costs for the start-up of the expanded Östrand pulp mill: (i) expansion stop costs of SEK 0m (236); (ii) project costs of SEK 13m (15); (iii) higher direct costs of SEK 50m (50). Refer to page 5 for details. Slightly higher selling prices had a positive impact on earnings.

Share of net sales Jan-Sep 2018*



*before elimination of intra-Group sales

Share of EBITDA Jan-Sep 2018**



** 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 Ortvik and used for magazines, catalogues and commercial print.

SEKm	Quarter				Jan-Sep			
	2018:3	2017:3	%	2018:2	%	2018	2017	%
Net sales	2,413	2,096	15	2,426	-1	7,222	6,214	16
EBITDA	728	439	66	618	18	1,932	998	94
Depreciation	-137	-129	6	-140	-2	-408	-392	4
Operating profit	592	308	92	477	24	1,524	605	152
EBITDA margin, %	30.2	20.9		25.5		26.7	16.1	
Operating margin, %	24.5	14.7		19.7		21.1	9.7	
Return on capital employed, %	37.4	20.5		30.5		30.4	12.1	
Deliveries, kraftliner, thousand tonnes	198	197	1	203	-2	608	641	-5
Deliveries, publication paper, thousand tonnes	173	192	-10	177	-2	545	545	0

January-September 2018 compared with January-September 2017

Net sales increased 16% to SEK 7,222m (6,214). This increase was primarily attributable to higher selling prices for kraftliner and positive exchange rate effects. Lower delivery volumes for kraftliner had an adverse impact on net sales.

EBITDA improved 94% to SEK 1,932m (998). This increase was primarily attributable to higher selling prices for kraftliner and positive exchange rate effects. The cost of planned maintenance stops amounted to SEK 34m (97).

July-September 2018 compared with July-September 2017

Net sales increased 15% to SEK 2,413m (2,096). This increase was primarily attributable to higher selling prices for kraftliner and positive exchange rate effects, which was offset by lower deliveries of publication paper.

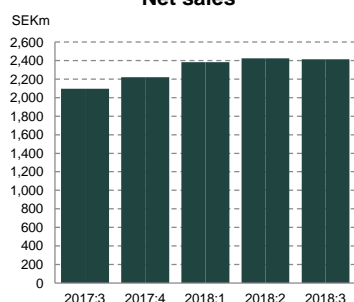
EBITDA improved 66% to SEK 728m (439). This increase was primarily attributable to higher selling prices for kraftliner and positive exchange rate effects. Higher selling prices for publication paper also had a positive impact on earnings. Higher raw material costs had a negative impact on earnings. The cost of planned maintenance stops amounted to SEK 0m (16).

July-September 2018 compared with April-June 2018

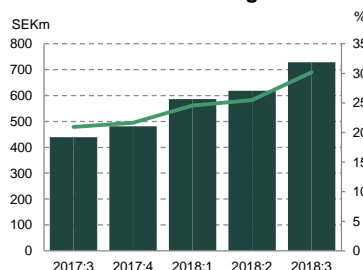
Net sales were in line with the preceding quarter and amounted to SEK 2,413m (2,426). Slightly lower delivery volumes had an adverse impact on net sales, which was offset by higher selling prices for publication paper.

EBITDA improved 18% to SEK 728m (618). This increase was primarily attributable to higher selling prices for publication paper and seasonally lower personnel costs due to the vacation period. The cost of planned maintenance stops was SEK 0m (34).

Net sales



EBITDA & margin



SHARE DISTRIBUTION

September 30, 2018	Class A	Class B	Total
Registered number of shares	64,587,672	637,754,817	702,342,489

At the end of the period, the proportion of Class A shares was 9.2%. In the third quarter, 159 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 1,283,631,537.

EVENTS AFTER THE QUARTER

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

FUTURE REPORTS

- The year-end report will be published on January 30, 2019

INVITATION TO PRESS CONFERENCE ON INTERIM REPORT FOR THE THIRD QUARTER OF 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: October 30, 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 5069 2180

UK: +44 (0)2071 928 000

USA: +1 631 510 7495

Specify "SCA" or the conference ID. 6159999.

