



# Interim Report Presentation Q1 2023

April 28, 2023



# Ulf Larsson, CEO



# Summary Q1 2023

**Strong result driven by profitable growth in renewable energy and resilience against increasing wood costs**

**EBITDA increased 4% vs Q4 2022**

**Weaker demand in wood, pulp and containerboard**

**Prices for solid wood products have bottomed out while prices for containerboard and pulp are still decreasing**

**Sales decreased 4% vs Q1 2022**

- Price/mix -9%, currency 6%, volume -1%

**EBITDA decreased 21% vs Q1 2022**

- Lower prices
- + Growth in renewable energy
- + Strong result in forest with high degree of self sufficiency in wood raw material



# SCA's performance Q1 2023

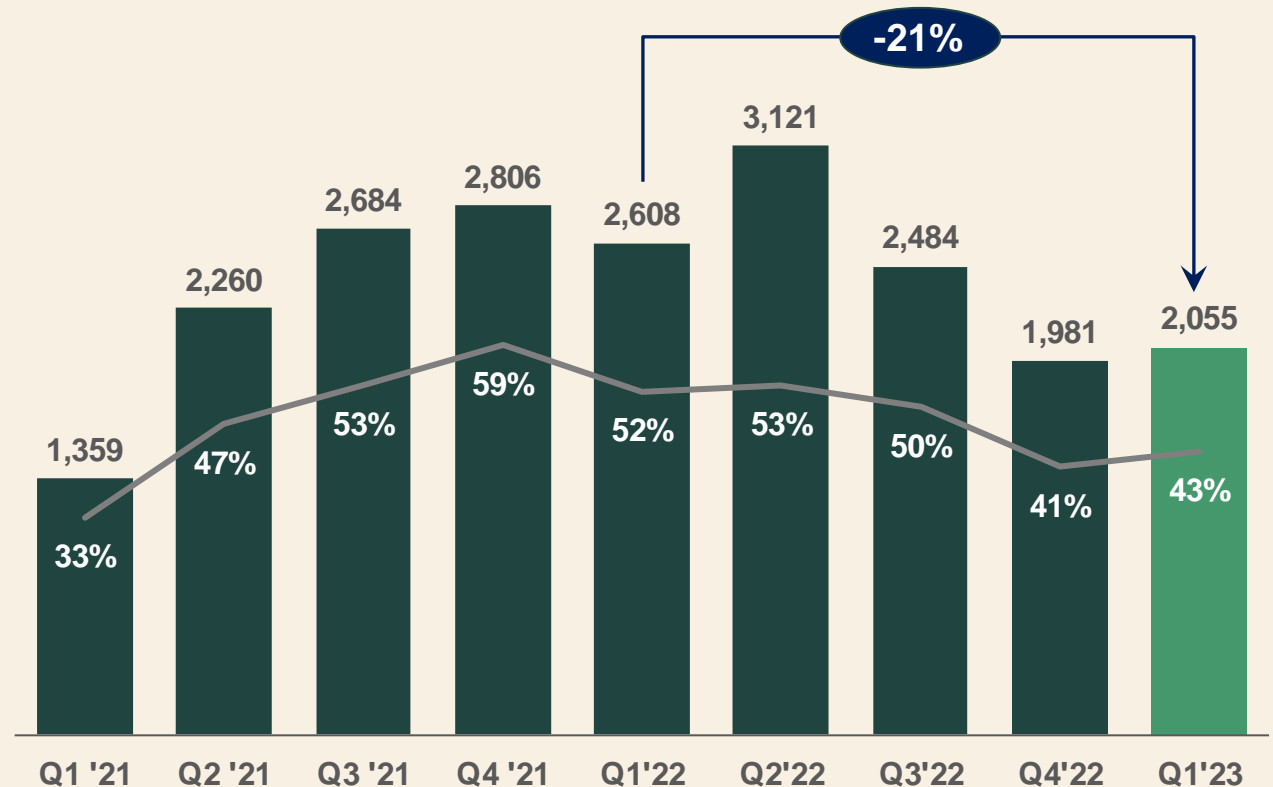
EBITDA (SEKm)

