



# Year-end Report Presentation 2020

January 29, 2021







# Ulf Larsson, CEO



# Summary 2020

## A year of transformation

- Exit publication paper
- CTMP investment in Ortviken SEK 1.45bn
- Obbola expansion on time and budget
- Increased growth and harvesting level

## COVID-19 impacted sales and earnings – limited impact on production and distribution

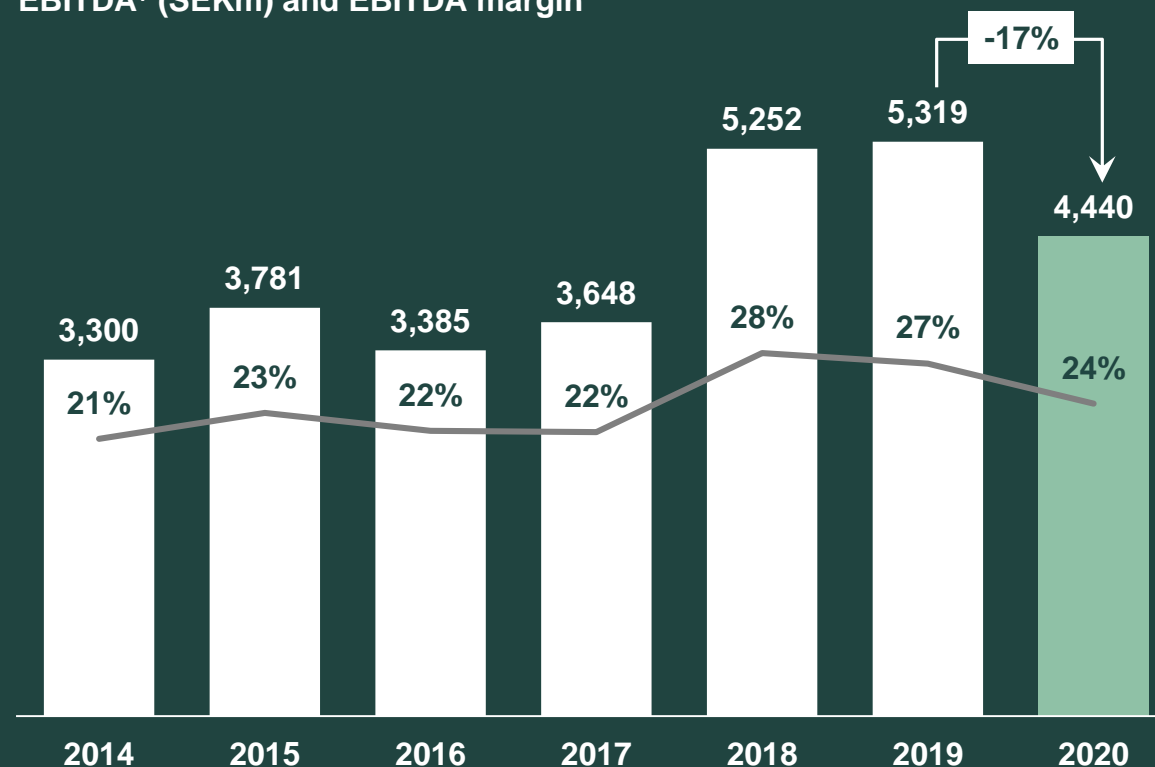
### Sales declined 6% vs 2019

- Price/mix -8%, volume 2%, currency 1%, divestments -1%

### EBITDA<sup>1</sup> declined 17% vs 2019

- Lower selling prices
- Lower publication paper volumes
- + Stronger earnings in forest

EBITDA<sup>1</sup> (SEKm) and EBITDA margin



<sup>1</sup> Excluding effect of one-off items related to discontinuation of publication paper in 2020 and effects from changed accounting method for valuation of forest assets in 2019.

# SCA's performance 2020

EBITDA (SEKm)

**4,440**  
(5,319)

Industrial ROCE <sup>1)</sup>

**5%**  
(12%)

Proposed dividend (SEK)

**2.00**  
(0.00)

EBITDA margin

**24%**  
(27%)

Net debt/EBITDA

**1.7x**  
(1.6x)

EPS (SEK)

**3.19**  
(4.05)

Note: Excluding effect of one-off items related to discontinuation of publication paper in 2020 and effects from changed accounting method for valuation of forest assets in 2019. Figures in "(#)" refer to 2019. 1) ROCE for the industrial segments; Wood, Pulp and Paper.



# Summary Q4 2020

## More balanced market

### Sales increased 7% vs Q4 2019

- Volume 13%, price/mix -3%, currency -2%, divestments -1%

### EBITDA<sup>1</sup> up 31% vs Q4 2019

- + Lower raw material costs, higher revaluation
- + Lower costs including maintenance stop
- Lower selling prices on publication paper and kraftliner
- Lower publication paper volumes

### Acquisition completed of forest in Latvia - 20,000 ha land

### Divestment of Wood Supply UK



<sup>1</sup> Excluding effect of one-off items related to discontinuation of publication paper in 2020 and effects from changed accounting method for valuation of forest assets in 2019.

# SCA's performance Q4 2020

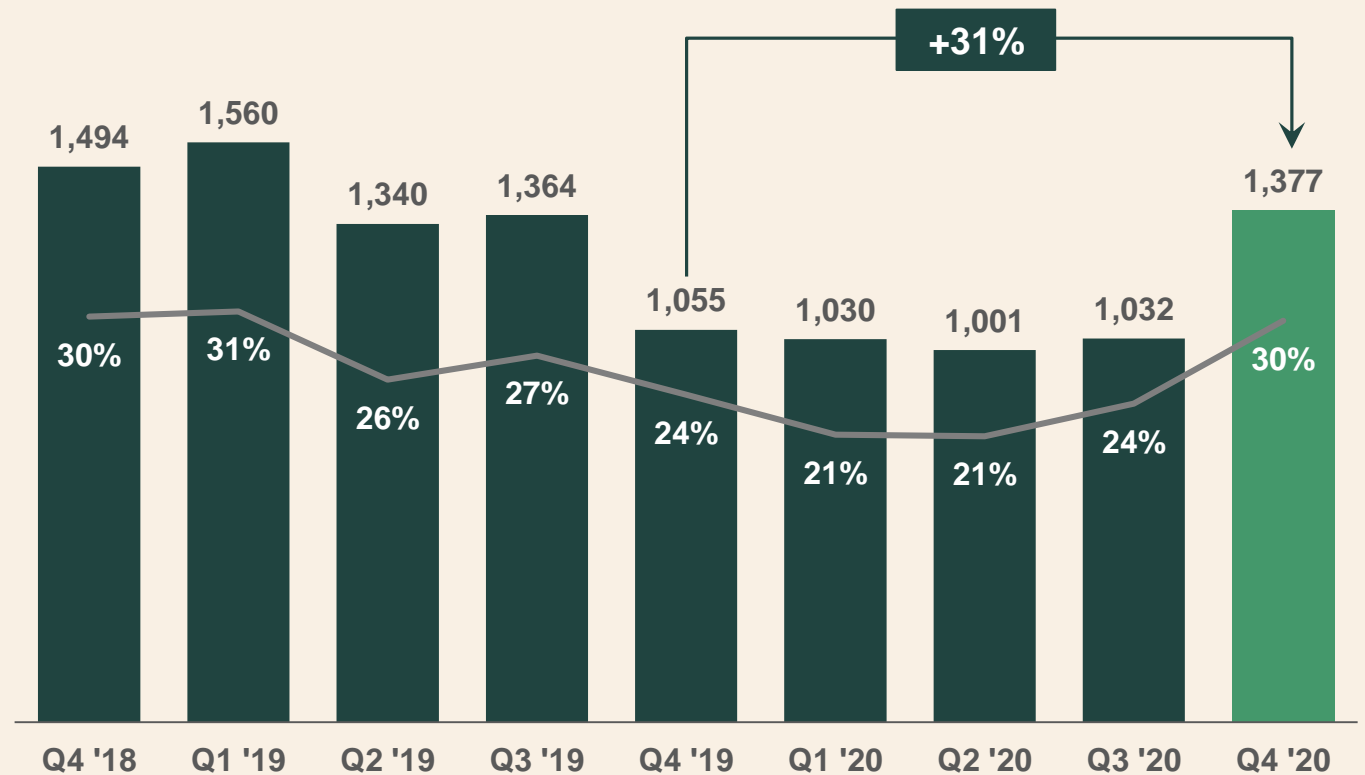
EBITDA (SEKm)

