



SCA
Care of Life



Annual Report 2013

SCA PARTICIPATES WITH AN ALL-FEMALE TEAM IN THE VOLVO OCEAN RACE 2014-2015

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Key figures

Key figures	2013		2012 ⁴⁾		2011	
	SEK	EUR ²⁾	SEK	EUR ²⁾	SEK	EUR ²⁾
Net sales, SEKm/EURm	89,019	10,295	85,408	9,815	81,337	9,013
Operating profit, SEKm/EURm	8,683	1,004	6,012	691	2,299	255
Operating profit, SEKm/EURm ¹⁾	9,934	1,149	8,646	994	7,738	858
Operating margin, %	10		7		3	
Operating margin, % ¹⁾	11		10		10	
Profit before tax, SEKm/EURm	7,683	888	4,748	546	974	108
Profit before tax, SEKm/EURm ¹⁾	8,934	1,033	7,382	849	6,413	711
Profit for the year, SEKm/EURm	5,564	643	5,000	575	607	68
Profit for the year, SEKm/EURm ¹⁾	6,392	739	7,257	834	5,678	629
Earnings per share, SEK	7:90		7:06		0:78	
Earnings per share, SEK ¹⁾	9:08		10:27		8:00	
Cash flow from current operations per share, SEK	8:53		10:35		7:55	
Dividend per share, SEK	4:75 ³⁾		4:50		4:20	
Strategic capital expenditures, incl. acquisitions, SEKm/EURm	-7,334	-848	-16,735	-1,923	-2,620	-290
Divestments, SEKm/EURm	1,716	199	17,682	2,032	-15	-2
Equity, SEKm/EURm	66,304	7,422	60,164	6,989	61,291	6,857
Return on capital employed, %	9		7		4	
Return on capital employed, % ¹⁾	11		10		9	
Return on equity, %	9		8		1	
Return on equity, % ¹⁾	10		12		9	
Debt/equity ratio	0.51		0.55		0.60	
Debt/equity ratio, excluding pension liabilities	0.48		0.48		0.52	
Average number of employees	34,004		33,775		43,697 ⁵⁾	
Number of employees on December 31	33,535		35,701		43,314 ⁵⁾	

¹⁾ Excluding items affecting comparability.

²⁾ See footnote 1) on pages 68 and 71 for exchange rates.

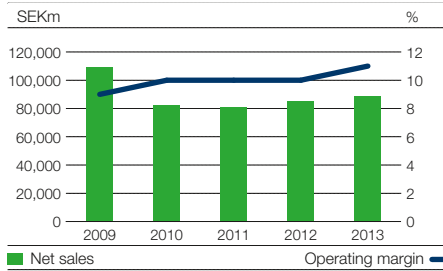
³⁾ Proposed dividend.

⁴⁾ In conjunction with the creation of a joint venture in Australia and New Zealand, the operations were deconsolidated from 2012.

⁵⁾ Of which packaging operations that were divested in June 2012: Average number of employees 12,015 and Number of employees on December 31 11,733.

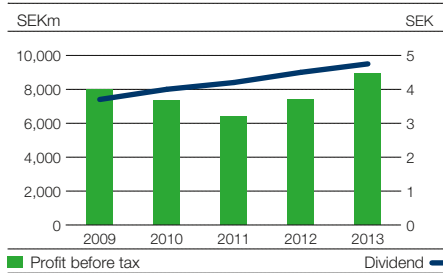
GROUP

Net sales and operating margin



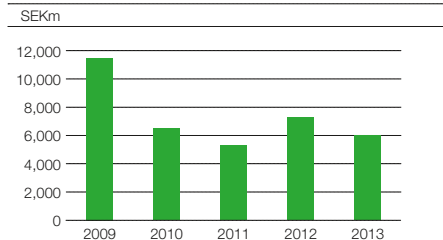
Excluding items affecting comparability.
Reclassified for 2010 and 2011 due to the divestment of the European packaging operations on June 30, 2012.

Profit before tax and dividend per share



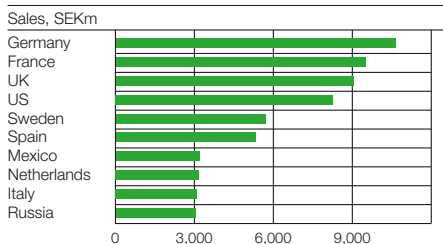
Profit excluding items affecting comparability.
Reclassified for 2010 and 2011 due to the divestment of the European packaging operations on June 30, 2012.
Dividend for 2013 relates to the proposed dividend.