**2,055**

Industrial ROCE <sup>1</sup>

**31%**

EBITDA (SEKm) and EBITDA margin



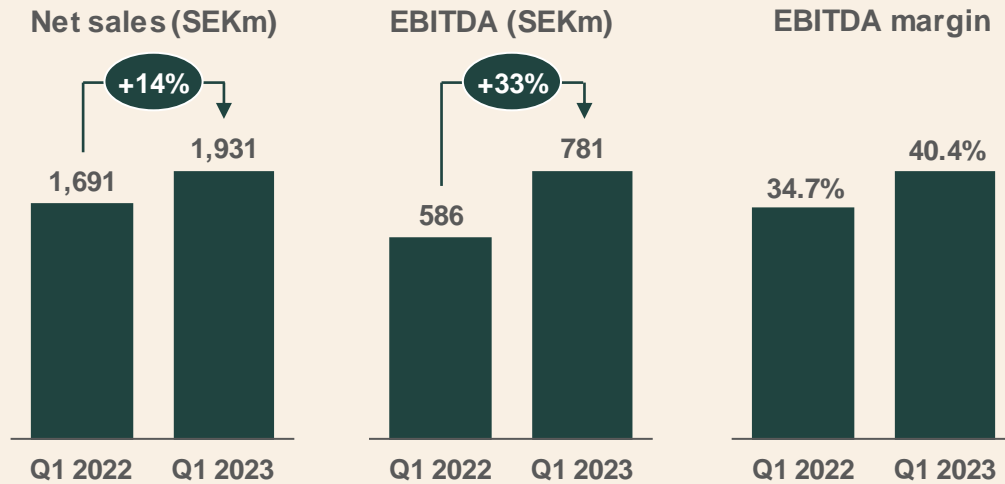
EBITDA margin

**42.7%**

Net debt/EBITDA

**1.2x**

# Forest Q1 2023 vs. Q1 2022



Stable wood supply to industries

Sales up 14%

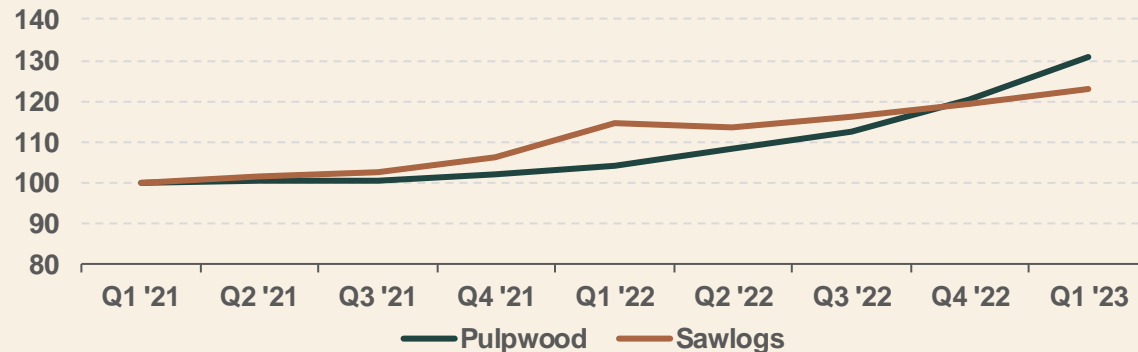
+ Higher prices

EBITDA up 33%

+ Higher prices

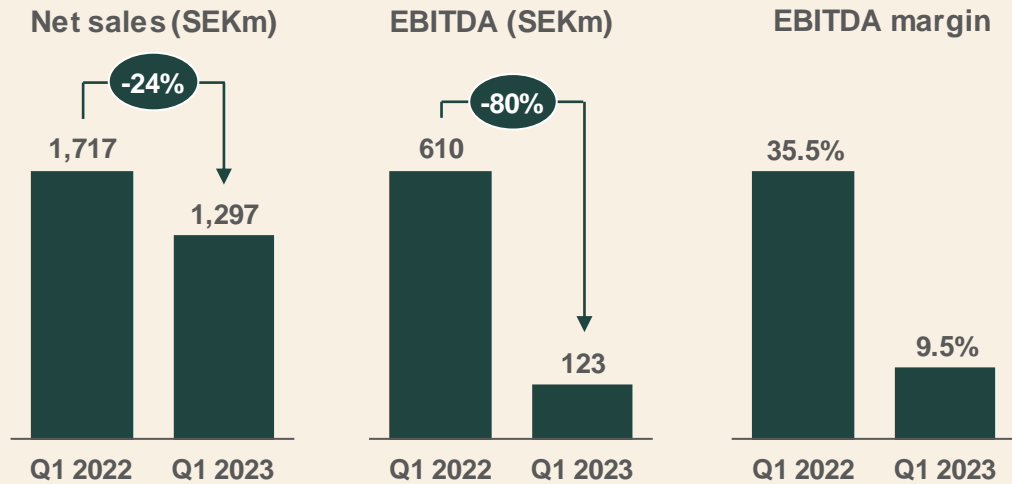
+ Higher harvesting level own forest

Price development – Pulpwood and Sawlogs



Continued high interest in forest land

