



Interim Report Presentation Q2 2020

July 21, 2020



Ulf Larsson, CEO



Summary Q2 2020

Sales declined 10% vs Q2 2019

- Price/mix -9%, volume -4%, currency 3%

EBITDA down 25% vs Q2 2019

- Lower selling prices
- Lower publication paper volumes
- + Lower raw material costs

Higher forest growth enables increased annual harvesting

- Gradual increase from 4.3m m³sub / year 2020 to 5.4m m³sub /year 2025
- Increasing cash flow, full effect SEK 300-400m per year from 2025

Coronavirus pandemic

- Steep decline in demand for publication paper
- Significant uncertainty going forward



SCA's performance Q2 2020

EBITDA (SEKm)

1,001

Industrial ROCE ¹⁾

6%

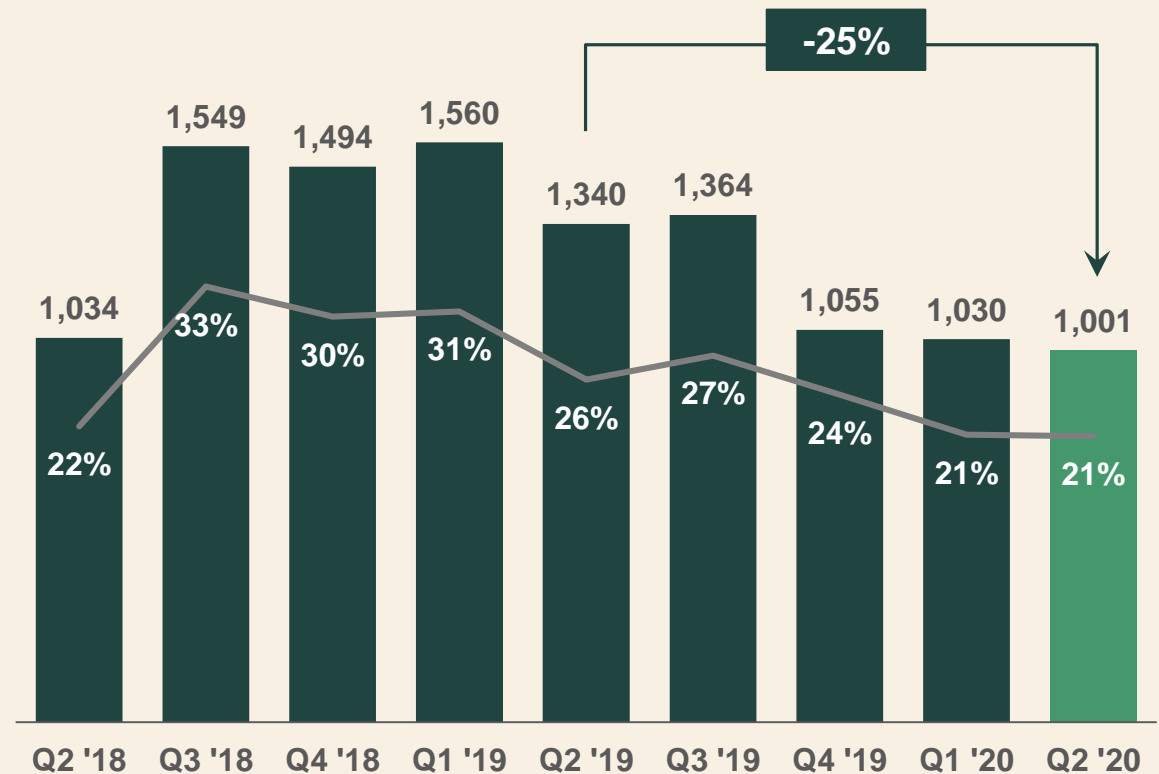
EBITDA development (SEKm)

EBITDA margin

21%

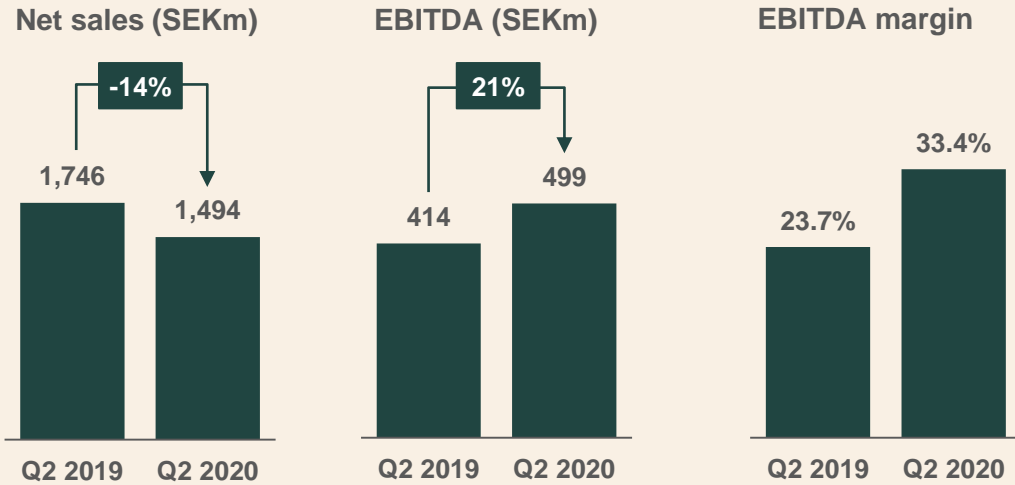
Net debt/EBITDA

2.1x



Note: 1) ROCE for the industrial segments; Wood, Pulp and Paper. ROCE calculated as LTM.