Operating cash flow

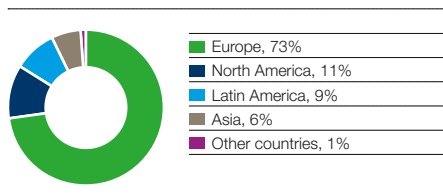


Reclassified for 2010 and 2011 due to the divestment of the European packaging operations on June 30, 2012.

Group's largest markets



SCA's sales per region



SCA is a leading global hygiene company that develops and manufactures personal care, tissue and



Personal Care

The business area comprises three product segments: incontinence products, baby diapers and feminine care.

Page 30



▶ 34,000 employees ▶ Sales of SEK 89bn ▶

▶ Many strong brands



Hygiene and forest products and produces sustainable forest products.



Tissue

The business area comprises two product segments: consumer tissue and Away-from-Home (AfH) tissue.

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Forest Products

The business area comprises five product segments: publication papers, kraftliner (packaging papers), pulp, solid-wood products and renewable energy.

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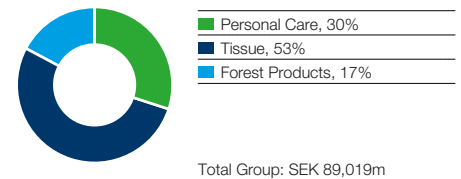


SCA has sales in about **100** countries

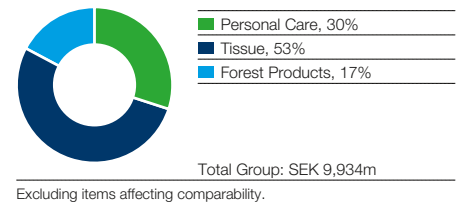


BUSINESS AREAS

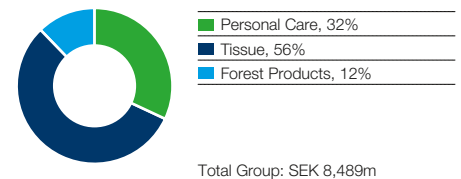
Net sales (share of Group)



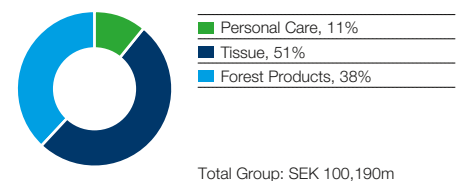
Operating profit (share of Group)



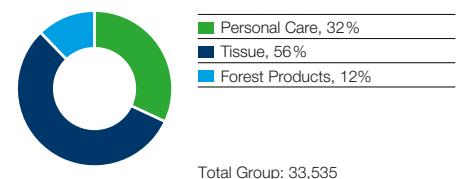
Operating cash flow (share of Group)



Capital employed (share of Group)



Number of employees on December 31 (share of Group)





2013 at a glance

- Majority shareholder in the Chinese tissue company Vinda with 51.4% ownership.
- Established operations in India. Launch of Libero and Tempo.
- Efficiency programs delivered according to plan.
- Inaugurated first wind farm as part of jointly owned company with Statkraft.
- Divested the publication paper mill in Laakirchen, Austria.
- Net sales amounted to SEK 89,019m (85,408).
- Operating profit¹⁾ amounted to SEK 9,934m (8,646).
- Profit before tax¹⁾ totaled SEK 8,934m (7,382).
- Earnings per share amounted to SEK 7.90 (7.06).
- Cash flow from current operations amounted to SEK 5,989m (7,271).
- Proposed dividend of SEK 4.75 (4.50) per share.

¹⁾ Excluding items affecting comparability.

2013 – a strong year for SCA

In 2013, we strengthened our position as a leading global hygiene and forest products company and displayed a strong performance in terms of our strategic priorities: growth, innovation and efficiency. We became the majority shareholder in the Chinese tissue company Vinda during the year. Our extensive efficiency programs delivered according to plan and we can reflect back on a year of favorable sales growth and improved profitability.



Importance of growth

The world's population is growing and aging. Combined with a higher standard of living, this is resulting in increased demand for hygiene products, which is creating favorable growth opportunities for SCA. SCA plans to continue on its current path of profitable growth in both mature and emerging markets, primarily through organic growth but also through acquisitions. Our long-term goal is to hold a leading position in each of our product segments in all markets in which we operate. Our sales growth in 2013 was good and, excluding exchange rate effects and divestments, amounted to 10%, of which organic growth accounted for 3%.

Mature markets offer the most significant growth opportunities in incontinence products as a result of their aging population and limited use of these products. I believe that we also have the potential to expand our product range by adding new products. Our new wash gloves and urinary tract infection tests (see page 32) are excellent and innovative examples of this.