# Wood Q1 2023 vs. Q1 2022



Generally weak market but with reduced supply

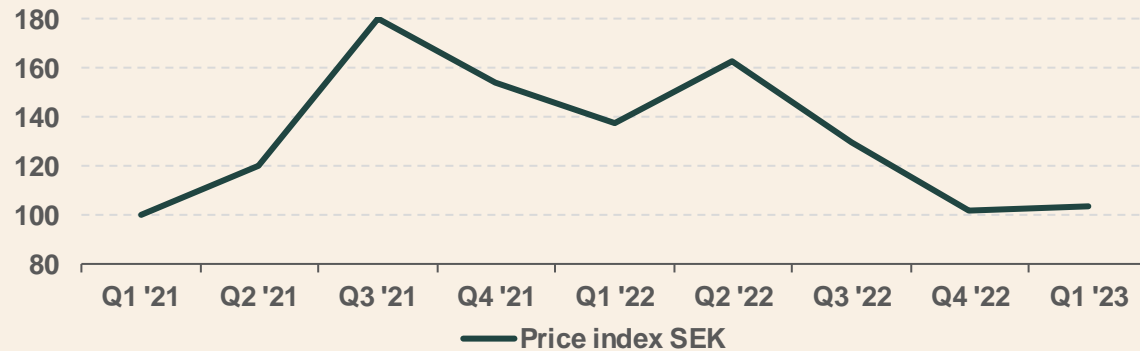
Sales down 24%

- Lower prices

EBITDA down 80%

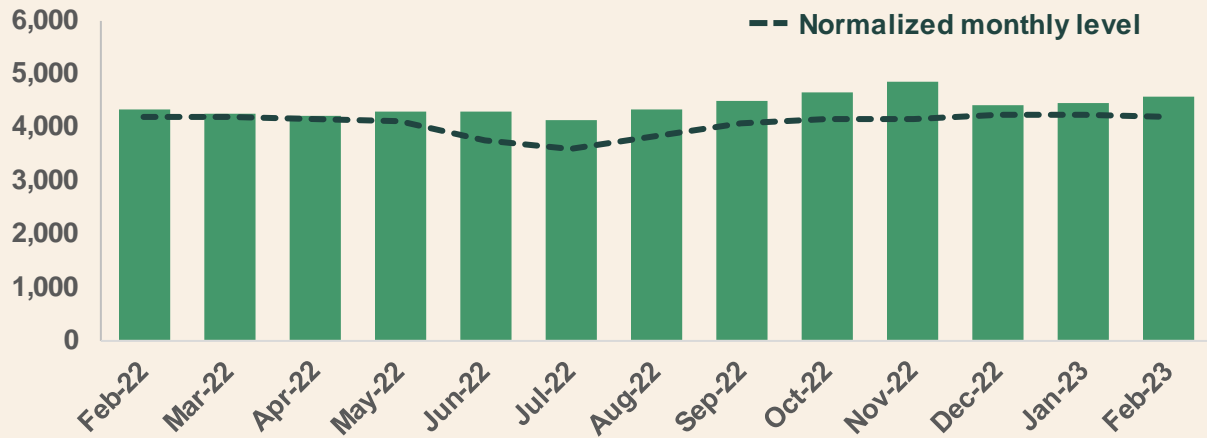
- Lower prices
- Higher wood raw material cost

Price development – Solid Wood Products

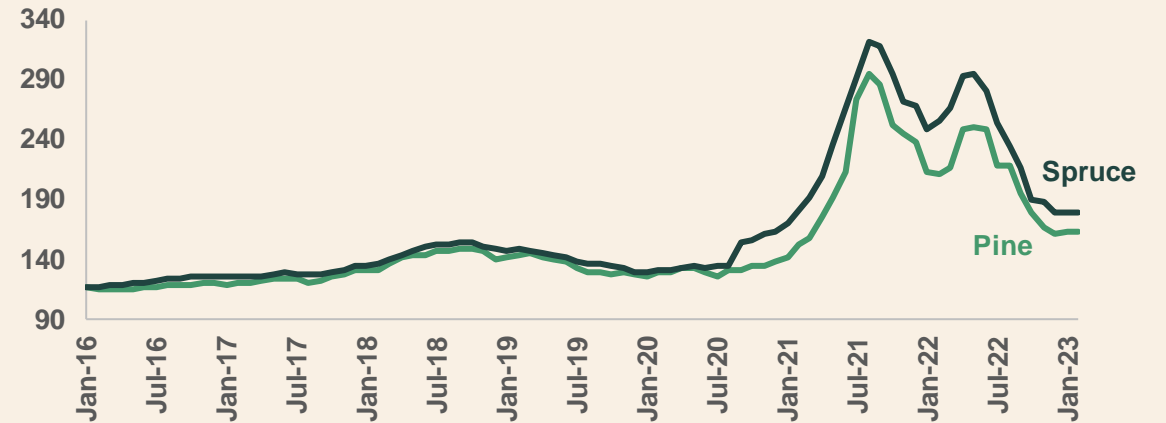


# Wood market development

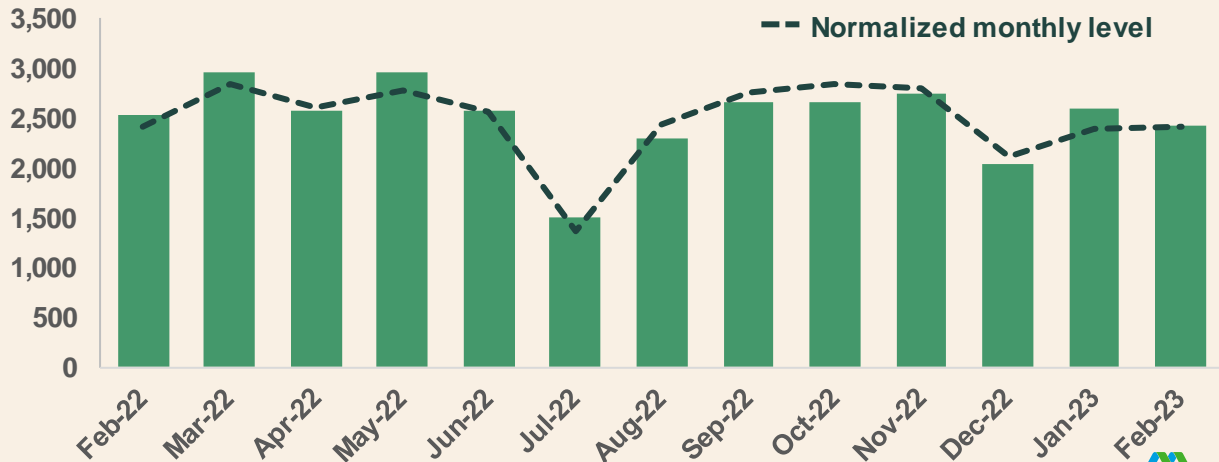
Stock of sawn pine and spruce wood, Sweden and Finland (k m<sup>3</sup>)



Price development sawn pine and spruce, Sweden (index)