**1,377**

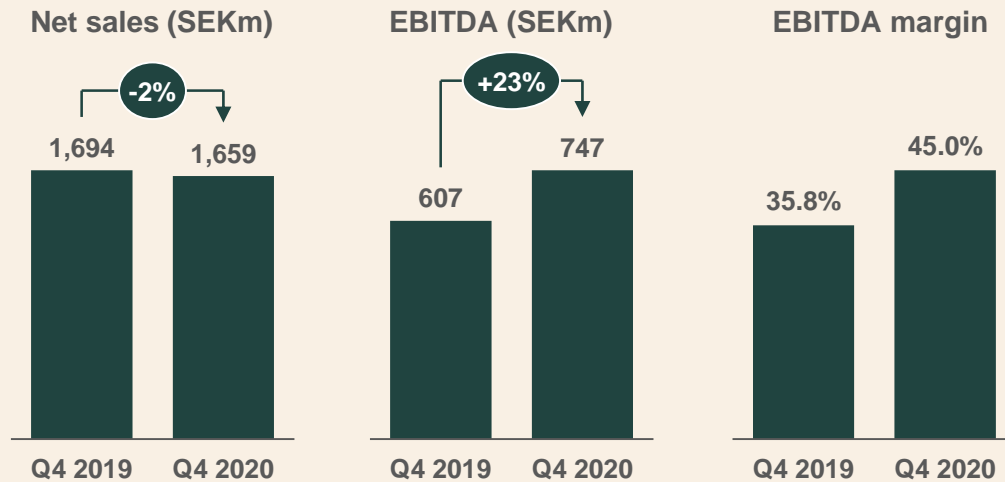
EBITDA margin

**30%**

*EBITDA development (SEKm)*



# Forest Q4 2020 vs. Q4 2019



## Stable wood supply to industries

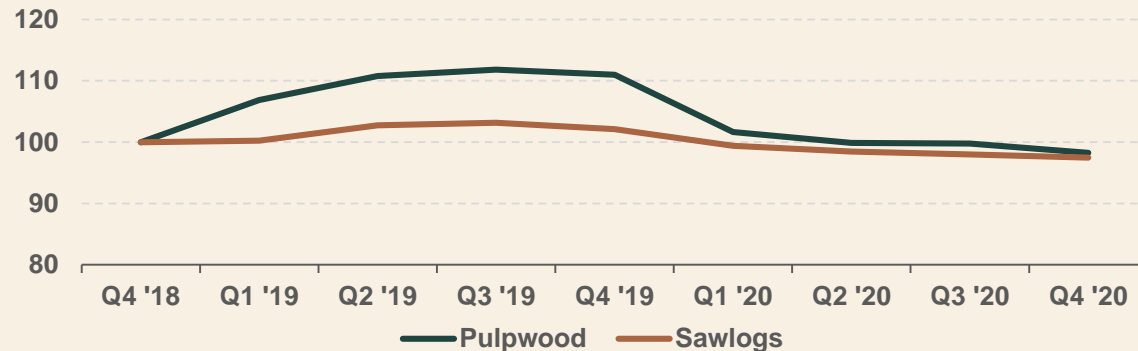
### Sales down 2%

- Lower volumes to Ortviken
- Lower pulpwood price

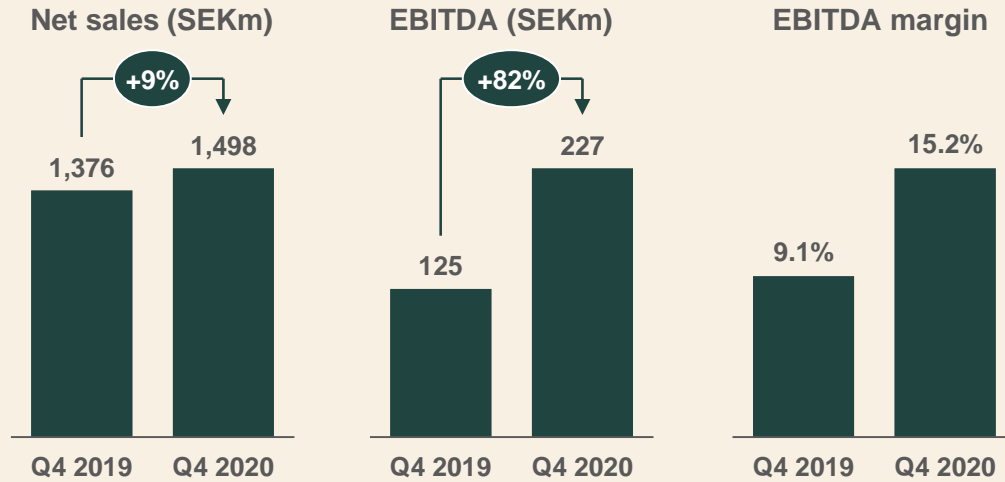
### EBITDA up 23%

- + Higher harvesting from SCA-owned forest
- + Higher earnings from revaluation of biological assets
- Lower pulpwood price

Price development – Pulpwood and Sawlogs



# Wood Q4 2020 vs. Q4 2019



Continued high demand in all markets

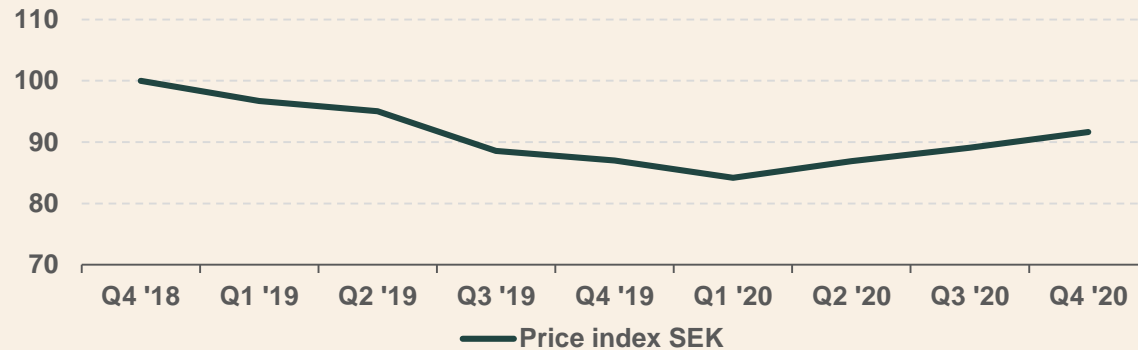
Wood Supply UK divested on December 1, SCA retains sales to industrial customers in the UK