Forest Q2 2020 vs. Q2 2019



Stable wood supply to industries

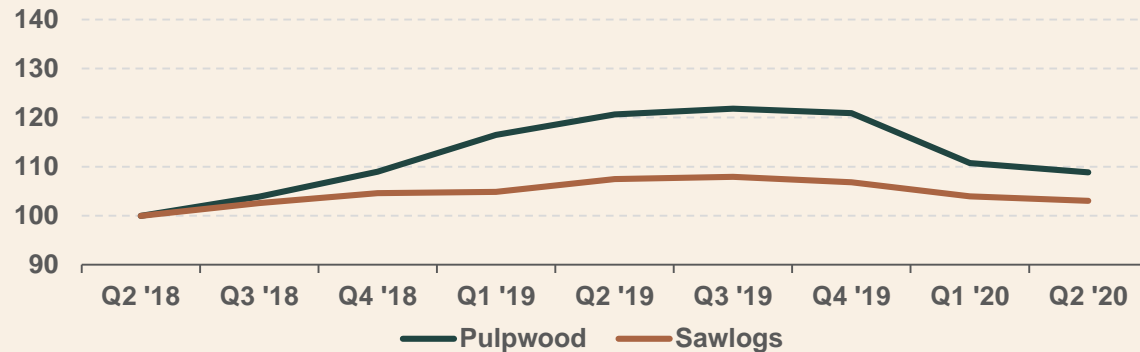
Sales down 14%

- Lower volumes
- Lower prices

EBITDA up 21%

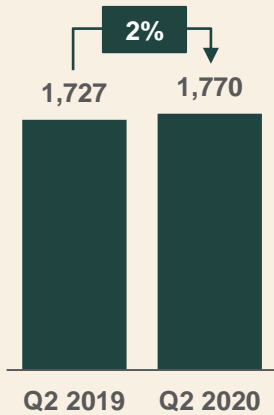
- + Higher forest growth increasing earnings from revaluation of biological assets

Price development – Pulpwood and Sawlogs

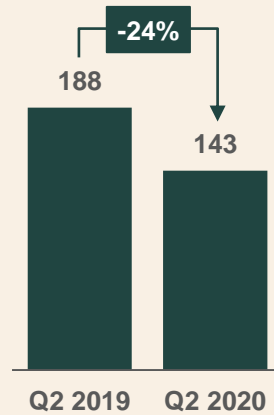


Wood Q2 2020 vs. Q2 2019

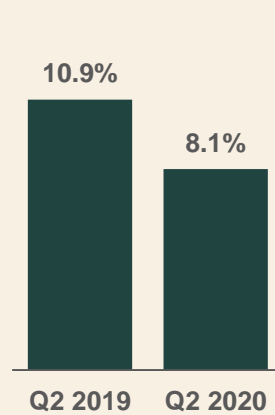
Net sales (SEKm)



EBITDA (SEKm)



EBITDA margin



High demand, slightly higher prices

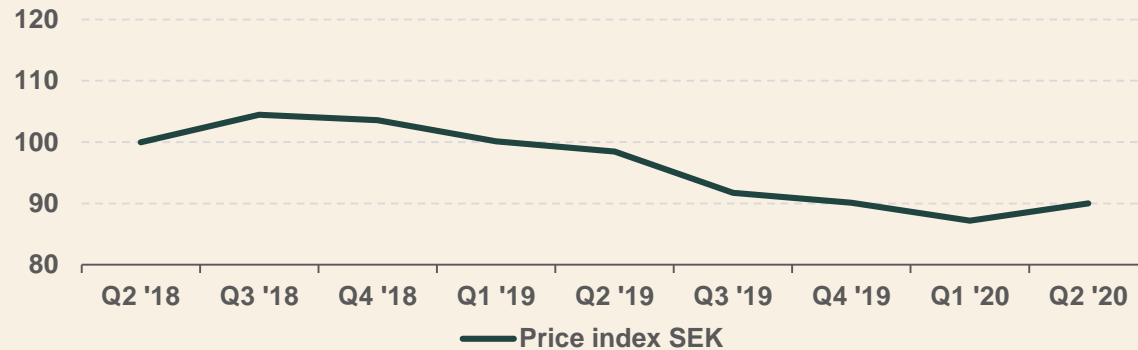
Sales up 2%

- + Higher volumes
- Lower prices

EBITDA down 24%

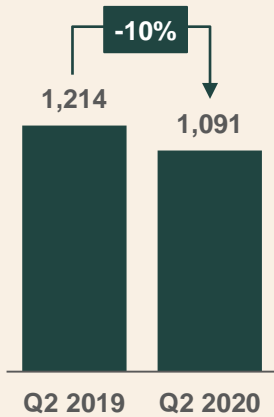
- Lower prices
- + Lower raw material costs

Price development – Solid Wood Products

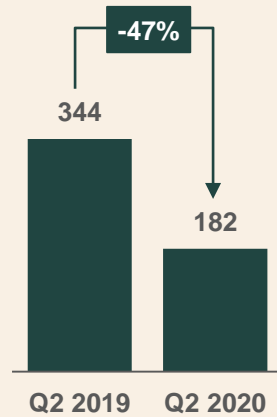


Pulp Q2 2020 vs. Q2 2019

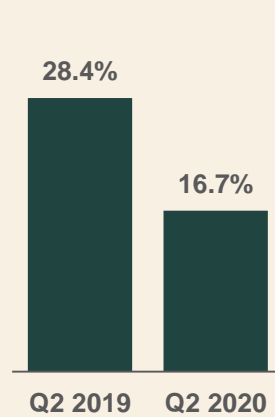
Net sales (SEKm)



EBITDA (SEKm)