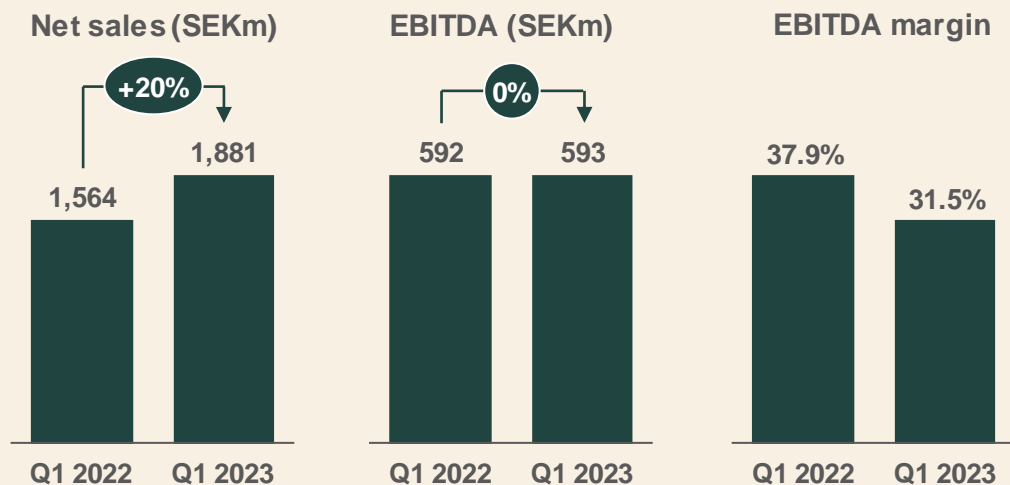
Production of sawn pine and spruce wood, Sweden and Finland (k m<sup>3</sup>)



- Sanction of Russian and Belarus imports
- Production curtailments in Germany and Canada
- Scandinavian stock levels impacted by Finnish harbor strike

Note: Normalized monthly level 2016-2022.  
Source: Skogsindustriema.

# Pulp Q1 2023 vs. Q1 2022



Ongoing ramp up of new CTMP line

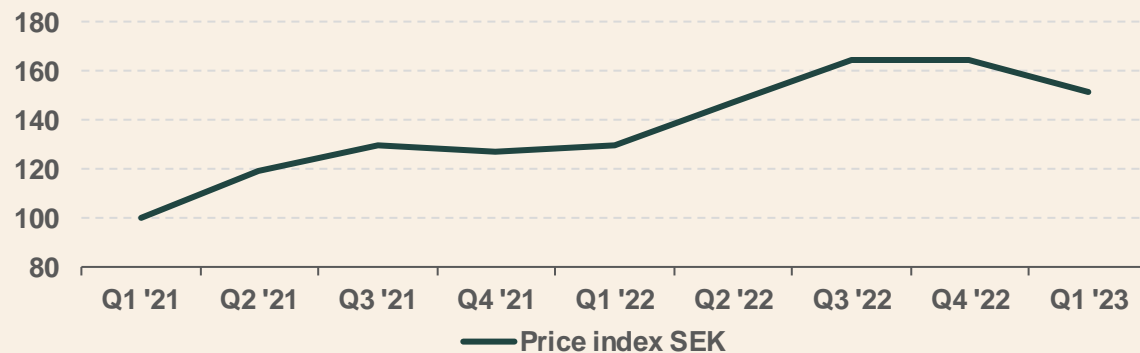
## Sales up 20%

- + Higher prices
- + Higher volumes
- + Positive currency effects

## EBITDA in line

- + Higher prices
- + Higher volumes
- + Positive currency effects
- Higher wood raw material costs