Sales up 3%

- + Higher volumes
- Divestment of Wood Supply UK
- Negative currency effects

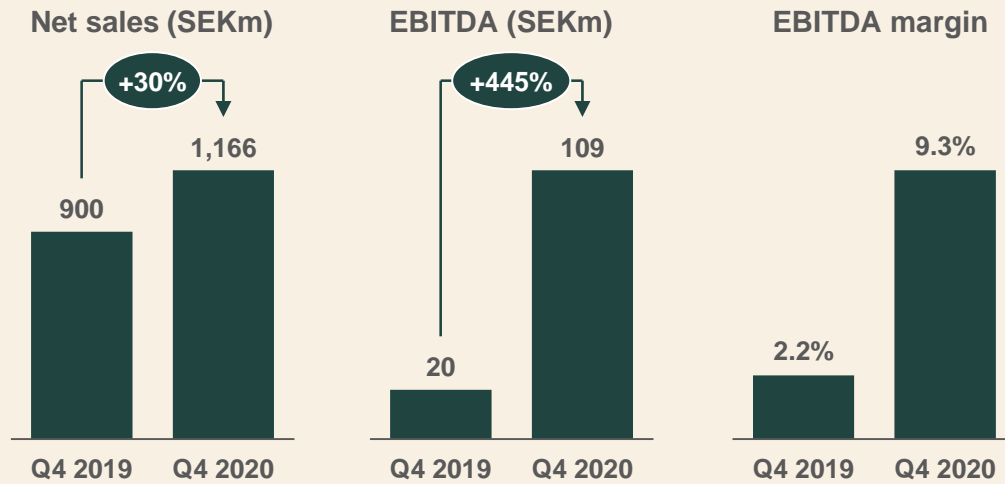
EBITDA up 82%

Price development – Solid Wood Products





# Pulp Q4 2020 vs. Q4 2019



**Planned maintenance stop**

**Stable production**

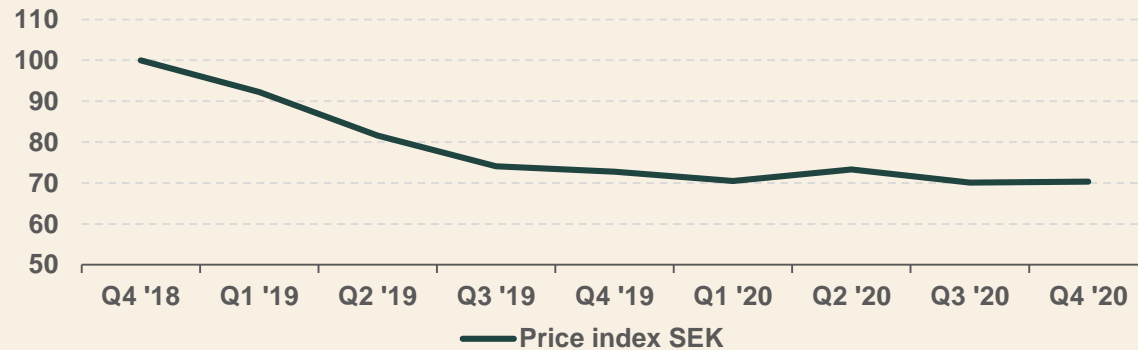
**Sales up 30%**

- + Increased volumes

**EBITDA up 445%**

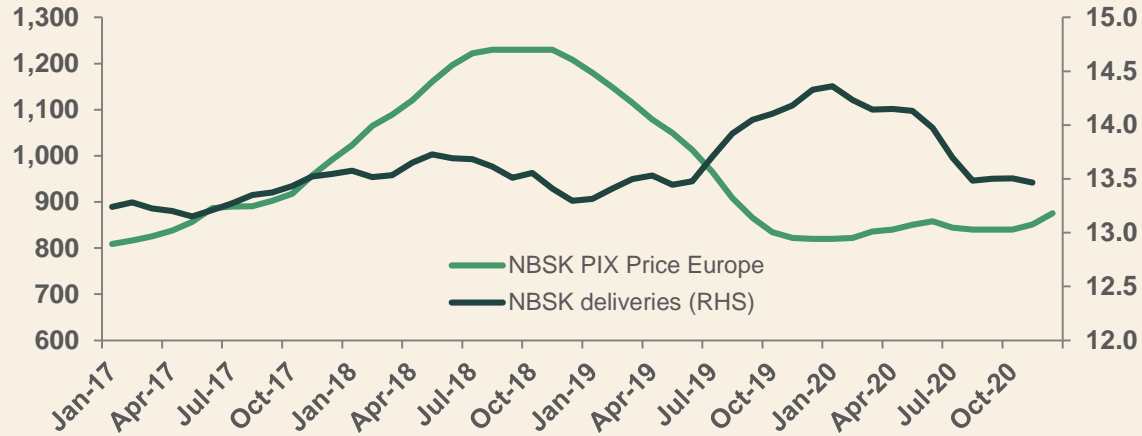
- + Higher volumes
- + Lower costs for wood raw material
- + Better yield
- Negative currency effects

Price development – NBSK Pulp

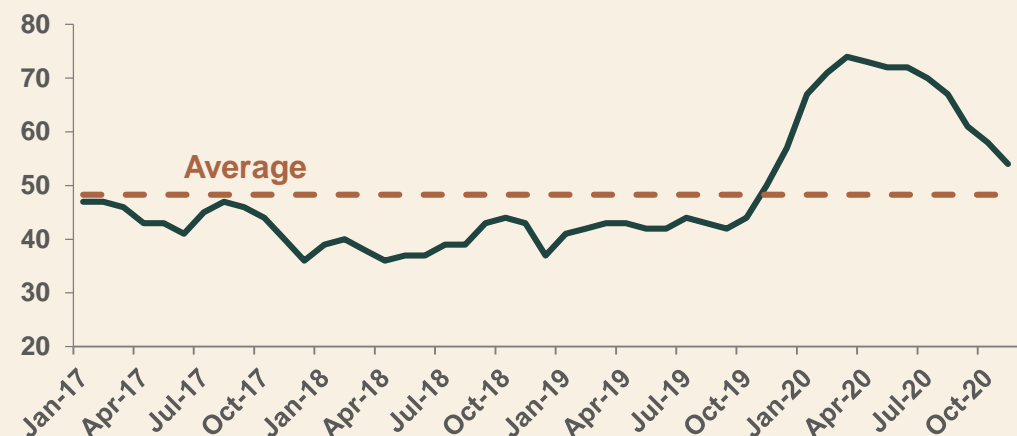


# Pulp market development

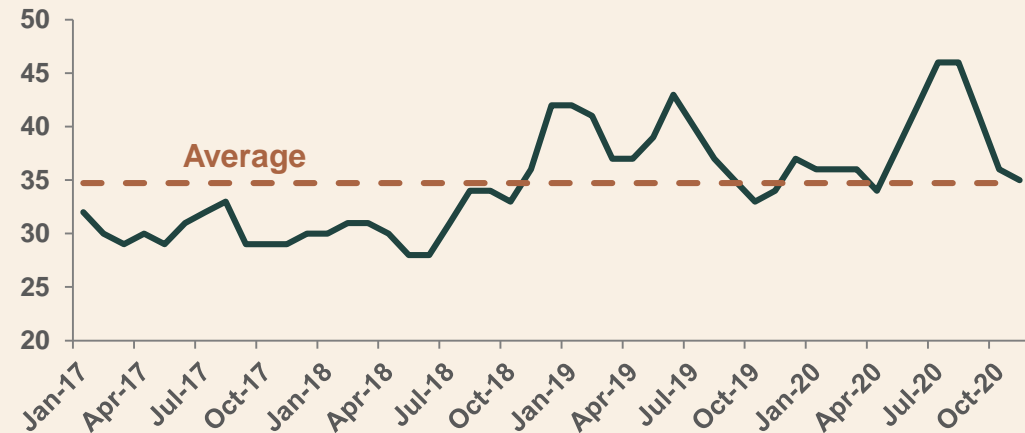
NBSK pulp price (USD/t) vs deliveries (Mt)



Hardwood pulp inventories (days of supply)



Softwood pulp inventories (days of supply)



## Limited supply due to maintenance downtime

- Reduced pulp inventories

## Positive price signals

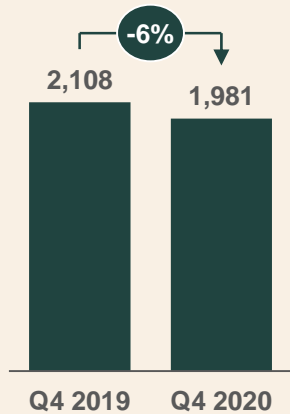
- Price rally in China, Shanghai futures
- Indications on further price increases in Europe
- ... weak USD

Source: PIX, PPPC.