EBITDA margin



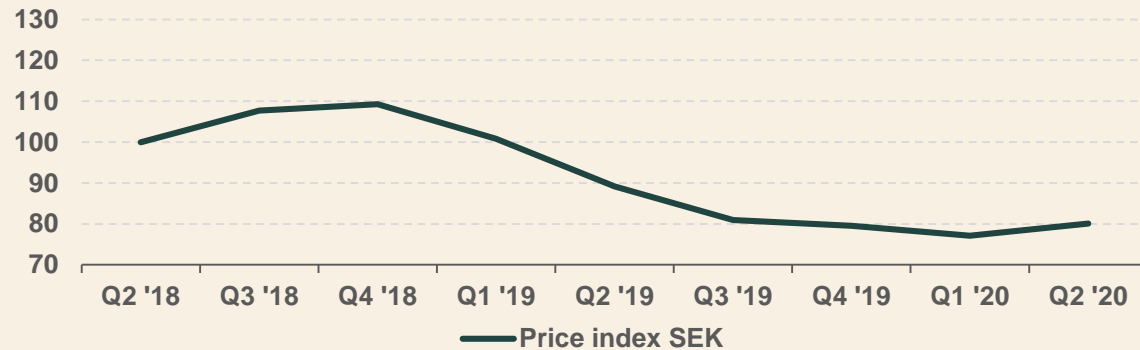
Sales down 10%

- Lower prices
- + Positive currency effects

EBITDA down 47%

- Lower prices
- + Positive currency effects

Price development – NBSK Pulp

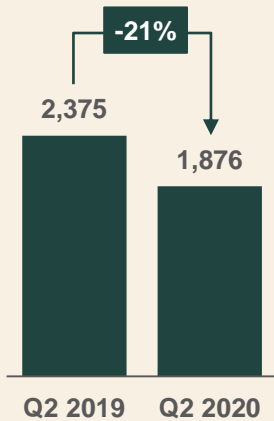


Unplanned production stop in July

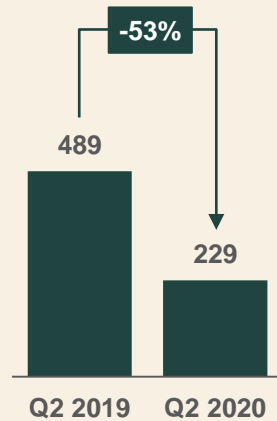
- Approx. 50k tonnes volume loss

Paper Q2 2020 vs. Q2 2019

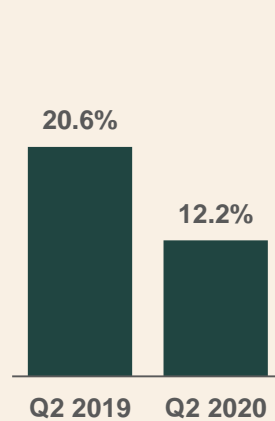
Net sales (SEKm)



EBITDA (SEKm)



EBITDA margin



Publication paper demand significantly impacted by the corona pandemic, low capacity utilization

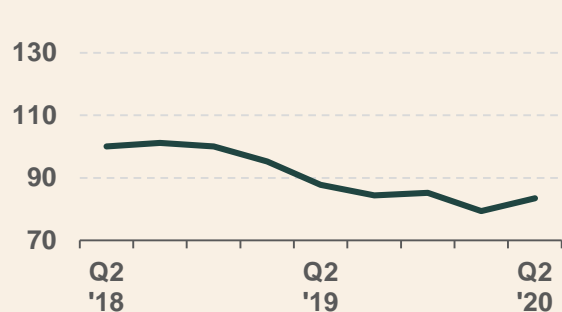
Sales down 21%

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

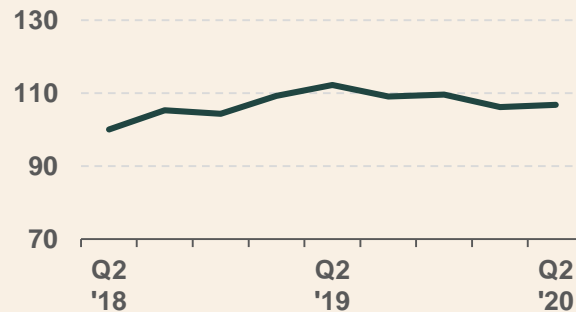
EBITDA down 53%

- Lower publication paper volumes
- Lower kraftliner and publication paper prices
- + Lower raw material costs and positive currency effects

Price development – Kraftliner



Price development – Publication paper (LWC)



— Price index SEK

Higher forest growth enables increased harvesting

New forest survey conducted in 2019

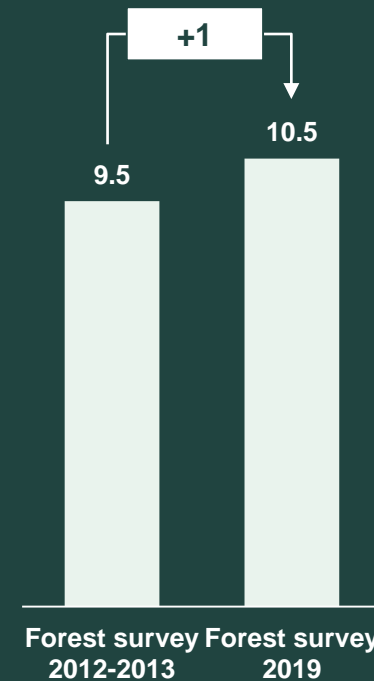
Annual growth 1m m³fo higher than expected

- Gross growth of 10.5 (9.5) m m³fo per year
- Net growth of 4.0 (3.0) m m³fo per year

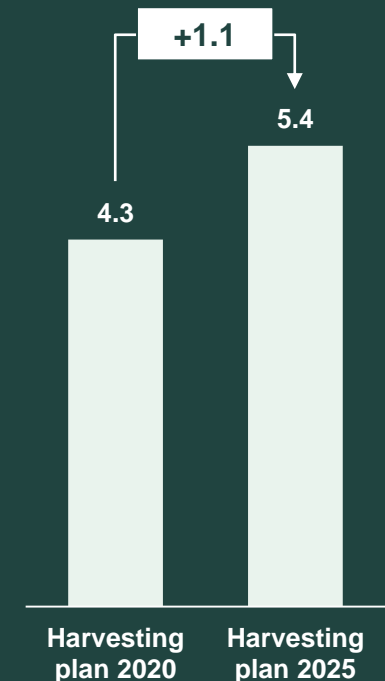
New harvesting plan confirmed based on the new survey

- Gradual increase from 4.3m m³sub / year 2020 to 5.4m m³sub / year 2025
- Ramp-up expected to be linear over 5 years
- Increasing long-term cash flow, full effect SEK 300-400m per year from 2025

Gross forest growth Sweden
(m m³fo / year)



Harvesting plan
(m m³sub / year)



Coronavirus Pandemic

Significant uncertainty going forward

Limited effects on operations

- Health and safety highest priority
- No disruptions in production or distribution

Shifting demand patterns

- 30-40 percent lower demand for publication paper
- Temporary market related stoppages at Ortviken

Significant uncertainty remains



A large stack of cut logs, with a central log in sharp focus showing its growth rings. The background is filled with more logs, some blurred. A small branch with green needles is visible in the lower right foreground.