We expect that most of our future growth will occur in emerging markets. During 2013, we made an offer for Vinda, China's third largest tissue company, in which we already held a minority share. We achieved a majority shareholding in the company, making China SCA's most important emerging market. Our aim is to develop a collaboration with Vinda and utilize its extensive and strong distribution network.

During the year, we established operations in India, a market with a growing middle class where the consumption of hygiene products is currently low, which offers considerable future potential. We launched our Libero baby diapers and Tempo consumer tissue. We are investing in a production plant for hygiene products in Southwest India, where production is expected to commence in 2015.

Delivering savings according to plan

To strengthen our competitiveness, we must continuously improve and enhance the effi-

ciency of our operations. In recent years, we have worked intensively to systemize our improvement efforts by developing work methods and sharing best practice throughout the organization.

The three extensive efficiency programs under way in our hygiene and forest products operations delivered according to plan, enabling us to report savings of approximately SEK 2bn for the year.

Innovation and sustainability drive business

Innovative capacity based on customer and consumer insight is essential in the drive to create growth, competitiveness and profitability. Innovation is the key to creating customer and consumer value, which in turn strengthens customer loyalty and satisfaction. We are working to make the innovation process faster and launched a range of new innovations in 2013. One example is TENA Identifi, a system that makes it possible to analyze and customize incontinence solutions for nursing homes at an individual level (see page 32). Innovation and sustainability are tightly inter-linked insofar as they function as each other's drivers. Sustainability is an integral part of our business model. Combined with our leading-edge expertise in sustainability and innovation, our financial strength leads many customers to choose us as a partner.

Open innovation – meaning cooperation with external parties – constitutes an important part of our innovation efforts and is a resource-efficient way of delivering increased customer and consumer value.

SCA is conducting numerous projects around the world designed, for example, to reduce water and energy consumption. New, resource-efficient solutions are resulting in a smaller environmental impact and lower costs. One example is the replacement of the oil-fired lime kiln in Munksund with a new kiln that uses biofuel, which enabled us to reduce our annual fossil carbon emissions by 75% and cut costs by SEK 50m.

We continuously receive confirmation that we are leading the way in the area. For the sixth consecutive year, we were named one of the world's most ethical companies by the US Ethisphere Institute, as well as being included in the Dow Jones Sustainability Index and the Climate Disclosure Leadership Index.

Health and hygiene important for the individual

We improve hygiene standards worldwide with our hygiene solutions. We also aim to share our knowledge and teach people about the importance of good hygiene. Some examples of such activities include educating young women about menstruation and puberty and teaching children about the importance of hand hygiene. In conjunction with the 2013 launch of our Libero baby diapers in India, we introduced a training initiative for doctors and midwives at some 30 hospitals and 500 baby health clinics.

Right culture breeds success

Compared with only a few years ago, companies now encounter different expectations and requirements in such areas as business ethics, respect for human rights and supplier controls. This is why we decided to update our Code of Conduct during 2013, and we will use 2014 to train all of our employees in the updated Code.

The Code of Conduct is one of the cornerstones of our corporate culture, and having the right culture is entirely decisive for how successful we are in delivering on these expectations. Without a value-based, agile and result-oriented corporate culture, it doesn't matter how much we restructure or how many cost-cutting programs or new innovations we introduce. Our success depends on whether or not we have the right culture. This is why we continuously address leadership issues and provide development opportunities for our managers and employees. Our success in this area is measured in our biennial Group-wide employee survey. The survey for 2013 showed that we have a strong corporate culture and loyal employees.

Despite the sweeping changes and major reorganization that have taken place within the company, our results surpassed the already high level achieved in the last survey.

The forest is a unique resource

SCA is Europe's largest private forest owner. The forest is a unique resource that offers us access to high-quality forest raw materials, which we then process into solid-wood products, pulp, publication papers and kraftliner in our production process. In terms of pulp, we are approximately 30% self-sufficient. Forests also make a positive contribution to our environmental initiatives, since they enable energy production from wind power and biofuels while at the same time storing and binding carbon dioxide. During the year, we inaugurated the first wind farm in the collaboration between SCA and the energy company Statkraft.

From a community perspective, forests also contribute to biodiversity while at the same time providing a source for nature experiences and recreation. Responsible forest management and replanting of trees may be one of the solutions to climate change. Our forests display a net growth rate and our growing forests absorb 2.6 million tons of carbon dioxide annually, which exceeds the emissions from SCA's use of fossil fuels in production.