Sundsvall, October 30, 2018

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Ulf Larsson
President and CEO

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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 October 30, 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					Jan-Sep		
	2018:3	2017:3	%	2018:2	%	2018	2017	%
Net sales	4,759	4,231	12	4,670	2	13,829	12,422	11
Other income	372	365	2	419	-11	1,333	1,167	14
Change in inventories	289	-143		11		352	-247	
Change in value in biological assets	197	181	9	92	114	515	515	0
Raw materials and consumables	-1,800	-1,394	29	-1,624	11	-5,078	-4,320	18
Personnel costs	-696	-635	10	-786	-11	-2,214	-2,002	11
Other external costs	-1,573	-1,555	1	-1,748	-10	-4,981	-4,852	3
Share of profits of associates	0	0		0		1	0	
Items affecting comparability	0	0		0		0	-113	
EBITDA	1,549	1,049	48	1,034	50	3,758	2,570	46
Depreciation	-323	-273	18	-290	11	-899	-845	6
Operating profit	1,226	776	58	744	65	2,859	1,725	66
Financial items	-8	-11		-4		-11	-86	
Profit before tax	1,218	765	59	740	65	2,848	1,639	74
Tax	-227	-138		369		-49	-361	
Net profit for the period from continuing operations	991	627	58	1,109	-11	2,799	1,278	119
Net profit for the period, discontinued operations	0	0		0		0	140,281	
Net profit for the period from continuing and discontinued operations	991	627		1,109		2,799	141,559	
Earnings attributable to:								
Owners of the parent								
Profit from continuing operations	991	627		1,109		2,799	1,278	
Profit from discontinued operations	0	0		0		0	139,955	
Net profit from continuing and discontinued operations	991	627		1,109		2,799	141,233	
Non-controlling interests								
Profit from continuing operations	0	0		0		0	0	
Profit from discontinued operations	0	0		0		0	326	
Profit from continuing and discontinued operations	0	0		0		0	326	
Average no. of shares, millions ¹	702.3	702.3		702.3		702.3	702.3	
Earnings per share SEK – continuing operations ¹	1.41	0.89		1.58		3.99	1.82	
Earnings per share SEK – total company ¹	1.41	0.89		1.58		3.99	201.09	
¹ There are no dilution effects								
Percent	2018:3	2017:3		2018:2		1809	1709	
EBITDA margin	32.5	24.8		22.1		27.2	20.7	
Operating margin	25.8	18.3		15.9		20.7	13.9	
Net margin	20.8	14.8		23.7		20.2	10.3	
Adjusted EBITDA margin	32.5	24.8		22.1		27.2	21.6	
Adjusted operating margin	25.8	18.3		15.9		20.7	14.8	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Jan-Sep	
	2018:3	2017:3	2018:2	2018	2017
Net profit for the period, continuing operations	991	627	1,109	2,799	1,278
Net profit for the period, discontinued operations	0	0	0	0	140,281
Profit for the period	991	627	1,109	2,799	141,559
Other comprehensive income for the period					
Items that may not be reclassified to the income statement					
Revaluation of defined benefit pension plans	286	-137	-264	-137	300
Income tax attributable to components of other comprehensive income	-59	30	60	36	-67
Total continuing operations	227	-107	-204	-101	233
Total discontinued operations	0	0	0	0	630
Total	227	-107	-204	-101	863
Items that have been or may be reclassified subsequently to the income statement					
Available-for-sale financial assets	0	1	0	0	2
Cash flow hedges	54	21	48	5	-25
Translation differences in foreign operations	-7	-17	-20	19	-19
Gains/losses from hedges of net investments in foreign operations	0	0	0	0	0
Income tax attributable to components of other comprehensive income	-4	-97	-9	9	-87
Total continuing operations	43	-92	19	33	-129
Total discontinued operations	0	0	0	0	-688
Total	43	-92	19	33	-817
Other comprehensive income for the period, net of tax					
Total continuing operations	270	-199	-185	-68	104
Total discontinued operations	0	0	0	0	-58
Total	270	-199	-185	-68	46
Total comprehensive income for the period					
Total continuing operations	1,261	428	924	2,731	1,382
Total discontinued operations	0	0	0	0	140,223
Total	1,261	428	924	2,731	141,605
Total comprehensive income attributable to:					
Owners of the parent	1,261	428	924	2,731	141,437
Non-controlling interests	0	0	0	0	168