Toby Lawton, CFO



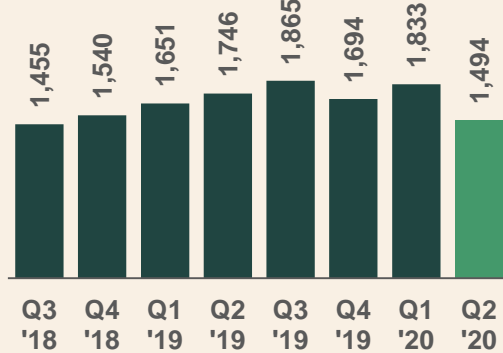
Income statement

| SEKm | Quarter | | |
|------------------------------|--------------|--------------|-------------|
| | Q2 2020 | Q2 2019 | Change |
| Net sales | 4,687 | 5,228 | -10% |
| EBITDA | 1,001 | 1,340 | -25% |
| <i>EBITDA margin</i> | 21.3% | 25.6% | -4.3 p.p. |
| EBIT | 600 | 943 | -36% |
| <i>EBIT margin</i> | 12.8% | 18.0% | -5.2 p.p. |
| Financial items | -31 | -45 | |
| Profit before tax | 569 | 898 | -37% |
| Tax | -110 | -194 | |
| Profit for the period | 459 | 704 | -35% |
| Earnings per share, SEK | 0.65 | 1.00 | |

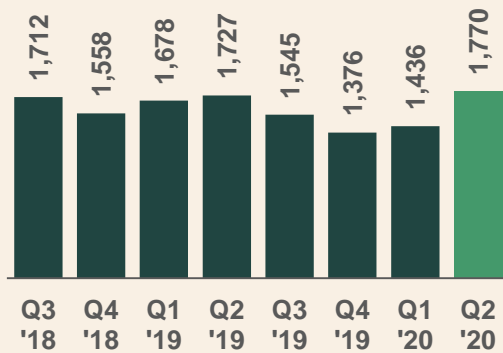
Contribution by segment and quarter

Forest

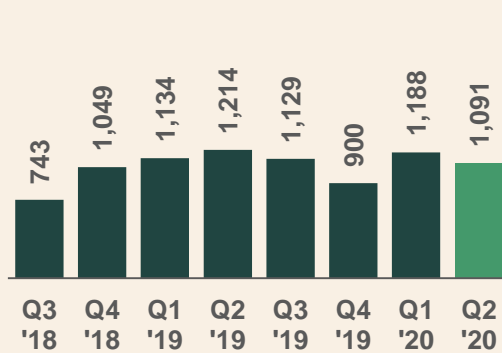
Net sales (SEKm)



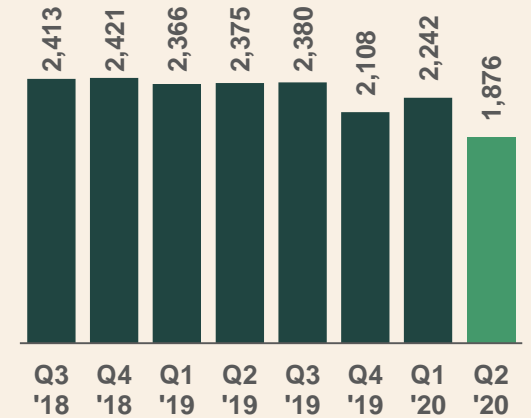
Wood



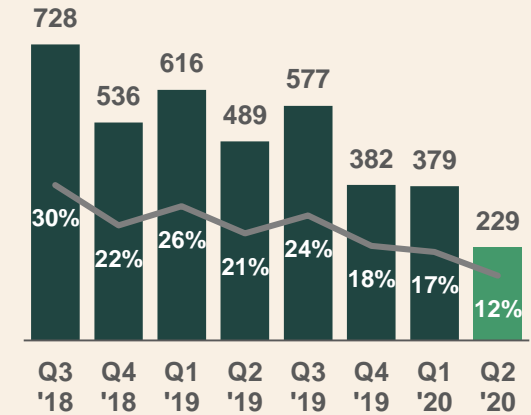
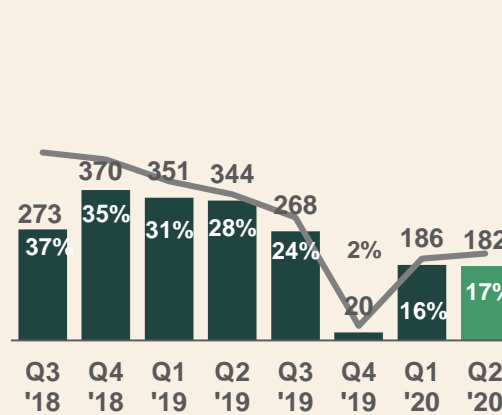
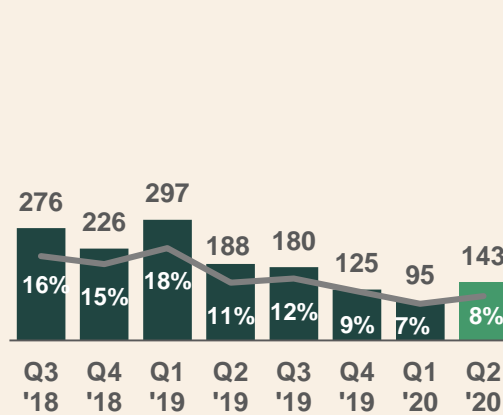
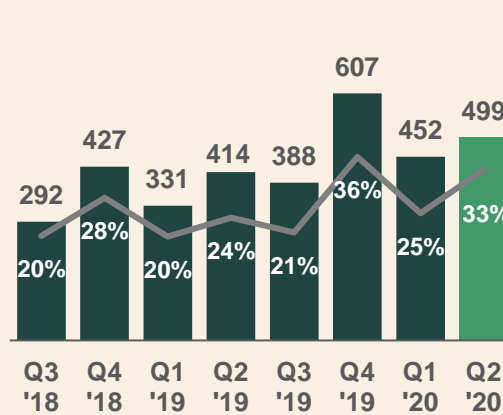
Pulp