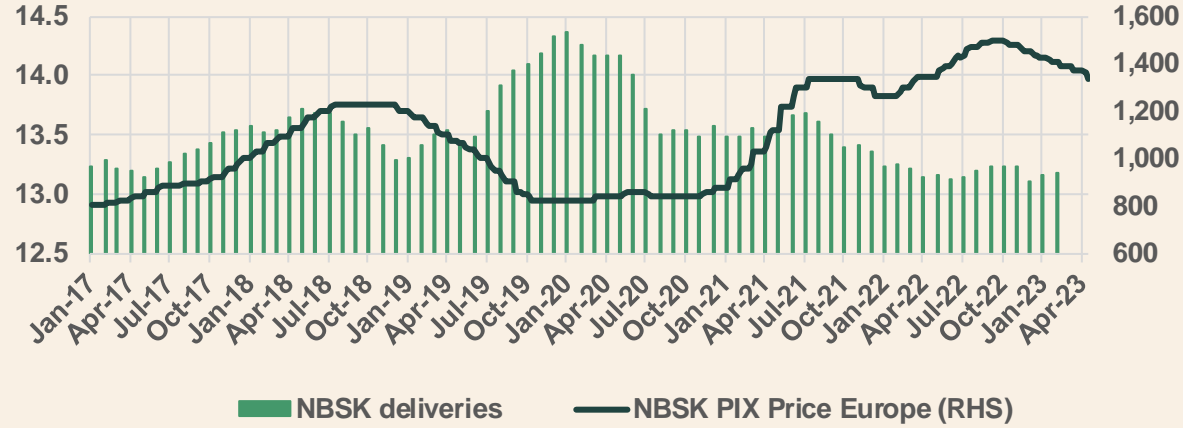
Price development – NBSK



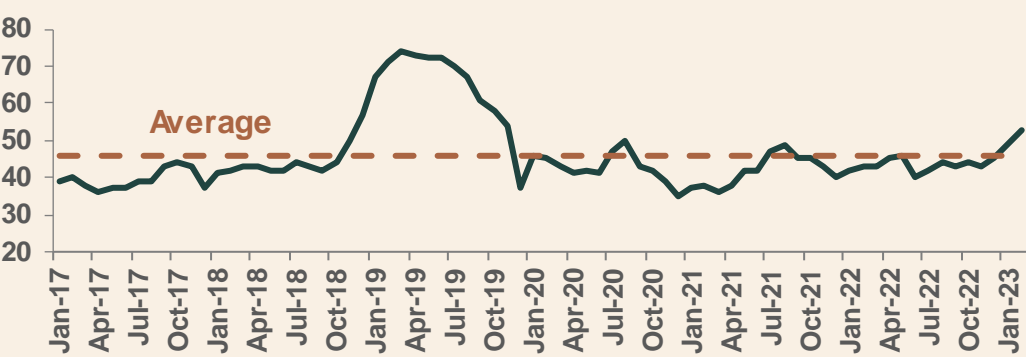


# Pulp market development

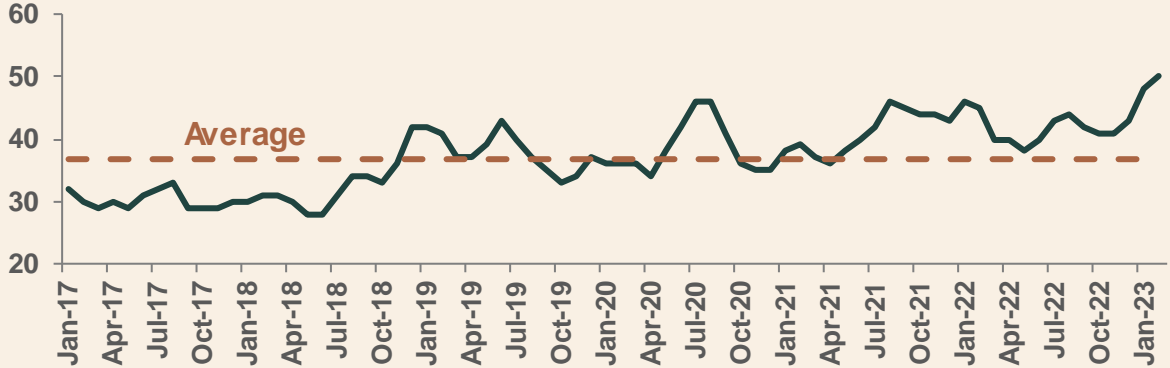
NBSK pulp price (USD/t) vs deliveries (Mt)



Hardwood pulp inventories (days of supply)



Softwood pulp inventories (days of supply)



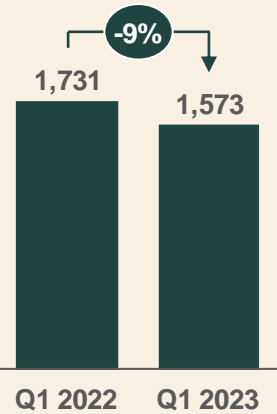
- Weaker demand and declining prices in all markets
- Chinese market hesitant
- Weakening supply from competitors in Canada
- Higher inventories

Source: PIX, PPPC.

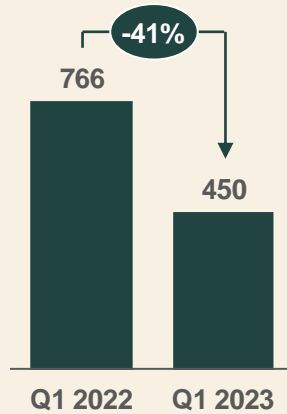


# Containerboard Q1 2023 vs. Q1 2022

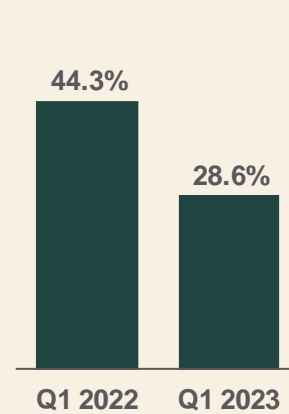
Net sales (SEKm)



EBITDA (SEKm)