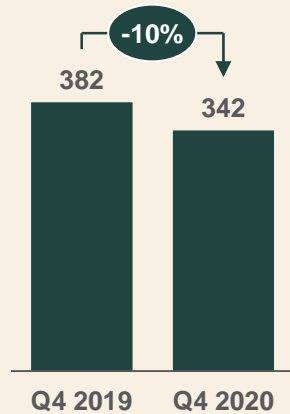


# Paper Q4 2020 vs. Q4 2019

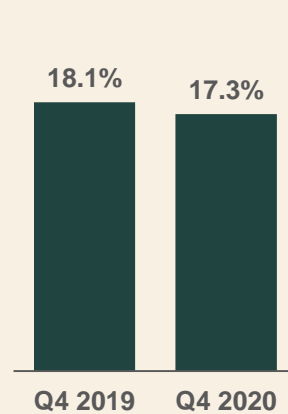
Net sales (SEKm)



EBITDA (SEKm)



EBITDA margin



Decision taken to exit publication paper in September

Temporarily improved capacity utilization in Q4 (ahead of exit in Q1)

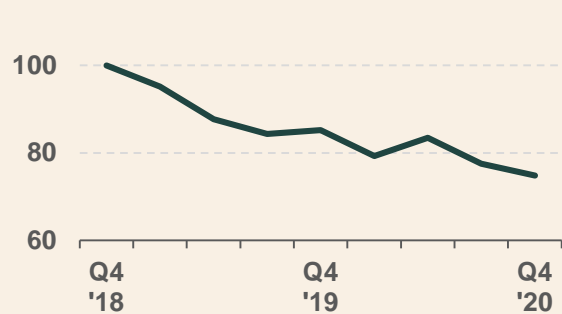
Sales down 6%

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

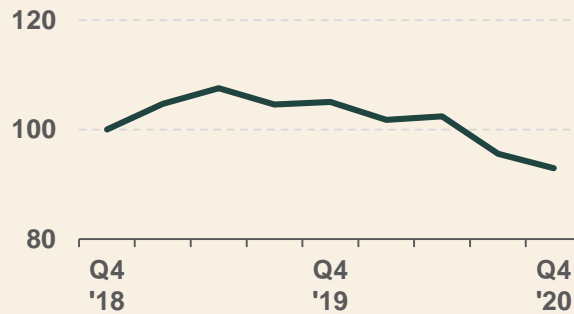
EBITDA down 10%

- Lower kraftliner and publication paper prices
- + Lower costs for wood raw material
- + Increased kraftliner volumes

Price development – Kraftliner



Price development – Publication paper (LWC)

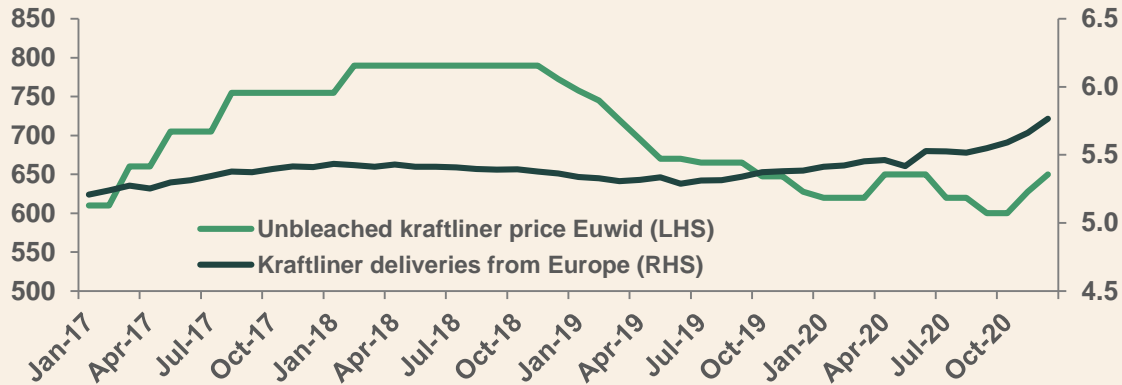


— Price index SEK

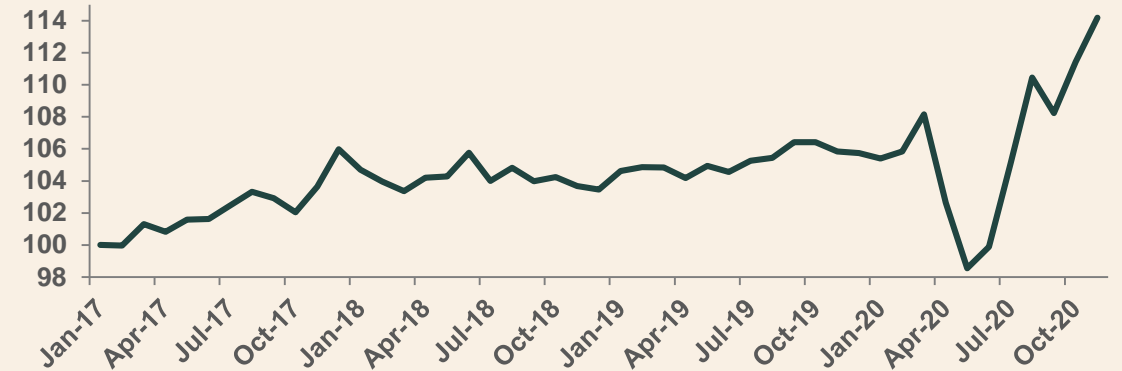


# Containerboard market development

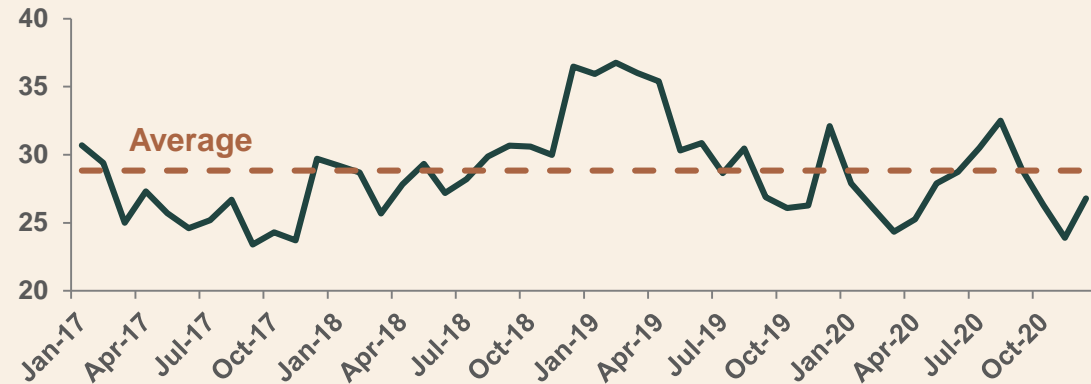
Price (EUR/t) vs Kraftliner deliveries (Mt)



European Box demand (index)



Kraftliner inventories (days of supply)



## Strong demand and prices on the rise

- Long term growth of European deliveries
- Inventory days declined in Q4
- Prices increases announced
- Strong box demand in Q4



A red SCA skid steer loader is the central focus, operating in a snowy forest at dusk. The loader is lifting a bundle of logs with its hydraulic arm. The ground is covered in snow, and there are large stacks of logs on either side of the machine. The background features tall evergreen trees, some of which are heavily laden with snow. The sky is a mix of orange and purple, indicating the time is either dawn or dusk. The overall scene is a depiction of winter logging operations.