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	September 30, 2018	December 31, 2017
ASSETS		
Non-current assets		
Goodwill and other intangible assets	97	94
Buildings, land, machinery and equipment	18,305	17,104
Biological assets	31,901	31,386
Other non-current assets	1,056	1,123
Total non-current assets	51,359	49,707
Current assets		
Inventories	3,874	3,460
Trade receivables	2,901	2,299
Other current receivables	829	707
Cash and cash equivalents	542	538
Total current assets	8,146	7,004
Total assets	59,505	56,711
EQUITY AND LIABILITIES		
Equity		
Owners of the parent		
Share capital	2,350	2,350
Share premium	6,830	6,830
Reserves	-186	-219
Retained earnings	29,395	27,790
Non-controlling interests	2	2
Total equity	38,391	36,753
Non-current liabilities		
Non-current financial liabilities	4,268	3,675
Provisions for pensions	419	366
Deferred tax liabilities	8,130	8,381
Other non-current liabilities & provisions	122	116
Total non-current liabilities	12,939	12,538
Current liabilities		
Current financial liabilities	3,699	3,502
Trade payables	3,007	2,900
Other current liabilities	1,469	1,018
Total current liabilities	8,175	7,420
Total liabilities	21,114	19,958
Total liabilities and equity	59,505	56,711

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Sep	Full year
	2018	2017
Attributable to owners of the parent		
Opening balance, January 1	36,751	73,142
Total comprehensive income for the period	2,731	142,049
Approved dividend	-34	0
Cash dividend	-1,054	-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	-4	-4
Closing balance	38,390	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	38,392	36,753

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Jan-Sep	
	2018	2017
Operating activities		
Profit before tax	2,848	1,639
Adjustment for non-cash items ¹	307	317
Paid tax	-15	-24
Cash flow from operating activities before changes in working capital	3,140	1,932
Cash flow from changes in working capital		
Change in inventories	-394	229
Change in operating receivables	-710	-438
Change in operating liabilities	478	-30
Cash flow from operating activities	2,514	1,693
Investing activities		
Current capital expenditures in non-current assets, net	-530	-418
Strategic capital expenditures in non-current assets	-1,705	-2,085
Sale of tangible assets	0	61
Repayment of loans from external parties	0	259
Cash flow from investing activities	-2,235	-2,183
Financing activities		
Loans raised	2,680	10,254
Amortization of loans	-1,913	-4,719
Listing costs	0	-125
Dividend	-1,054	-4,214
Cash flow from financing activities	-287	1,196
Net cash flow for the period	-8	706
Cash and cash equivalents at the beginning of the period	538	238
Translation differences in cash and cash equivalents	12	-8
Cash and cash equivalents at the end of the period	542	936
Cash flow from operating activities per share SEK	3.58	2.41
¹ Depreciation/amortization and impairment of non-current assets	899	845
Fair-value measurement of biological assets	-515	-515
Gains/losses on assets sales and swaps of assets	-24	2
Gains/losses on divestments	0	56
Other	-53	-71
Total	307	317

INCOME STATEMENT PARENT COMPANY

SEKm	Jan-Sep	
	2018	2017
Other operating income	186	136
Other operating expenses	-131	-528
Personnel costs	-81	-45
EBITDA	-26	-437
Depreciation	-57	-55
Operating profit	-83	-492
Result from participations in Group companies	850	0
Financial items	105	2
Profit before tax	872	-490
Appropriations and tax	1,088	287
Profit for the period	1,960	-203

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 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 September 30, 2018 is a reduction in financial items of SEK 2m. In the balance sheet at September 30, 2018, financial non-current assets increased by SEK 83m, current assets by SEK 375m, non-current liabilities by SEK 86m and current liabilities by SEK 362m. Equity increased by SEK 9m, which is the result of the change in profit or loss at September 30, 2018 (SEK +2m) 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 September 30, 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	September 30, 2018	December 31, 2017
Tangible non-current assets	8,377	8,365
Financial non-current assets	4,845	4,941
Total non-current assets	13,222	13,306
Current assets	17,635	15,674
Total assets	30,857	28,980
Restricted equity	11,373	11,373
Non-restricted equity	8,087	7,181
Total equity	19,460	18,554
Provisions	1,530	1,607
Non-current liabilities	4,180	3,600
Current liabilities	5,687	5,219
Total equity, provisions and liabilities	30,857	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 thus 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.

Effects of future accounting standards

IFRS 16 Leases is to be applied as of January 1, 2019. SCA has implemented system support that will facilitate compliance with the standard and identified and evaluated the leasing contracts covered by IFRS 16. The new standard will affect SCA insofar as the identified leasing contracts will be recognized in the balance sheet. In turn, this will impact several performance measures, such as EBITDA, operating profit, net financial items, capital employed, return on capital employed and net debt.