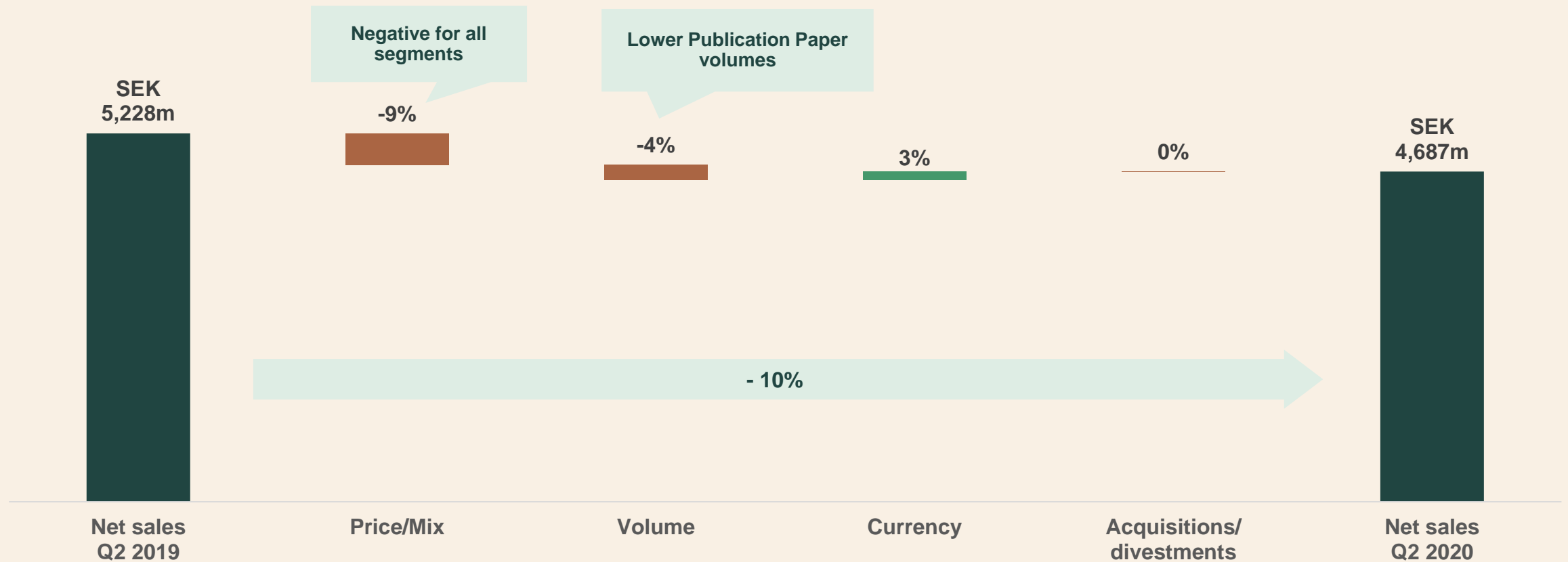
Paper



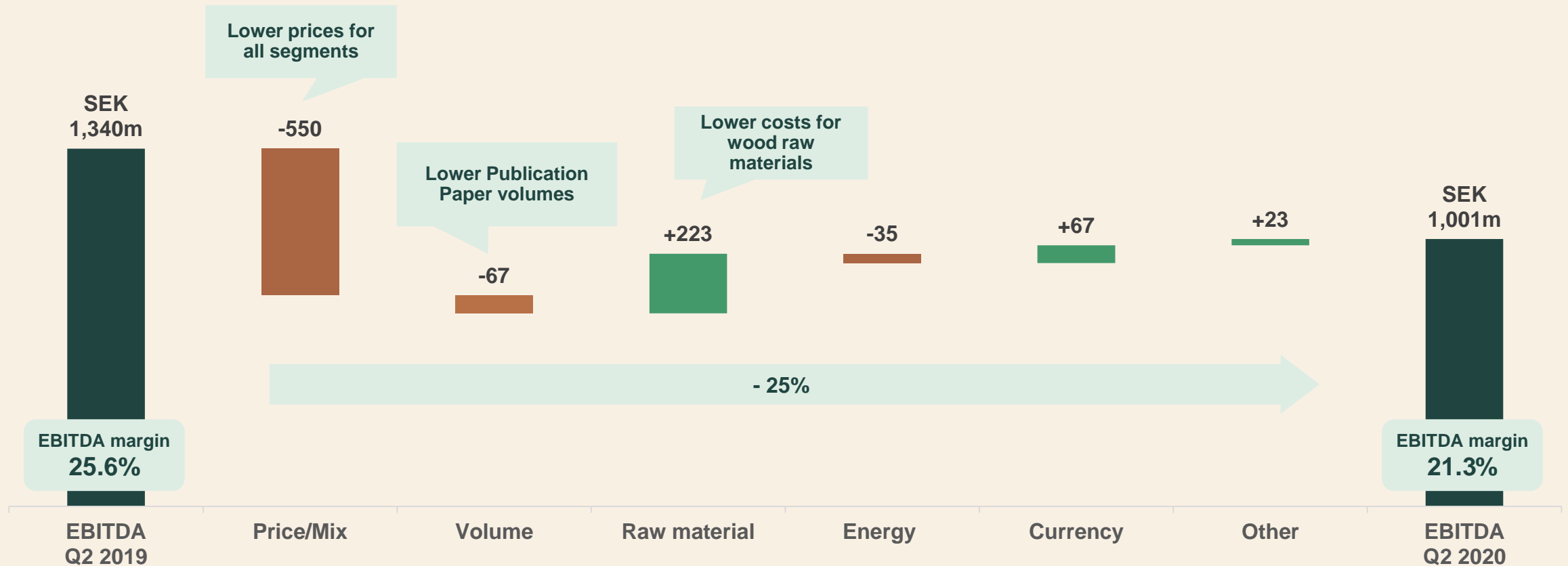
EBITDA (SEKm) and EBITDA margin



Net sales Q2 2020 vs. Q2 2019



EBITDA Q2 2020 vs. Q2 2019



Cash flow

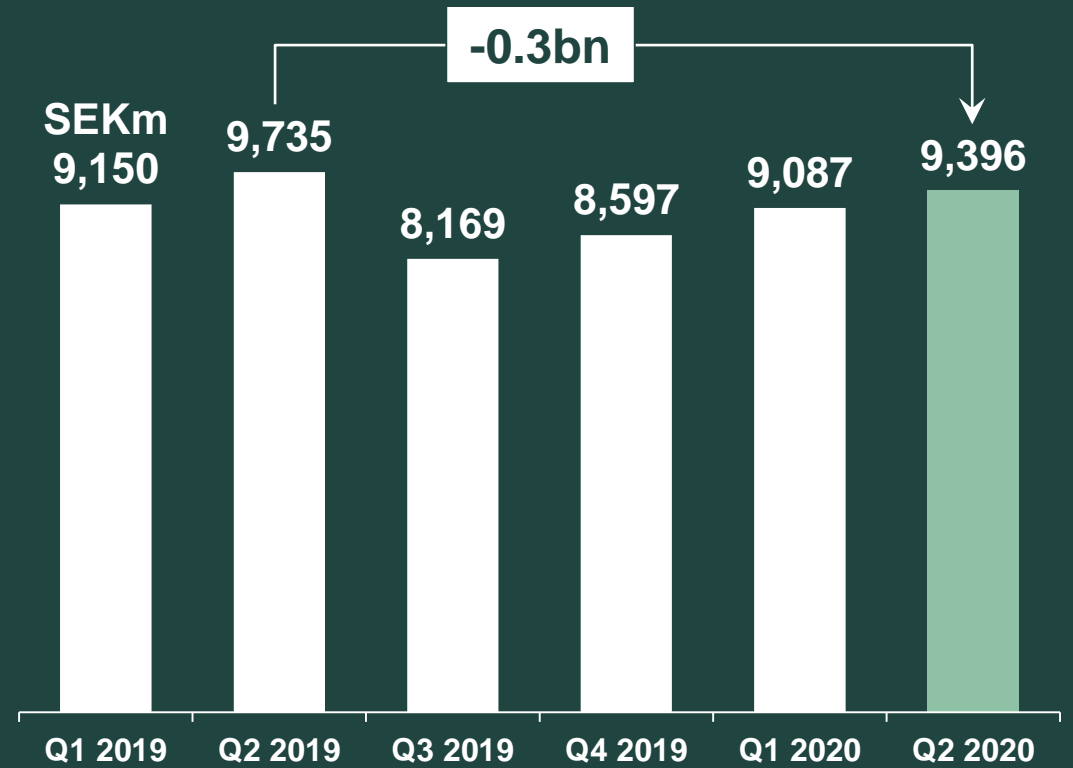
| SEKm | Quarter | | Jan-jun | |
|--|------------|--------------|--------------|--------------|
| | Q2 2020 | Q2 2019 | 2020 | 2019 |
| EBITDA | 1,001 | 1,340 | 2,031 | 2,900 |
| Revaluation of biological assets and other non cash flow items | -233 | -56 | -573 | -302 |
| Operating cash surplus | 768 | 1,284 | 1,458 | 2,598 |
| Change in working capital | -151 | -298 | -297 | -651 |
| Current capital expenditures | -338 | -348 | -513 | -516 |
| Other operating cash flow | -6 | -19 | -34 | -186 |
| Operating cash flow | 273 | 619 | 614 | 1,245 |
| Strategic capital expenditures | -655 | -156 | -844 | -299 |

Net debt

Unutilized credit facilities of SEK
7.7bn as of June 30, 2020

Strategic investments of