SCA brand strengthens business

SCA has many strong global and regional brands that help us communicate who we are and what we stand for. In addition to TENA for incontinence products and Tork for AfH tissue – our two leading global brands – we also have approximately 80 local and regional brands. We have been working for some time now to promote the SCA brand and create a clearer link to our customer and consumer brands and the company behind these products. In 2013, we intensified our brand focus and updated our logotype to better reflect SCA of today and tomorrow.



Our participation in the Volvo Ocean Race 2014–2015 with an all-female crew – Team SCA – forms part of our work to increase awareness of the SCA brand and our customer and consumer brands. The Volvo Ocean Race is a unique marketing platform. Our participation and our crew have already garnered attention and excitement throughout the world.

Our success will depend on how well we manage future opportunities and challenges. I look forward, with great confidence, to SCA's business journey and our future ocean race.

Jan Johansson, President and CEO

A changing world

Global macro trends, from population increases and higher standards of living to resource shortages and climate change, rapidly alter the conditions for SCA's business operations. By analyzing the external environment and trends, and maintaining close customer and consumer dialogs, SCA can leverage these drivers, thus enabling the creation of long-term sustainable growth.



■ GROWING AND AGING POPULATION

The world's population is growing and aging. The current global population is seven billion and the UN predicts that this figure will grow to nine billion by 2050. The average life expectancy is increasing and the world's elderly population is expected to grow more than any other section of the population. This growing population is resulting in an increased demand for hygiene products and thus creating favorable growth opportunities for SCA. The greatest population increase is expected to occur in Asia, Latin America and Africa, which means that having a presence in these markets and offering adapted products will be strategically important. An aging population will put more pressure on the elderly care system and an increasing number of elderly people will require home care. We are also becoming healthier and continuing to lead active lives at an older age. These factors are contributing to increased demand for customer and consumer-adapted incontinence solutions in both mature and emerging markets.



■ HEALTH AND HYGIENE

Poor or no access to hygiene and sanitation is one of the greatest global challenges to be resolved. Good hygiene and knowledge about hygiene and hygiene products improve people's health and quality of life. SCA continuously develops new hygiene solutions and educates young women about menstruation and puberty, as well as teaching children about the importance of good hand hygiene. For many women in developing countries, access to sanitary pads could mean the difference between going to school and work or being forced to stay home, while incontinence products enable elderly people to live a more active life.



■ HIGHER STANDARD OF LIVING

At the same time as the world's population is growing, the level of poverty in the world is decreasing. An increasing number of people now earn more than USD 2 per day (the UN's definition of poverty) or have moved into the middle class. Once people's most basic needs for food and shelter are met, health and hygiene become top priorities. This creates favorable growth opportunities, and SCA is working to develop business models for consumers with limited resources.

■ A CHANGING WORLD

Globalization, urbanization, shifts in the balance of power, political decisions, the global economy, legislation and cultural dynamics all impact the world in which SCA operates. By trying to anticipate and assess structural changes in our external environment, we prepare for the future and ensure that we will be able to capitalize on the benefits and tackle the challenges that arise as a result of these changes.

Political decisions impact SCA. For example, decisions regarding healthcare and reimbursement systems affect the conditions for SCA's sales of incontinence products. SCA works to educate and provide information about reimbursement systems in the countries in which its incontinence products are sold.

Economic power relationships are changing, and emerging markets such as China, India and Brazil are gaining an increasingly important influence.



■ CHANGING CUSTOMER/ CONSUMER BEHAVIOR

Trends, technological developments and prevailing values cause customer and consumer behavior to change over time. Accordingly, the ability to anticipate and exceed customer and consumer expectations is becoming increasingly important.

- **Sustainable consumption:** Limited resources, political prioritizations and knowledgeable, aware customers and consumers are boosting demand for sustainable products and services.
- **New technology:** Many purchases are now made online, which is changing the rules of the game, for example, when it comes to marketing and distribution.
- **The company behind the brand:** More than ever before, customers and consumers are paying attention to the companies behind the products and services they buy and imposing greater demands on these companies in terms of corporate responsibility.
- **Innovation:** Highly innovative products, services and business models are required to respond to these changing behaviors.



■ CLIMATE CHANGES

Climate change is one of the most critical environmental and social issues facing the world today. Authorities are setting targets to reduce CO₂ emissions, and the private sector is expected to play its part. SCA combats climate change by investing in new technology, efficiency enhancements, and biofuel and wind power initiatives. Our forests have an annual net growth of 1%. This means that our forests absorb 2.6 million net tons of CO₂ annually, which exceeds the 1.8 million tons of emissions generated through the total use of fossil fuels in SCA's production operations.

■ SCARCE RESOURCES

As a result of the growing global economy and world population, an increasing number of people are now sharing the planet's natural resources.