When the standard becomes effective, SCA will apply the modified retrospective approach. SCA has elected the available exemption not to apply the requirements in IFRS 16 on short-term leases and leases for which underlying asset is of low value.

Except for IFRS 16, no material changes took place to assessments regarding new or amended accounting standards after 2018 compared with the assessments presented in SCA's 2017 Annual Report.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

NET SALES PER REGION

SEKm	Jan-Sep	
	2018	2017
Sweden	1,975	1,795
EU excl. Sweden	8,927	7,740
Rest of Europe	768	697
Rest of world	2,159	2,190
Total Group	13,829	12,422

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

SEKm	Jan-Sep	
	2018	2017
Net sales	0	47,854
Operating profit	0	4,965
Financial items	0	-487
Profit before tax	0	4,478
Tax	0	-1,111
Profit for the period	0	3,367

CASH FLOW STATEMENT

SEKm	Jan-Sep	
	2018	2017
Cash flow from operating activities	0	4,517
Cash flow from investing activities	0	-15,591
Cash flow from financing activities	0	11,022
Cash flow for the period	0	-52

6. FINANCIAL INSTRUMENTS BY CATEGORY

Distribution by level when measured at fair value

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
September 30, 2018								
Derivatives	283	13	269			235	48	
Non-current financial assets	19			19				19
Total assets	302	13	269	19	0	235	48	19
Derivatives	177	33	144			8	169	
Current financial liabilities	3,688				3,688			
Non-current financial liabilities	4,268				4,268			
Total liabilities	8,133	33	144	0	7,956	8	169	0
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 7,966m (7,178). The value of electricity derivatives is based on published prices in an active market. Other financial instruments are market 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 SEKm	Parent		Group	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Guarantees for subsidiaries	708	564	-	-
associates	-	-	5	5
customers and others	-	-	17	27
Other contingent liabilities	170	238	35	283
Total	878	802	57	315
Pledged assets				
SEKm	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Chattel mortgages	20	20	20	20
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-Sep		Full year
	2018:3	2017:3	2018:2	2018	2017	2017
EBITDA	1,549	1,049	1,034	3,758	2,570	3,648
Changes in value biological assets and other non cash flow items ¹	-195	-182	-93	-541	-403	-503
Operating cash surplus	1,329	867	941	3,192	2,167	3,145
Change in working capital	-281	-280	-186	-626	-239	-143
Current capital expenditures, net	-254	-129	-200	-530	-418	-638
Other operating cash flow	-52	67	119	-29	-79	-91
Operating cash flow	742	525	674	2,007	1,431	2,273

¹Figures from the preceding year include the reversal of items affecting comparability

BALANCE SHEET STRUCTURE

SEKm	September 30, 2018	December 31, 2017
Biological assets	31,901	31,386
Deferred tax relating to biological assets	-6,572	-6,905
Biological assets, net of deferred tax	25,329	24,481
Working capital	3,522	2,861
Other capital employed, net	16,446	15,377
Total capital employed	45,297	42,719

CAPITAL EMPLOYED

SEKm	September 30, 2018	December 31, 2017
Total assets	59,505	56,711
-Financial receivables	-1,480	-1,577
-Non-current non-interest bearing liabilities	-8,252	-8,497
-Current non-interest bearing liabilities	-4,476	-3,918
Capital employed	45,297	42,719

WORKING CAPITAL

SEKm	September 30, 2018	December 31, 2017
Inventories	3,874	3,460
Accounts receivable	2,901	2,299
Other current receivables	814	694
Accounts payable	-3,007	-2,900
Other current liabilities	-1,190	-977
Adjustments ¹	130	285
Working capital	3,522	2,861
¹ Adjustments		
Other current receivables, green certificates	-20	-35
Accounts payable, strategic capital expenditures	136	317
Other current liabilities, emission rights	14	3
	130	285

NET DEBT

SEKm	September 30, 2018	December 31, 2017
Surplus in funded pension plans	885	1,002
Non-current financial assets	45	28
Current financial assets	8	9
Cash and cash equivalents	542	538
Financial receivables	1,480	1,577
Non-current financial liabilities	4,268	3,675
Provisions for pensions	419	366
Current financial liabilities	3,699	3,502
Financial liabilities	8,386	7,543
Net debt	-6,906	-5,966