EBITDA margin



Ongoing ramp-up of new paper machine in Obbola

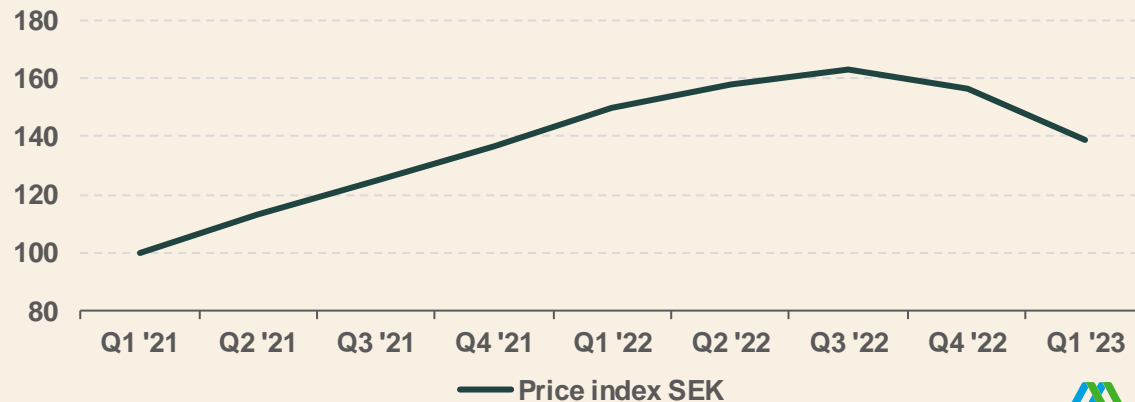
Sales down 9%

- Lower prices

EBITDA down 41%

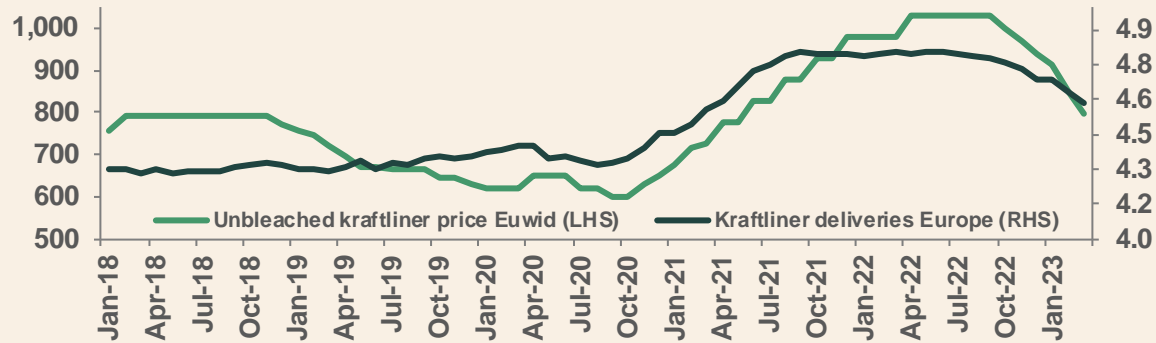
- Lower prices
- Higher costs due to start-up

Price development – Kraftliner

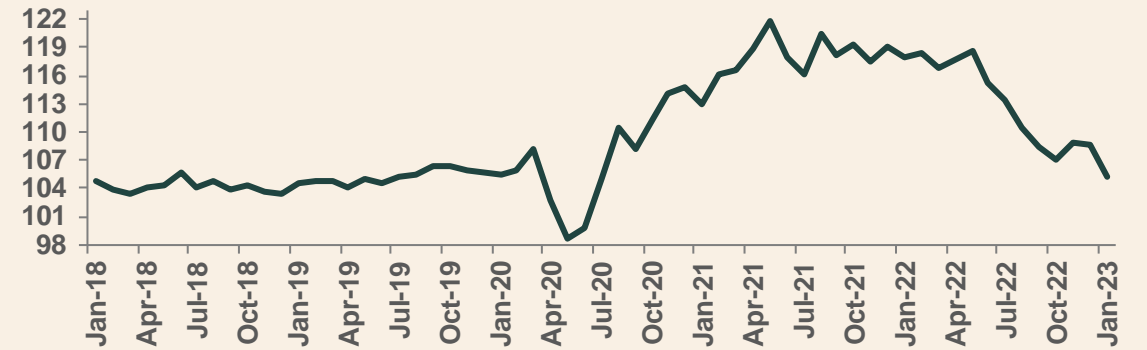


# Containerboard market development

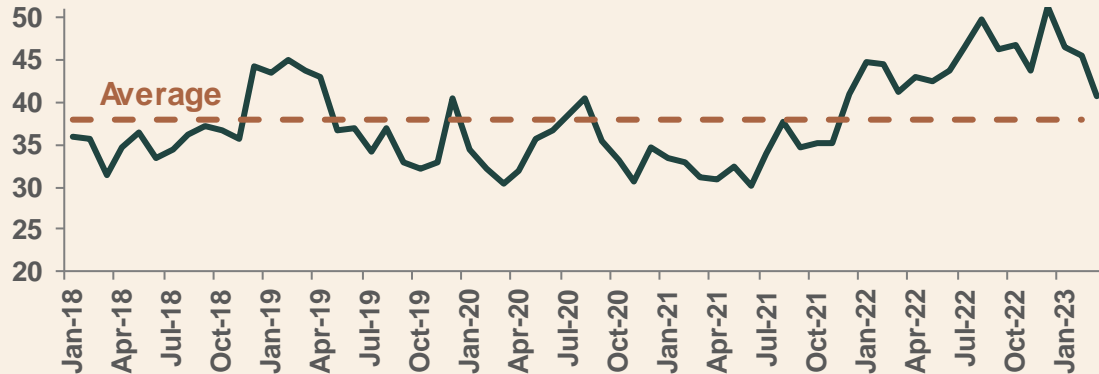
Price (EUR/t) vs Kraftliner deliveries (Mt)



European Box demand (index)



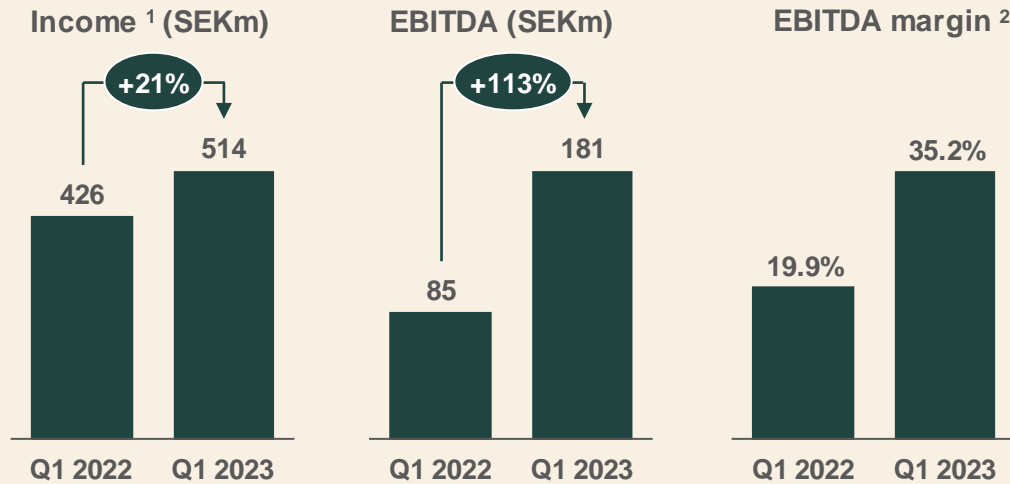
Kraftliner inventories (days of supply)