- **Energy:** Access to energy has become a strategic issue in many countries. The International Energy Agency (IEA) predicts that the need for energy will increase by 40% by 2035, which will probably entail higher costs and, in some cases, an energy shortage. As a major energy consumer, this is an important issue for SCA and we continuously work to enhance energy efficiency. New technology is not only resource-efficient, but usually also generates fewer emissions and less waste.
- **Water:** The UN predicts that two-thirds of the world's population may live in areas with water shortages by 2025. Access to water is critical for people, industry and agriculture. SCA's production operations are dependent on access to water and we are working to achieve our ambitious goals for efficient water usage.
- **Forest management:** Illegal felling and felling of forests with a high conservation value

contributes to global deforestation and constitutes a threat to biodiversity. SCA has a Group target for checking the origin of all wood raw materials. Forests are a key component in our value chain and provide us with access to forest raw materials.

- **Human capital:** The economic progress of the world's emerging markets and increasingly knowledge-extensive business in mature markets are resulting in an increased need for skilled labor and management. At SCA, we invest in the development and training of our employees and take a strategic approach to meeting our future requirements for competent leaders.



Insight through dialog

Systematic stakeholder dialogs provide SCA with an understanding of the needs of its stakeholders, their expectations of SCA and whether or not SCA lives up to these expectations. These dialogs serve as the basis for our innovations, decisions and priorities. Read more about SCA's stakeholder dialog in the Group's Sustainability Report.

CUSTOMER COMMENTS



“Mercadona and SCA have a relationship that goes far beyond the classic customer/supplier relationship. We are strategic partners, so we share common goals and work as a team to achieve them. This is a fundamental part of the Mercadona model, and our way of working. In order to be successful, we need to ensure that we are working with the best suppliers in each category and SCA has proven itself to be worthy for more than 30 years that we have been working together.

One of the main qualities of SCA is the ability to understand our needs locally and use its multinational structure to meet them. This allows for fast reactions to daily operational issues, while retaining a global approach to strategic issues where the expertise and best practices of other markets are required.

SCA's sustainability values are essential to the partnership with Mercadona. SCA is the only supplier of tissue, diapers and feminine care for our leading brands of Bosque Verde and Deliplus, so the reputation of these brands is in the hands of companies such as SCA. Consumers and society would never accept us taking risks in the area of sustainability, and we are proud to see how SCA consistently demonstrates that its commitment is genuine and based on facts.”

Jorge Gisbert, Purchasing Manager, Mercadona, Spain



“We have a long-standing relationship with SCA, which has been one of our suppliers since 2007. Long-term supplier relationships are important to us since they enable us to develop our business together with our suppliers. SCA is a supplier that offers a good mix of quality, delivery reliability and price.”

Magnus Agervald, President, Byggmax, Sweden



“We consider SCA to be an important business partner when it comes to providing effective and cost-efficient incontinence care. SCA's strength lies in its broad range of high-quality products and first-rate services, such as education and training. We appreciate that SCA is at the cutting edge of the development of innovative products and services.”

Andrea Segrini, Manager, Molina Nursing Home, Italy



Doing the right thing

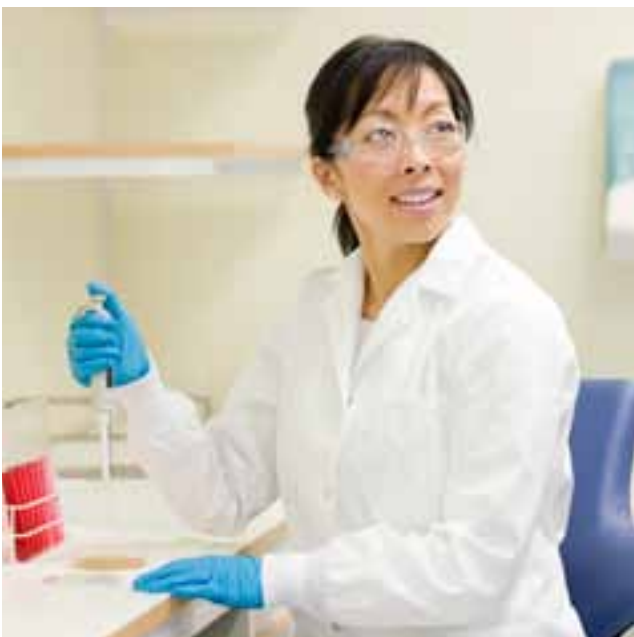
SCA uses a materiality analysis to determine the areas that are important to the Group's stakeholders, and this analysis serves as the basis for the company's future priorities. The analysis, which was most recently performed in 2013, is based on a survey of approximately 1,500 external and internal stakeholders. The results corresponded well with our prioritized areas.