9. KEY FIGURES

Percent	Quarter			Jan-Sep		Full year
	2018:3	2017:3	2018:2	2018	2017	2017
MARGINS						
EBITDA margin, %	32.5	24.8	22.1	27.2	20.7	21.9
Operating margin, %	25.8	18.3	15.9	20.7	13.9	15.1
Net margin, %	20.8	14.8	23.7	20.2	10.3	11.2
Adjusted EBITDA margin, %	32.5	24.8	22.1	27.2	21.6	22.6
Adjusted operating margin, %	25.8	18.3	15.9	20.7	14.8	15.7
RETURN METRICS (ROLLING 12 MONTHS)						
				Jan-Sep		Full year
				2018	2017	2017
Return on capital employed, %				8.4	5.5	6.1
Industrial return on capital employed, %				15.4	8.2	10.1
CAPITAL STRUCTURE						
				Jan-Sep		Full year
				2018	2017	2017
Capital employed, SEKm				45,297	41,964	42,719
Net debt, SEKm				6,906	5,822	5,966
Net debt/EBITDA (LTM)				1.4	1.7	1.6
Equity, SEKm				38,391	36,142	36,753
Equity per share, SEK				55	51	52
Net debt/Equity				18%	16%	16%
OTHER KEY FIGURES						
				Jan-Sep		Full year
				2018	2017	2017
Working capital / net sales ¹				17.1%	17.9%	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								
	2018:3	2018:2	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4	2016:3
Forest	1,455	1,162	1,298	1,287	1,261	1,210	1,312	1,296	1,261
Wood	1,712	1,846	1,503	1,426	1,567	1,637	1,364	1,361	1,320
Pulp	743	485	589	672	644	585	641	668	668
Paper	2,413	2,426	2,383	2,220	2,096	2,072	2,046	1,998	1,859
Intra-group deliveries	-1,564	-1,249	-1,373	-1,363	-1,337	-1,282	-1,394	-1,384	-1,339
Total net sales	4,759	4,670	4,400	4,242	4,231	4,222	3,969	3,939	3,769

EBITDA

SEKm	Quarter								
	2018:3	2018:2	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4	2016:3
Forest	292	371	304	358	316	364	325	338	295
Wood	276	230	172	184	187	154	145	161	143
Pulp	273	-112	178	149	158	71	104	102	160
Paper	728	618	586	481	439	291	268	271	293
Other	-20	-73	-65	-94	-51	-156	-45	-53	-46
Total EBITDA	1,549	1,034	1,175	1,078	1,049	724	797	819	845

EBITDA MARGIN

Percent	Quarter								
	2018:3	2018:2	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4	2016:3
Forest	20.1	31.9	23.4	27.8	25.1	30.1	24.8	26.1	23.4
Wood	16.1	12.5	11.4	12.9	11.9	9.4	10.6	11.8	10.8
Pulp	36.7	-23.1	30.2	22.2	24.5	12.1	16.2	15.3	24.0
Paper	30.2	25.5	24.6	21.7	20.9	14.1	13.1	13.6	15.8
EBITDA margin	32.5	22.1	26.7	25.4	24.8	17.1	20.1	20.8	22.4

ADJUSTED EBITDA

SEKm	Quarter								
	2018:3	2018:2	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4	2016:3
Forest	292	371	304	358	316	364	325	338	295
Wood	276	230	172	184	187	154	145	161	143
Pulp	273	-112	178	149	158	71	104	102	160
Paper	728	618	586	481	439	291	268	277	289
Other	-20	-73	-65	-94	-51	-53	-35	-52	-46
Total adjusted EBITDA¹	1,549	1,034	1,175	1,078	1,049	827	807	826	841

ADJUSTED EBITDA MARGIN

Percent	Quarter								
	2018:3	2018:2	2018:1	2017:4	2017:3	2017:2	2017:1	2016:4	2016:3
Forest	20.1	32.0	23.4	27.8	25.1	30.1	24.8	26.1	23.4
Wood	16.1	12.5	11.4	12.9	11.9	9.4	10.6	11.8	10.8
Pulp	36.7	-23.1	30.2	22.2	24.5	12.1	16.2	15.3	24.0
Paper	30.2	25.5	24.6	21.7	20.9	14.1	13.1	13.9	15.6
Adjusted EBITDA margin¹	32.5	22.1	26.7	25.4	24.8	19.6	20.3	21.0	22.3