# Toby Lawton, CFO



# Higher transaction prices for forest assets

## Forest assets valued SEK 75bn

### Higher transaction prices for forest assets in Northern Sweden

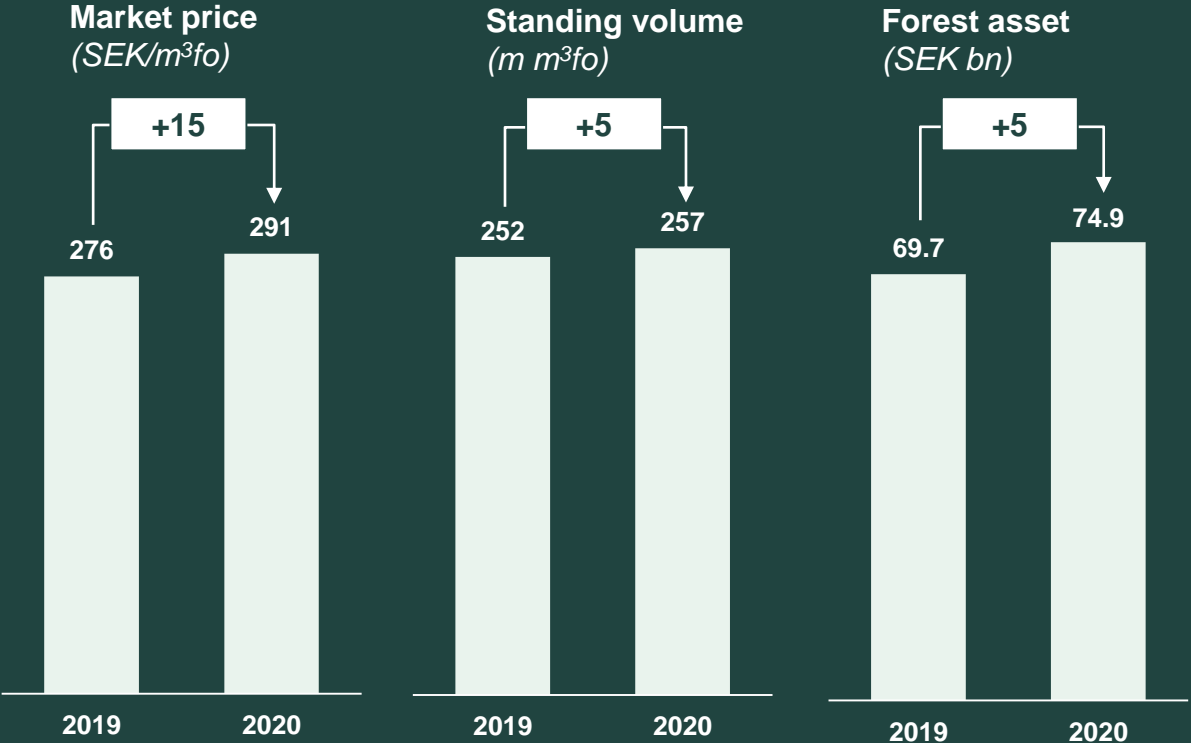
291 SEK/m<sup>3</sup>fo at Dec 31 2020

- Average three year transaction price in SCAs region

### 5m<sup>3</sup>fo higher standing volume compared to 2019

- Including 3.2 m<sup>3</sup>fo net growth

SCAs forest assets valued SEK ~75bn





# Income statement

## – impact from exit publication paper

### Effects of one-off items related to exit publication paper in 2020

Reported in segment Other

Impact on EBITDA of SEK -1,047m

- SEK 73m in Q4

Impact on EBIT of SEK -1,694m

- SEK 97m in Q4

SEKm	Quarter		Jan-Dec	
	Q4 2020	Q4 2020 <sup>1)</sup>	2020	2020 <sup>1)</sup>
Net sales	4,592	4,592	18,410	18,410
<b>EBITDA</b>	<b>1,451</b>	<b>1,377</b>	<b>3,393</b>	<b>4,440</b>
<b>EBIT</b>	<b>1,084</b>	<b>986</b>	<b>1,145</b>	<b>2,839</b>
<b>Profit for the period</b>	<b>783</b>	<b>821</b>	<b>767</b>	<b>2,239</b>
Earnings per share, SEK	1.11	1.17	1.09	3.19

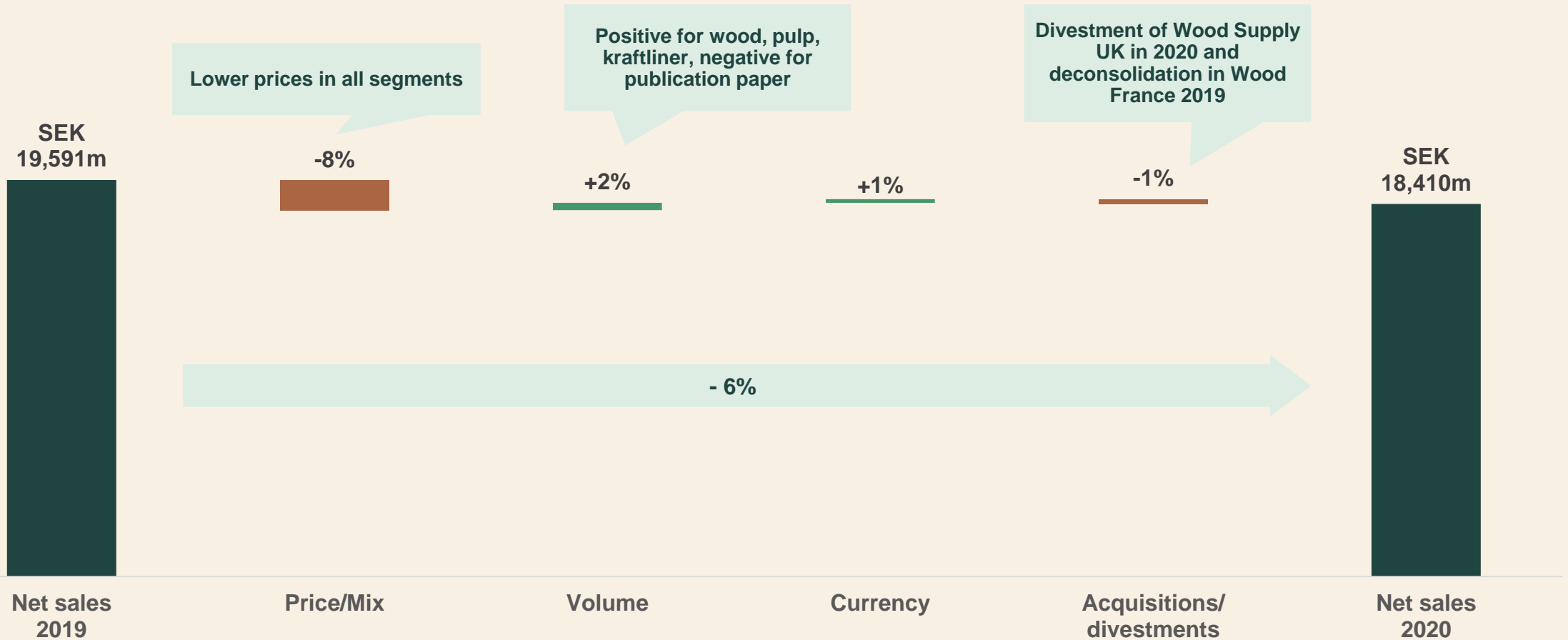
1) Excluding effect of one-off items related to discontinuation of publication paper.

# Income statement

SEKm <sup>1)</sup>	Quarter			Full year		
	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	4,592	4,312	7%	18,410	19,591	-6%
<b>EBITDA</b>	<b>1,377</b>	<b>1,055</b>	<b>31%</b>	<b>4,440</b>	<b>5,319</b>	<b>-17%</b>
<i>EBITDA margin</i>	30.0%	24.5%	5.5 p.p.	24.1%	27.2%	-3.1 p.p.
<b>EBIT</b>	<b>986</b>	<b>637</b>	<b>55%</b>	<b>2,839</b>	<b>3,703</b>	<b>-23%</b>
<i>EBIT margin</i>	21.5%	14.8%	6.7 p.p.	15.4%	18.9%	-3.5 p.p.
Financial items	-34	-25		-117	-126	
<b>Profit before tax</b>	<b>952</b>	<b>612</b>	<b>56%</b>	<b>2,722</b>	<b>3,577</b>	<b>-24%</b>
Tax	-131	-134		-483	-730	
<b>Profit for the period</b>	<b>821</b>	<b>478</b>	<b>72%</b>	<b>2,239</b>	<b>2,847</b>	<b>-21%</b>
Earnings per share, SEK	1.17	0.68		3.19	4.05	