Earlier materiality analyses were conducted by SCA in 2008, 2010 and 2012. The results of the 2013 materiality analysis show that the following areas are considered most important by stakeholders:

1. Innovation
2. Customer and consumer satisfaction
3. Business ethics
4. Product safety
5. Health and safety

Other key areas are brands, resource efficiency, forest assets, market positions and human rights. A total of about 1,500 customers, consumers, suppliers, investors, analysts, journalists, NGO representatives and SCA employees participated in the analysis. In the results of the survey, each stakeholder group was assigned the same weight, regardless of the number of votes in the group. Innovation was ranked highest in an overall assessment of all of the stakeholders' results. Investors and analysts listed brands as the most important issue, while customers and consumers ranked customer and consumer satisfaction as most important. Both interest groups listed innovation as the second most important issue. SCA employees ranked customer and consumer satisfaction as the most important area, followed by innovation and business ethics.

1 Innovation was ranked as the overall most important area by the Group's stakeholders. Innovation is one of SCA's three strategic priorities. Developing and differentiating products and services increases customer and consumer satisfaction, while at the same time strengthening the company's market position and brands.



2 Customer and consumer satisfaction received the second highest ranking by the stakeholders. Through its comprehensive customer and consumer insight, SCA works to meet consumers' needs and exceed their expectations. SCA conducts regular customer surveys and uses the opinions, ideas and any complaints from customers and consumers as a basis for improving its products and services.



3 Business ethics are also considered highly important by the stakeholders. For SCA, this means competing fairly with zero tolerance for all forms of corrupt and unethical business practices. SCA expects its suppliers to adhere to the same rules as SCA, in accordance with our Supplier Standard.



4 Product safety was ranked number four by the company's stakeholders. Product safety is a high priority for SCA, particularly since many of the company's products come into contact with people's skin.

5 Health and safety was ranked number five in the survey. Health and safety is a top priority for SCA and the all employee survey conducted in 2013 confirmed that employee awareness in the area has improved significantly. In 2013, the accident frequency rate fell 13%.



SCA's strategy

SCA is a leading global hygiene and forest products company. SCA's strategy is based on a sustainable business model where value creation for people and nature is put on a par with growth and profitability to ensure a successful company in both the short and long term.

MISSION



"To sustainably develop, produce, market and sell increasingly value-added products and services within hygiene and forest products markets for customers and consumers.

Satisfying needs through understanding of customers and consumers, knowledge of local and regional market conditions and superior go-to-market approaches, combined with global experience, strong brands, efficient production and innovation."



TARGETS

SCA's overall long-term objective is to generate increased value for shareholders.

Return on capital employed

The Group's overall profitability target is to achieve a return on capital employed of 13% over a business cycle. The target is 30% for Personal Care, 15% for Tissue and to be in the top quartile of the industry for Forest Products.

Growth

SCA's annual organic growth target for Personal Care is 5–7%, while the target for Tissue is 3–4%. For Forest Products, the target is to grow in line with the market.

Capital structure

A debt/equity target of 0.70 over a business cycle and a debt payment capacity of more than 35%.

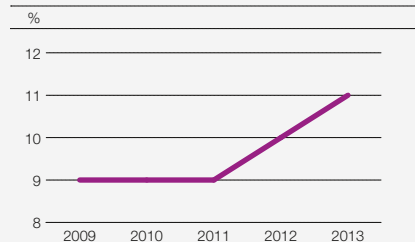
People targets

SCA's people targets pertain to health and safety, the Group's Code of Conduct, including human rights, sustainable innovations and hygiene solutions. For more information about targets and target fulfilment, refer to page 10.

Nature targets

SCA's nature targets focus on climate, energy, water consumption, fiber sourcing and biodiversity. For more information about targets and target fulfilment, refer to page 11.

Return on capital employed



Excluding items affecting comparability. Reclassified for 2010 and 2011 due to the divestment of the European packaging operations on June 30, 2012.

STRATEGIC PRIORITIES

SCA focuses on three strategic priorities in order to achieve its targets: growth, innovation and efficiency.



Growth

Increasing the hygiene business's share of the SCA Group has been a strategic step toward reducing the company's sensitivity to economic fluctuations and thereby ensuring a more long-term stable level of profitability and growth. While growth will mainly be organic, acquisitions will also be pursued. SCA aims to grow and strengthen its positions in both mature and emerging markets by, for example, broadening its offering of product categories, product ranges and services, as well as growing in new segments and channels. SCA's long-term goal is to be the leading company and strengthen its brand position in the markets that it serves.