- FY 2019: **-1.3bn**
- Jan-Jun 2020: **-0.8bn**



Balance sheet

| SEKm | Jun 30, 2020 | Dec 31, 2019 |
|---|---------------|---------------|
| Forest assets | 70,867 | 69,682 |
| Working capital | 3,969 | 3,748 |
| <i>Working capital/Net sales ¹⁾</i> | 21% | 20% |
| Deferred tax relating to forest assets | -14,401 | -13,977 |
| Other capital employed | 18,346 | 17,654 |
| Total capital employed | 78,781 | 77,107 |
| Net debt | 9,396 | 8,597 |
| <i>Net debt/EBITDA ²⁾</i> | 2.1x | 1.6x |
| Equity | 69,385 | 68,510 |
| <i>Net debt/Equity</i> | 14% | 13% |
| <i>Market price forest assets (SEK/m³fo) ³⁾</i> | 281 | 276 |

Note: 1) Average working capital for 13 months as a percentage of 12-month rolling net sales.

2) 12-months EBITDA, up to end of each period.

3) Applied to expected volume at 31 Dec 2020

Summary

Ulf Larsson, CEO

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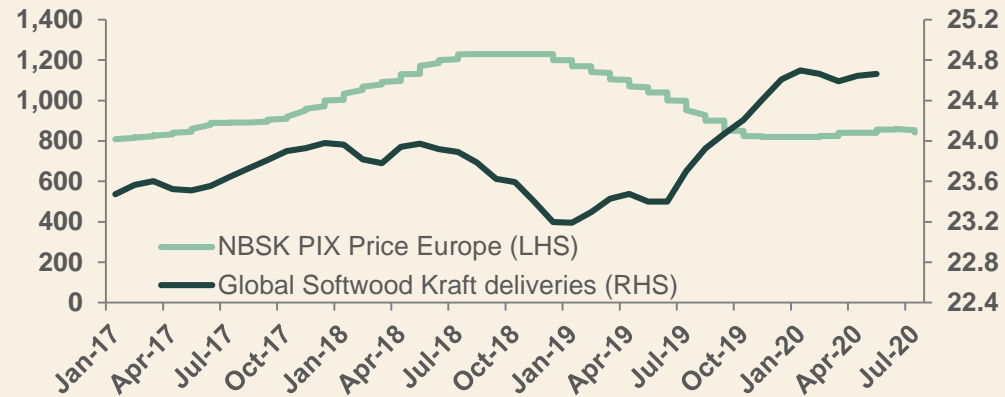