- Box demand decline mainly due to weakening retail demand.
- Containerboard prices declined in Q1
- Inventories of Kraftliner slowly decreasing due to production curtailments but still on a historical high level
- Short term decline but still a long-term growth of Containerboard deliveries

Figures excluding Russia.  
Source: Euwid, Numera, Cepi.

# Renewable energy Q1 2023 vs. Q1 2022



## Strong growth and higher prices

**Income up 21%**

+ Higher prices

**EBITDA up 113%**

+ Higher prices

+ Contribution of wind farm in Markbygden

1. Income comprises net sales and other operating income.  
2. EBITDA as share of income.

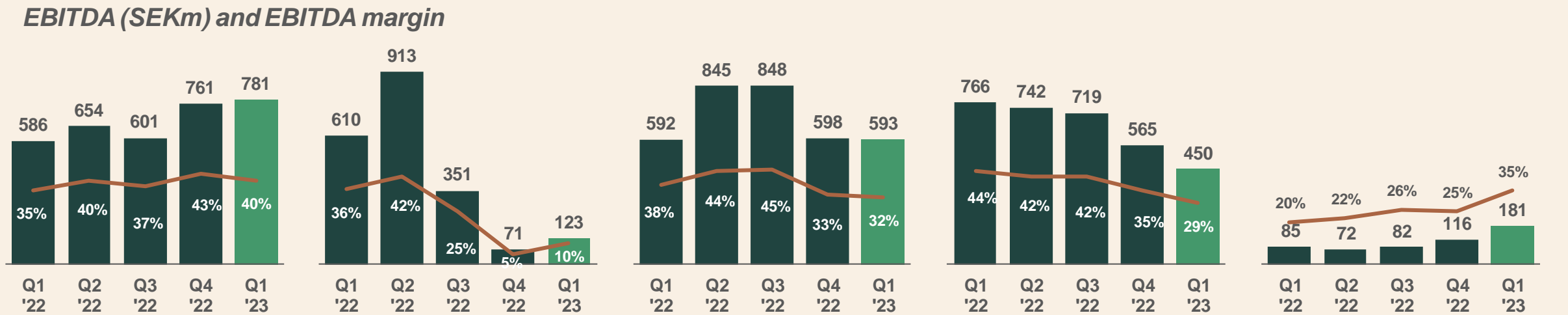
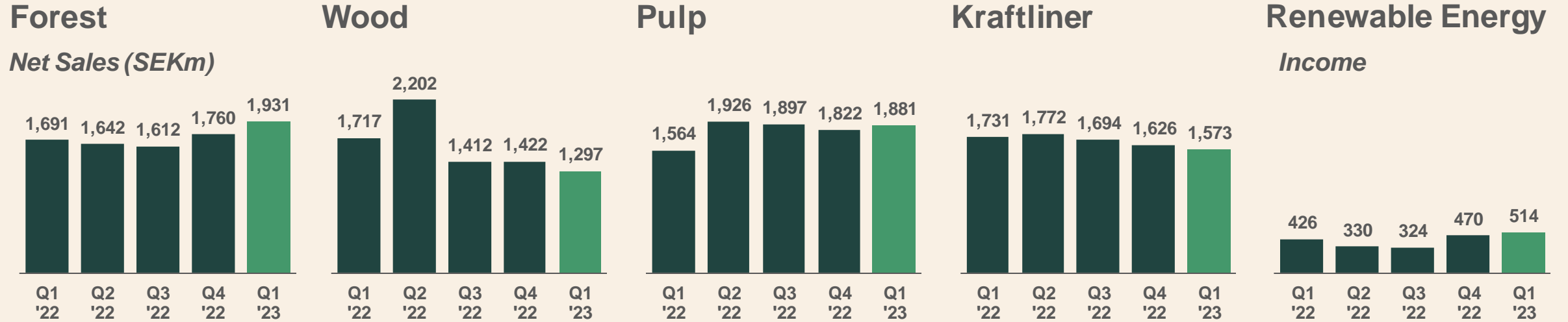
A person with a bun, wearing a dark jacket, is sitting on a log by a campfire. The fire is made of stacked logs and is burning brightly, with flames and white smoke rising. The background shows a blurred forest and a body of water under a bright sky.