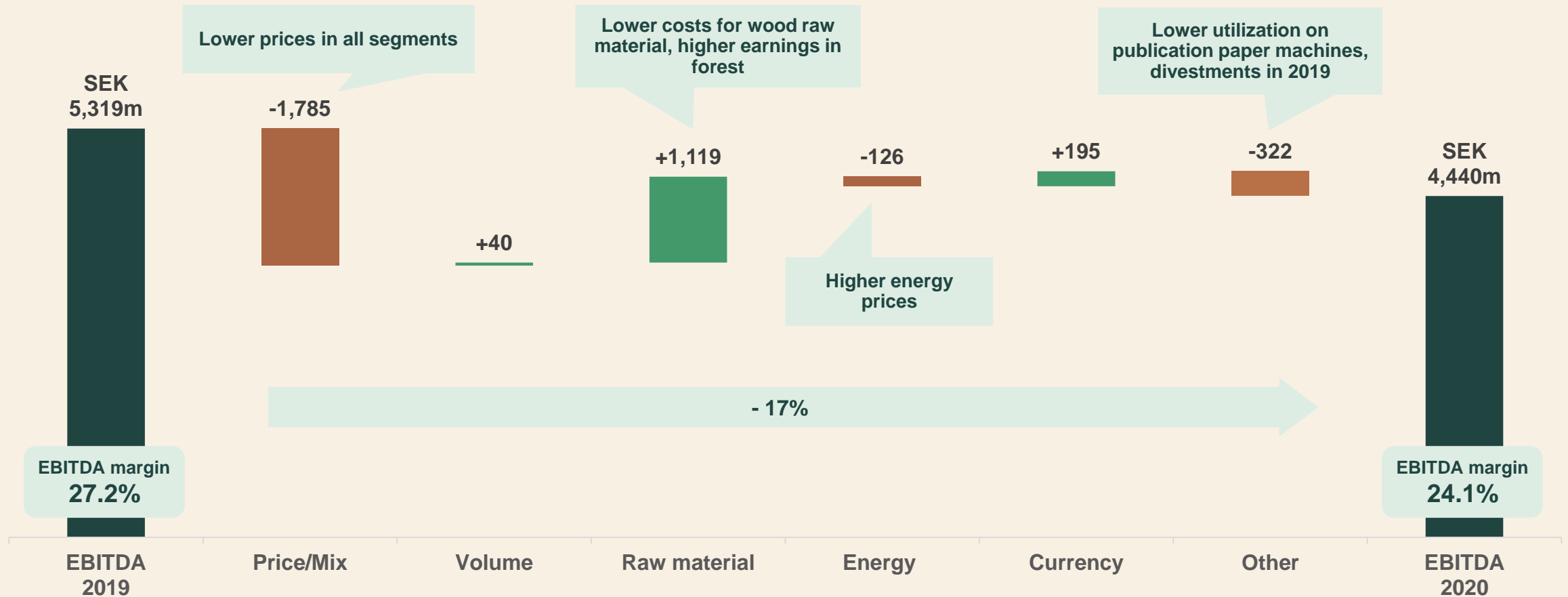
<sup>1</sup> Excluding effect of one-off items related to discontinuation of publication paper in 2020 and effects from changed accounting method for valuation of forest assets in 2019.

# Net sales 2020 vs. 2019





# EBITDA 2020 vs. 2019

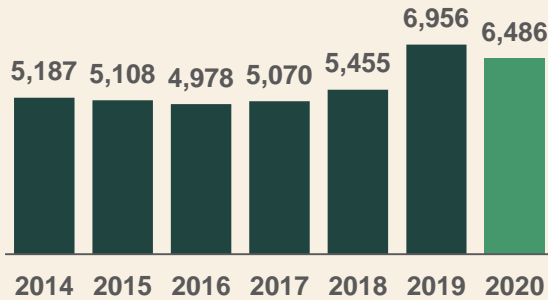


Excluding effect of one-off items related to discontinuation of publication paper in 2020 and effects from changed accounting method for valuation of forest assets in 2019.

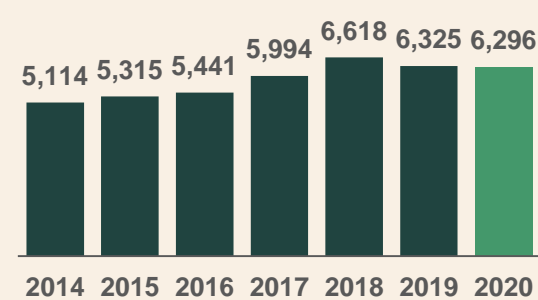
# Contribution by segment

## Forest

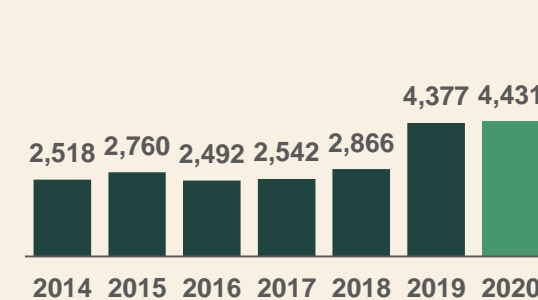
Net sales (SEKm)



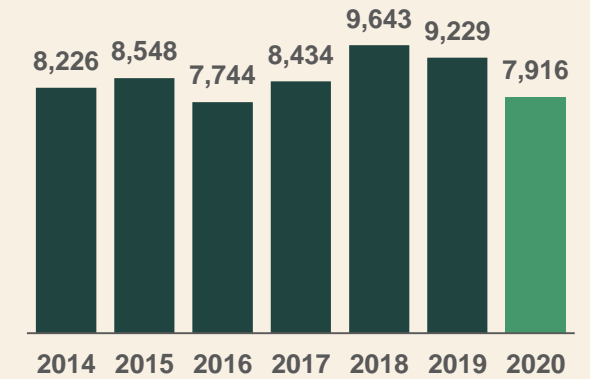
## Wood



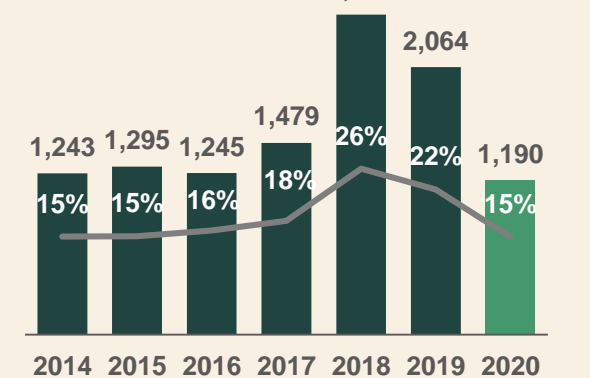
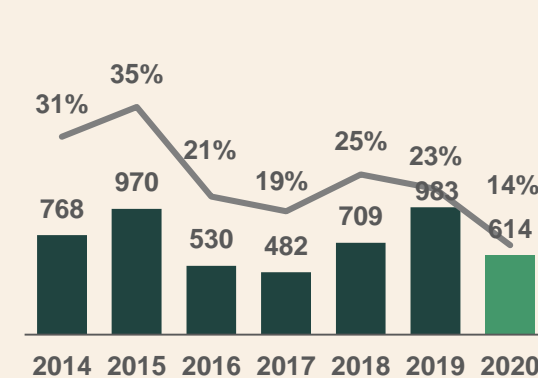
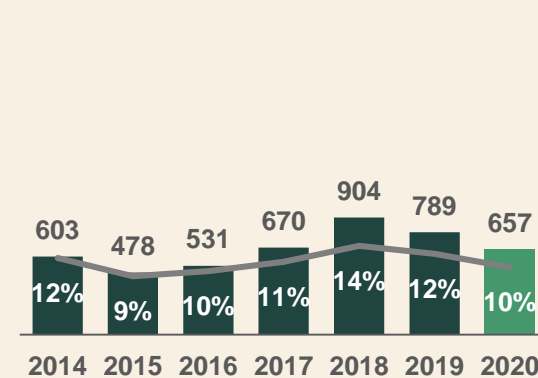
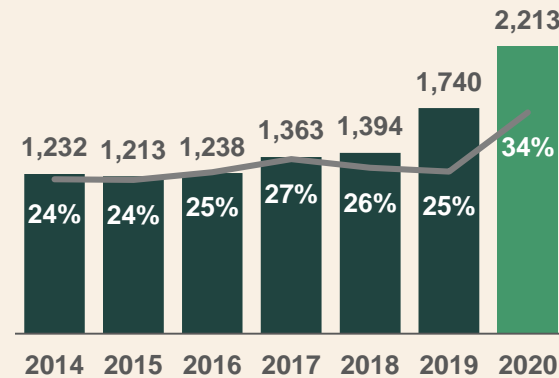
## Pulp