Q&A

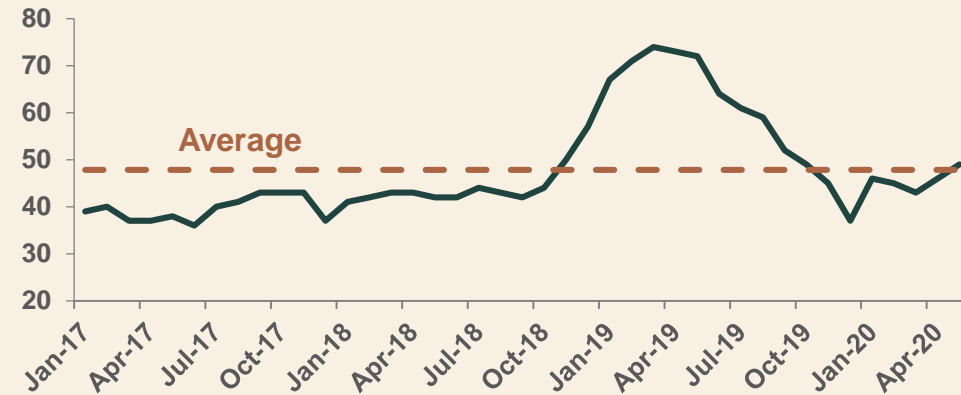
Appendix

Pulp market development

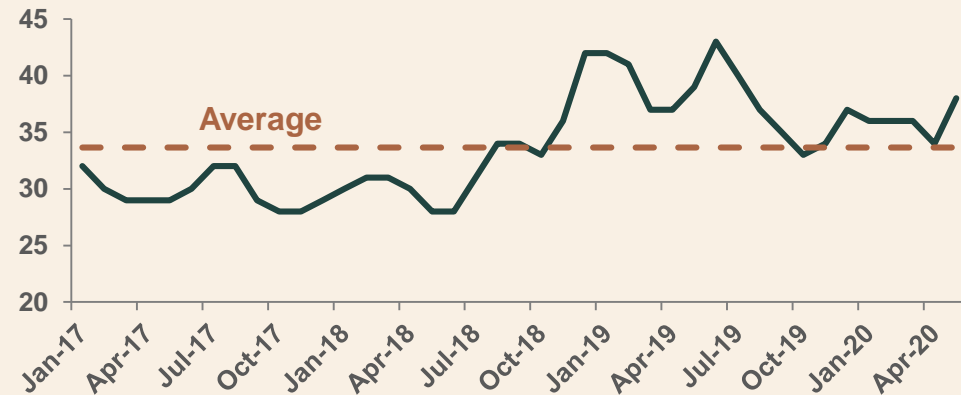
Softwood pulp price (USD/t) vs deliveries (Mt)



Hardwood pulp inventories (days of supply)



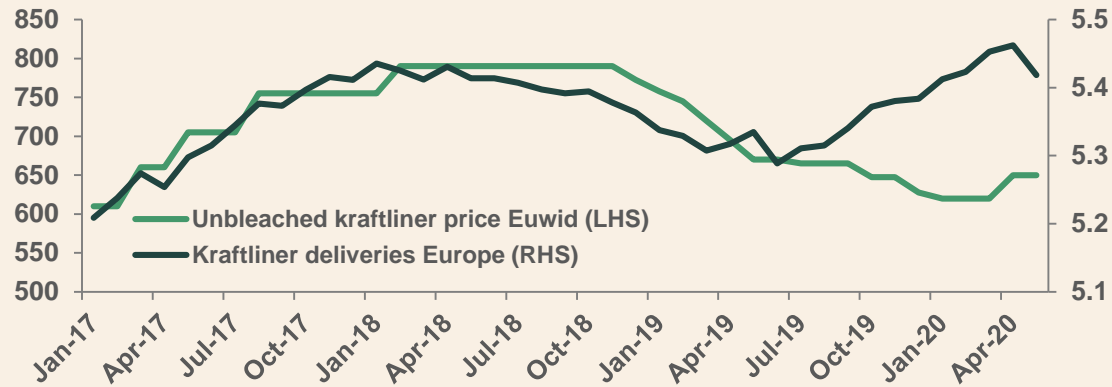
Softwood pulp inventories (days of supply)



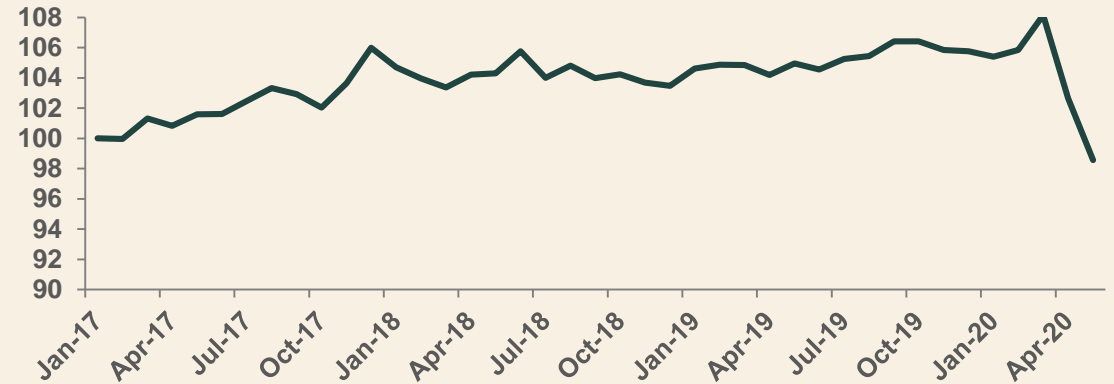
Source: PIX, PPPC.