Outcome 2013

In 2013, SCA grew both organically and through acquisitions. SCA's sales growth in 2013, excluding exchange rate effects and divestments, amounted to 10%. Acquisitions increased sales by 7%. Excluding exchange rate effects, SCA's sales increase in emerging markets amounted to 11%. Emerging markets accounted for 23% of SCA's sales in 2013. The hygiene business's share of Group sales increased to 83%.

In 2013, SCA became the majority shareholder in Vinda, with ownership of 51.4%. SCA will consolidate Vinda as of the first quarter of 2014. Vinda is the third largest tissue company in China, which is the world's second largest tissue market.

During 2013, SCA established operations in India and decided to invest SEK 150m in the local production of hygiene products. The plan is to commence production at the Group's own plant in 2015. India's large population and limited use of hygiene products has created potential for future growth. In 2013, SCA launched its Libero baby diapers and Tempo consumer tissue in India.

Russia is one of SCA's most important emerging markets and SCA is investing in an increased tissue capacity in the country.



Innovation

Innovation is a driver for growth and profitability. A higher pace of innovation, based on SCA's comprehensive customer and consumer insight, improves the Group's competitiveness and strengthens and differentiates its customer offering. Through new and improved customer offerings, SCA strengthens its brands and creates additional customer and consumer value. Sustainability aspects and product safety are important for customers and consumers and thus also in the development of new products and services. SCA's strategy is to increase the pace of innovation, capitalize on global economies of scale and ensure that all segments have a competitive and balanced portfolio of innovations. Particular focus is given to exploring the possibilities of broadening the product portfolio, as well as expanding the range of services.

Outcome 2013

SCA launched some 30 innovations during 2013.

One such innovation was TENA U-test. The test can be inserted into patients' incontinence products to simply check whether they have a urinary tract infection. SCA also launched TENA Identifi, a new technology that simplifies the work carried out by caregivers and improves the quality of life of those suffering from incontinence. Integrated electronic sensors in the incontinence product register information that can be used to provide the correct treatment and protection.

In response to the demand for intelligent hygiene solutions, which is being driven by an increased awareness about hygiene and the threat of pandemics, SCA launched Tork Intuition Sensor, a touch-free sensor-controlled foam soap dispenser. During 2013, SCA also introduced a portable Tork dispenser for wiping paper that can be used in restaurant kitchens, as well as Tempo Cotton Touch, a new handkerchief containing cotton to provide a stronger and softer product.



Efficiency

Enhanced capital efficiency, lower costs and strengthened cash flow are achieved through efficiency enhancement and savings measures, as well as the optimization of capital employed in all parts of the Group. Establishing more efficient production and processes strengthens the Group's competitiveness and enables SCA to improve its customer service and customer satisfaction. In most cases, this also results in positive environmental effects. Global functions in the hygiene operations relating to such areas as innovation and brand activities, as well as production, sourcing and logistics, generate cost synergies and enable efficient resource allocation. For the sake of efficiency, SCA chooses to work with partners in certain areas of the world.

Outcome 2013

SCA is conducting three efficiency programs, which were launched in 2012.

The cost and efficiency program under way in the hygiene operations progressed according to plan and will generate annual cost savings of EUR 300m with full effect in 2015. The bulk of the savings relates to production and sourcing. In 2013, SCA achieved cost savings of SEK 1,050m.

In conjunction with the acquisition of Georgia-Pacific's European tissue operations, synergies were identified that will lead to annual cost savings of EUR 125m with full effect in 2016. The Group's efforts to realize cost synergies progressed as planned in 2013. The savings achieved pertained to production, sourcing, logistics, sales and administration. Cost savings of SEK 385m were achieved in 2013.

Forest Products' efficiency program progressed as planned and will result in an annual earnings improvement of approximately SEK 1.3bn with full effect in 2015. The program includes a structured plan to reduce fixed and variable costs, achieve improved income through increased production and efficiency enhancement, and implement a changed product and market mix. In 2013, the program generated an earnings improvement of SEK 550m.

Targets for people and nature

PEOPLE TARGETS

Sustainable innovations



TARGET

We will deliver better, safe and environmentally sound solutions to our customers. We strive to continuously improve resource efficiency and environmental performance considering the whole life cycle for new innovations.

OUTCOME 2013

Several sustainable innovations were launched, such as TENA Identifi, TENA U-test, Tork Intuition Sensor and a portable Tork dispenser.

Hygiene solutions



TARGET

We will make our knowledge about hygiene available to customers and consumers and ensure access to affordable, sustainable hygiene solutions to help them lead a healthy and dignified life. In markets in which we operate we will:

- Provide information on hygiene matters around our products and services.
- Strive to implement education programs for girls, women and caregivers.
- Strive to offer the best value for consumers making hygiene solutions affordable to everyone.