## Paper

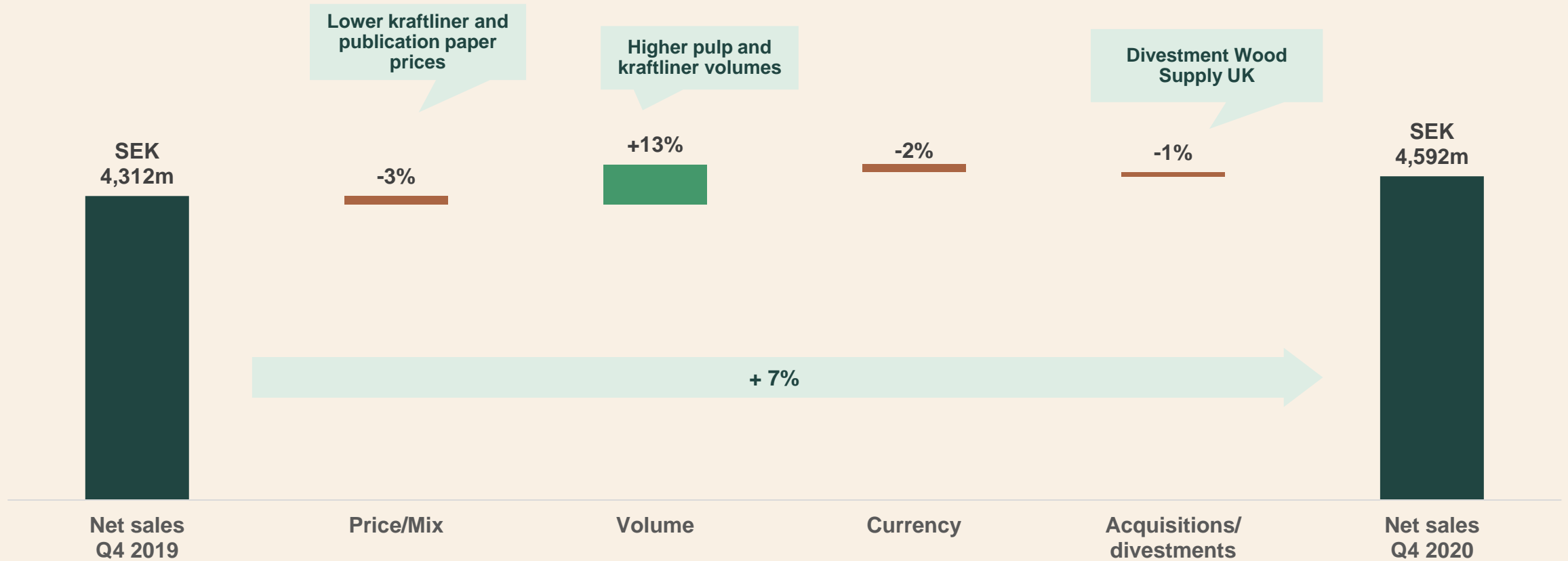


EBITDA (SEKm) and EBITDA margin <sup>1)</sup>



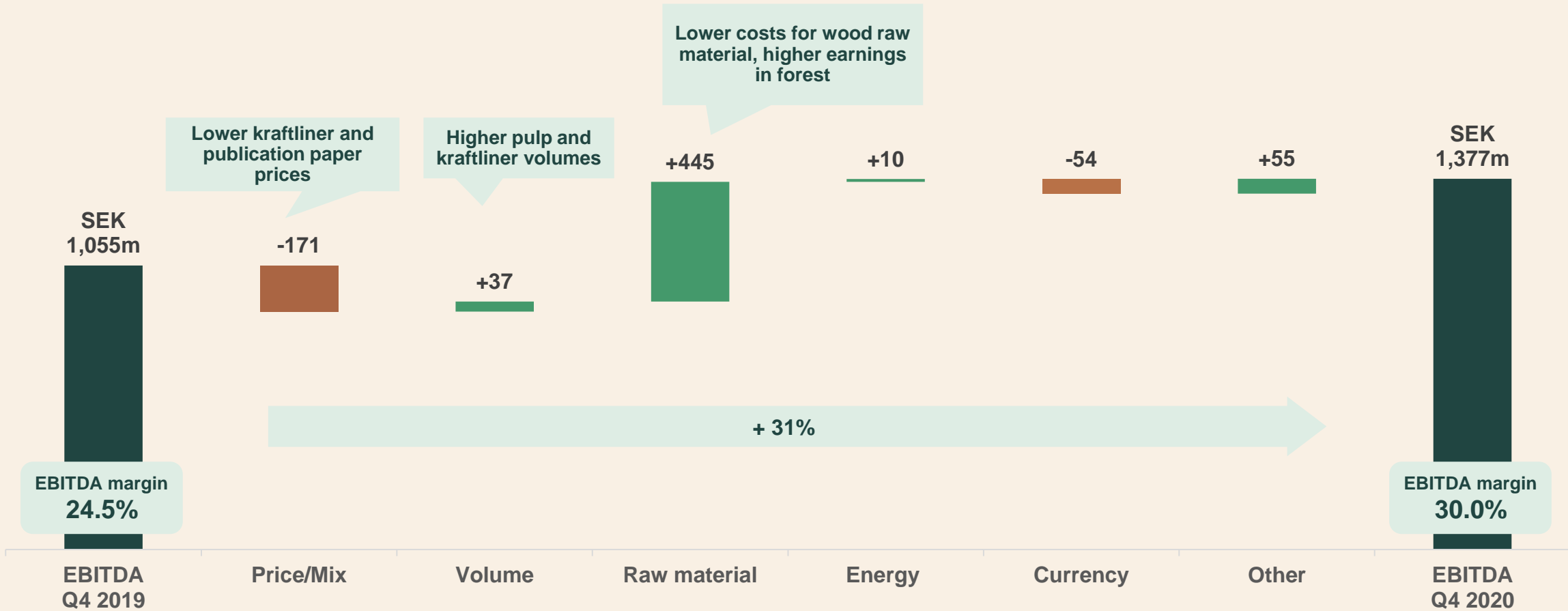
Note: 2014 and 2015 EBITDA refer to adjusted figures. 2016 and forward refer to unadjusted figures. For details please see the quarterly report.

# Net sales Q4 2020 vs. Q4 2019





# EBITDA Q4 2020 vs. Q4 2019



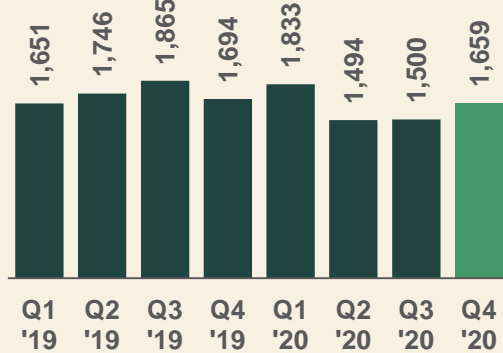
Excluding effect of one-off items related to discontinuation of publication paper in Q4 2020



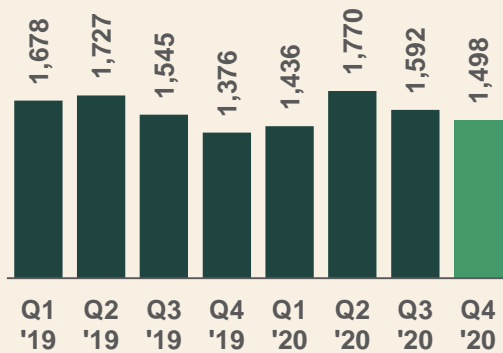
# Contribution by segment and quarter

## Forest

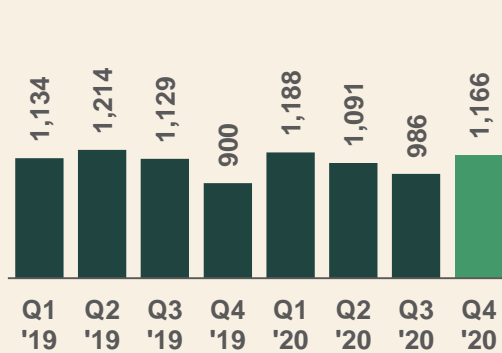
Net sales (SEKm)