# Andreas Ewertz, CFO

# Income statement

| SEKm                         | Quarter      |              |             |
|------------------------------|--------------|--------------|-------------|
|                              | Q1 2023      | Q1 2022      | Change      |
| Net sales                    | 4,813        | 5,015        | -4%         |
| <b>EBITDA</b>                | <b>2,055</b> | <b>2,608</b> | <b>-21%</b> |
| <i>EBITDA margin</i>         | 42.7%        | 52.0%        | -9.3 p.p.   |
| Depreciation and impairment  | -459         | -385         | 19%         |
| <b>EBIT</b>                  | <b>1,596</b> | <b>2,223</b> | <b>-28%</b> |
| <i>EBIT margin</i>           | 33.2%        | 44.3%        | -11.1 p.p.  |
| Financial items              | -59          | -15          |             |
| <b>Profit before tax</b>     | <b>1,537</b> | <b>2,208</b> | <b>-30%</b> |
| Tax                          | -324         | -448         |             |
| <b>Profit for the period</b> | <b>1,213</b> | <b>1,760</b> | <b>-31%</b> |
| Earnings per share, SEK      | 1.74         | 2.45         |             |

# Development per segment and quarter



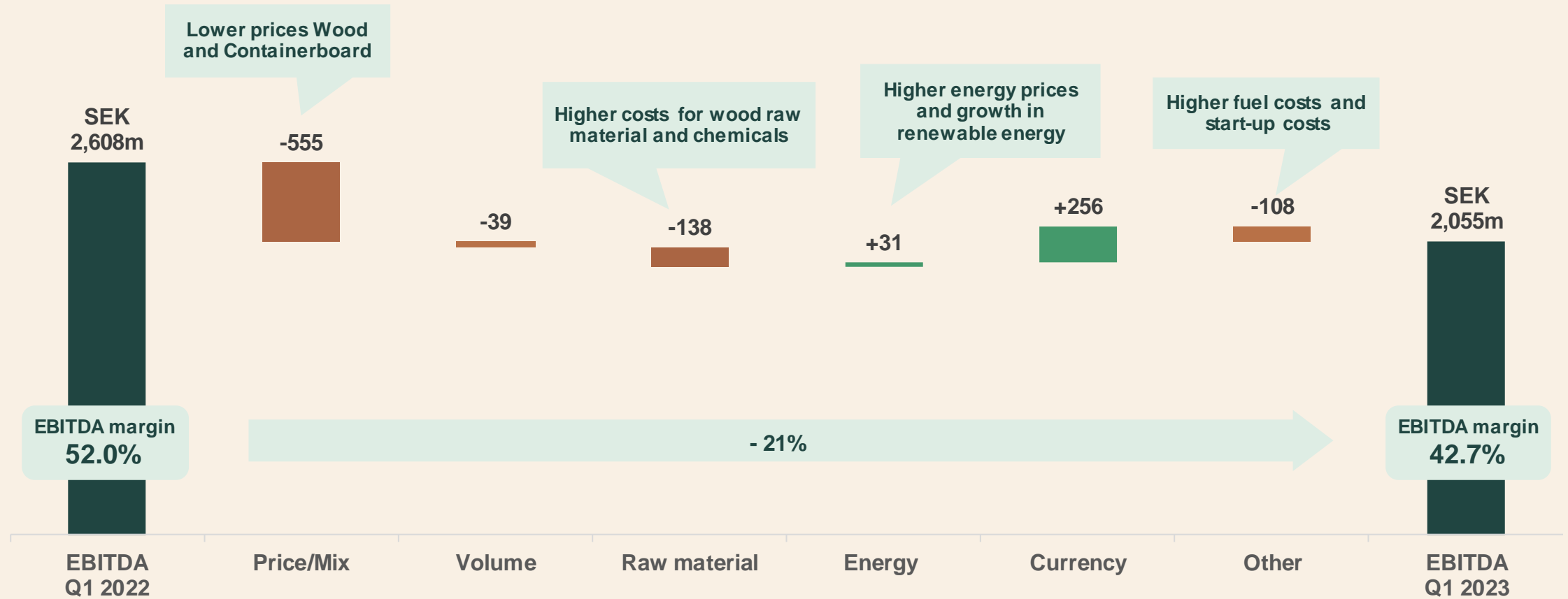
Note: Renewable energy is new segment from January 1, 2023. Year 2022 is recalculated. EBITDA margin for Renewable Energy calculated as share of income.

# Net sales Q1 2023 vs. Q1 2022





# EBITDA Q1 2023 vs. Q1 2022



# Cash flow

| SEKm   | Quarter      |              |
|--|--------------|--------------|
|  | Q1 2023      | Q1 2022      |
| EBITDA   | 2,055        | 2,608        |
| Revaluation of biological assets and other non cash flow items | -458         | -491         |
| <b>Operating cash surplus</b>                                  | <b>1,597</b> | <b>2,117</b> |
| Change in working capital                                      | -150         | -624         |
| Current capital expenditures                                   | -279         | -248         |
| Other operating cash flow                                      | 35           | -102         |
| <b>Operating cash flow</b>                                     | <b>1,203</b> | <b>1,143</b> |
| Strategic capital expenditures                                 | -535         | -597         |

# Balance sheet

| SEKm                                   | Mar 31, 2023   | Dec 31, 2022   |
|--|----------------|----------------|
| Forest assets                          | 98,579         | 97,882         |
| Working capital                        | 4,288          | 4,138          |
| Deferred tax relating to forest assets | -19,561        | -19,468        |
| Other capital employed                 | 23,906         | 23,795         |
| <b>Total capital employed</b>          | <b>107,212</b> | <b>106,347</b> |
| <b>Net debt</b>                        | <b>11,187</b>  | <b>9,989</b>   |
| <i>Net debt/EBITDA</i>                 | 1.2x           | 1.0x           |
| <b>Equity</b>                          | <b>96,025</b>  | <b>96,358</b>  |
| <i>Net debt/Equity</i>                 | 12%            | 10%            |

# Summary

## Ulf Larsson, CEO

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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.