Containerboard market development

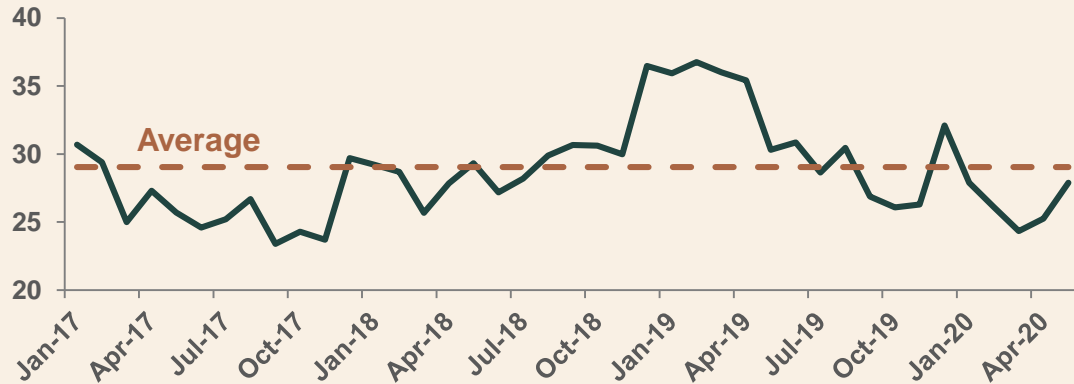
Price (EUR/t) vs Kraftliner deliveries (Mt)



European Box demand (index)



Kraftliner inventories (days of supply)

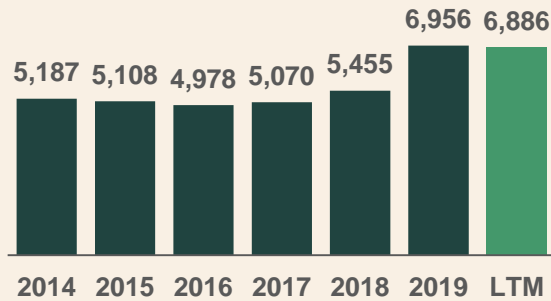


Source: Euwid, Numera.

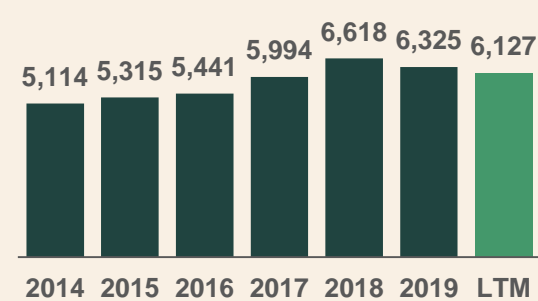
Contribution by segment

Forest

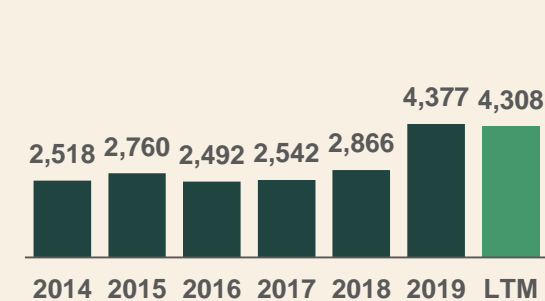
Net sales (SEKm)



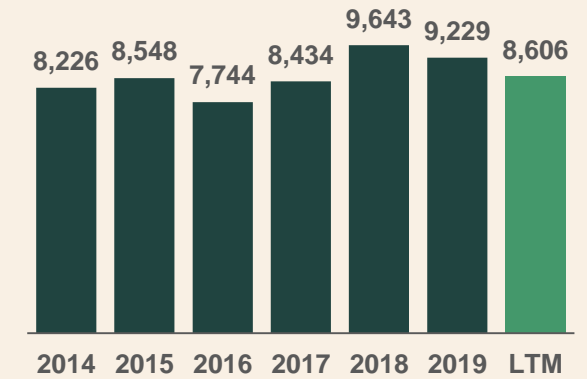
Wood



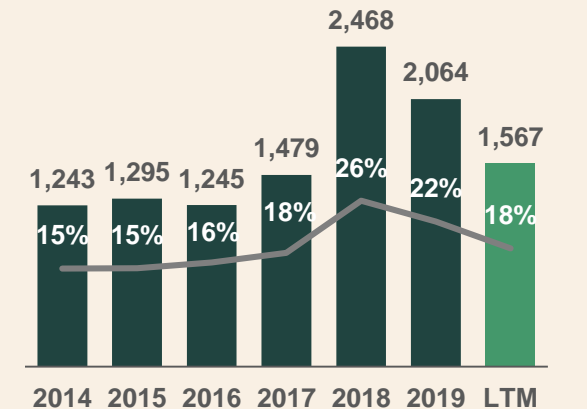
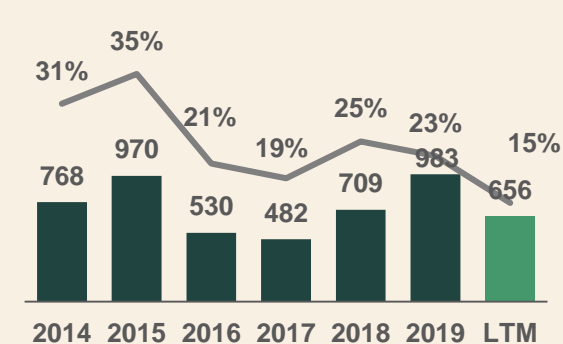
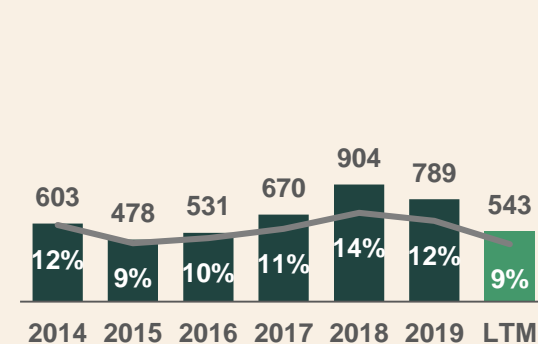
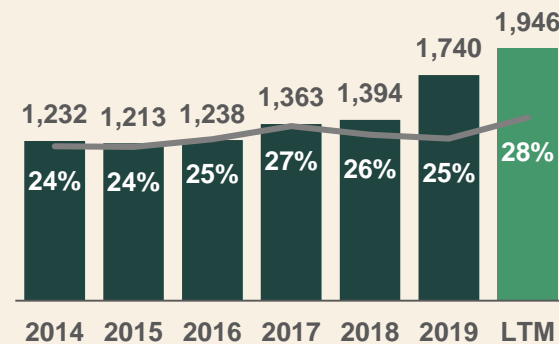
Pulp



Paper



EBITDA (SEKm) and EBITDA margin ¹⁾



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



Europe's largest private forest owner

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