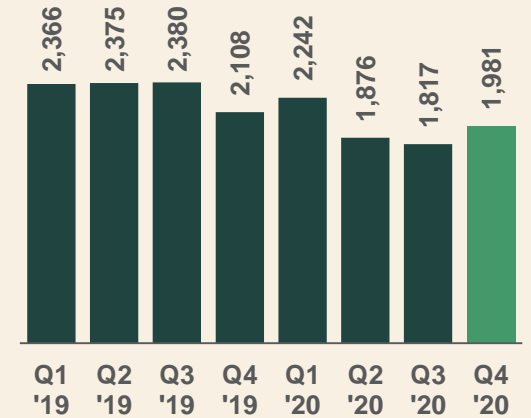
## Wood



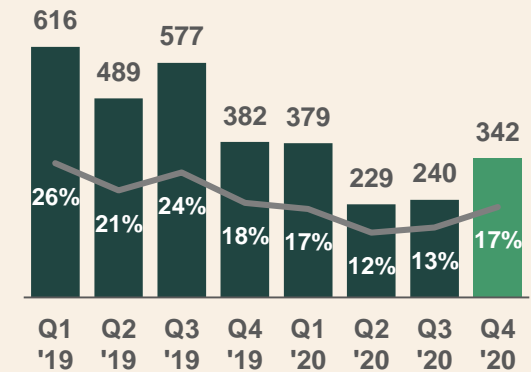
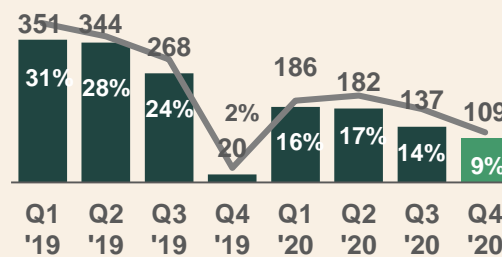
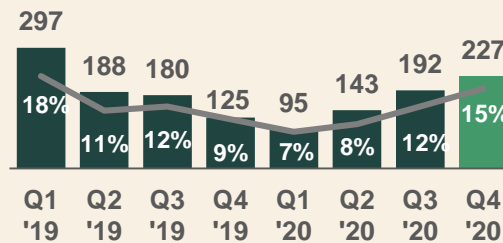
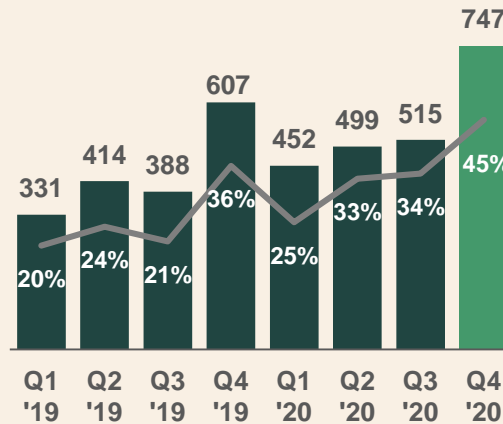
## Pulp



## Paper



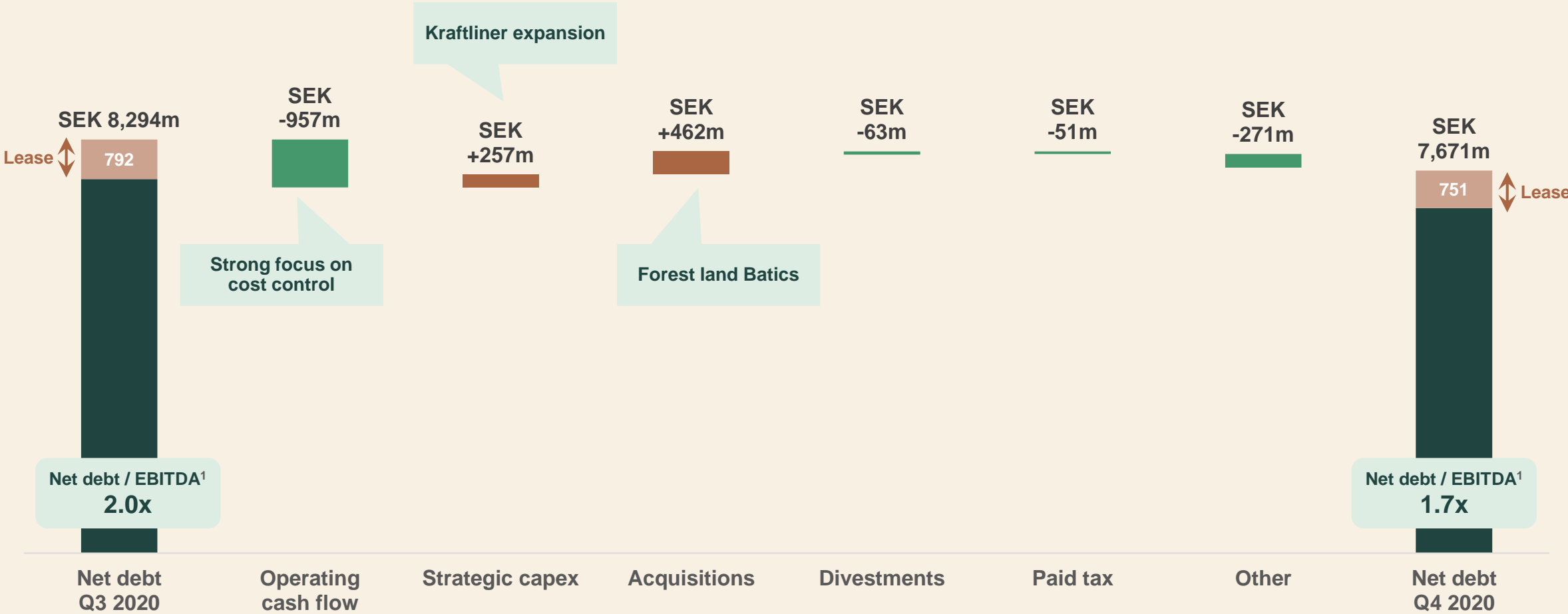
EBITDA (SEKm) and EBITDA margin



# Cash flow

SEKm	Quarter		Full year	
	Q4 2020	Q4 2019	2020	2019
EBITDA	1,451	17,098	3,393	21,361
Revaluation of biological assets and other non cash flow items	-510	-16,367	-601	-16,979
<b>Operating cash surplus</b>	<b>941</b>	<b>731</b>	<b>2,792</b>	<b>4,382</b>
Change in working capital	275	140	1,131	-186
Current capital expenditures	-298	-370	-1,224	-1,132
Other operating cash flow	39	81	-11	-148
<b>Operating cash flow</b>	<b>957</b>	<b>582</b>	<b>2,688</b>	<b>2,916</b>
Strategic capital expenditures			-1,414	-1,256

# Net debt Q4 2020 vs. Q3 2020



Note: 1) Excluding effect of one-off items related to discontinuation of publication paper in Q3 and Q4 2020.





# Balance sheet

SEKm	Dec 31, 2020	Dec 31, 2019
Forest assets	74,900	69,682
Working capital	2,759	3,748
<i>Working capital/Net sales <sup>1</sup></i>	18%	20%
Deferred tax relating to forest assets	-14,977	-13,977
Other capital employed	17,152	17,654
<b>Total capital employed</b>	<b>79,834</b>	<b>77,107</b>
<b>Net debt</b>	<b>7,671</b>	<b>8,597</b>
<i>Net debt/EBITDA <sup>2</sup></i>	1.7x	1.6x
<b>Equity</b>	<b>72,163</b>	<b>68,510</b>
<i>Net debt/Equity</i>	11%	13%
<i>Market price forest assets (SEK/m<sup>3</sup>fo)</i>	291	276

Note: 1) Average working capital for 13 months as a percentage of 12-month rolling net sales.  
 2) Excluding the effect of one-off items related to discontinuation publication paper operations in 2020 and the effect of changed accounting method for valuation of forest assets in 2019

# Summary

## Ulf Larsson, CEO

# Summary 2020

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- CTMP investment in Ortviken SEK 1.45bn
- Obbola expansion on time and budget
- Increased growth and harvesting level

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# Q&A





# Europe's largest private forest owner

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