OUTCOME 2013

SCA holds the number one or two position in at least one hygiene product segment in about 90 countries.

Hygiene training programs were conducted in all product segments on all continents.

We offered a broad portfolio of products ranging from the premium segment to the economy segment.

Code of Conduct



TARGET

Our SCA Supplier Standard will be used to drive shared values and priorities through our supply chain. We will use it in all our supply chain contracts by 2015.

We will maintain compliance with our SCA Code of Conduct. All employees will receive regular training in the Code.

OUTCOME 2013

A total of 75% (73) of SCA's global hygiene supplier base and 60% (40) of our forest product's supplier base had undertaken to adhere to the SCA Supplier Standard.

91% (87) of employees have received Code of Conduct training.

Employee Health & Safety



TARGET

Our aim is zero workplace accidents, and we will decrease our accident frequency rate by 25% between 2011 and 2016.

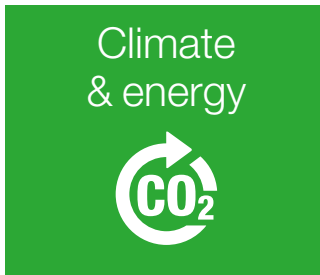
OHSAS 18001 will be implemented at all main sites by 2016.

OUTCOME 2013

The accident frequency rate was 8.4 (9.7) per 1,000,000 working hours, representing a 9% decline compared with the reference year of 2011.

By the end of 2013, 45% (30) of SCA's 67 main sites were certified according to OHSAS 18001.

NATURE TARGETS



TARGET

We will reduce CO₂ emissions from fossil fuels and from purchased electricity and heating by 20% by 2020, with 2005 as reference year.

We will triple our production of biofuels from our forests by 2020, with 2010 as reference year.

The production of wind power on SCA forest land will increase to 5 TWh by 2020.

OUTCOME 2013

At year-end 2013, CO₂ emissions in relation to the production level had declined by 11.8%, with 2005 as reference year.

In 2013, energy production from SCA's forest-based biofuels was 909 GWh (870 GWh in the reference year 2010).

Wind energy from SCA forest land totaled 0.75 TWh (0.4).

TARGET

We will achieve and maintain our target of zero fresh fiber-based material from controversial sources*, including pulp.

We will preserve the biodiversity of our forests. A minimum of 5% of our productive forest land will be set aside from forestry in our ecological landscape plans and a further 5% will be set aside as part of our consideration for nature in our managed forests.

OUTCOME 2013

All deliveries of pulp to SCA's facilities met the Group target. All of SCA's wood-consuming units are reviewed by independent auditors and meet the requirements of the Group target.

7% of SCA's productive forest land was set aside in the long term from forestry in ecological landscape plans. In 2013, 15% of the area in planned harvesting sites was set aside for preservation.

TARGET

We aim to achieve water sustainability and we will reduce our water usage in water-stressed regions by 10% by 2015, with 2010 as reference year.

All SCA pulp and paper mills will employ mechanical and biological water treatment plants by 2015.

OUTCOME 2013

By year-end 2013, water usage in water-stressed regions in relation to the production level had declined by 10.4%, with 2010 as reference year.

Of the Group's 44 pulp and paper mills, mechanical and biological effluent treatment systems have been installed at 42 plants.

* Controversial sources are defined as:
 – Illegally logged timber.
 – Timber from forests with a high conservation value.
 – Timber from areas where human rights or traditional rights of indigenous people are being violated.

Innovation – a business driver

Innovation drives growth and profitability and comprises one of SCA's three strategic priorities. Development and differentiation of products and services boost customer and consumer value while strengthening the company's market positions and brands.

SCA's innovation process is deeply embedded in the Group's strategy and business model. Innovation activities are based on market trends, customer and consumer insight, new technology and business models, with sustainability and product safety integrated into the process. SCA's presence in both mature and emerging markets provides a good understanding of trends and customer and consumer needs. This is used to develop new business models, products and services adapted to the prevailing conditions in these markets.

For SCA, innovation work involves increasing customer and consumer value by developing new, attractive products and services, evolving and improving existing offerings, and expanding the range. Innovation programs also encompass

production and work processes, with the aim of achieving a more efficient and resource-efficient operation.

Sustainability plays a central role in SCA's innovation process. Sustainability-driven innovation may take the form of continuous optimizations, reducing resource utilization along the value chain, replacing fossil fuels with renewable alternatives or developing business models or offerings that enhance the quality of life of customers and consumers.

Innovation work is supported by SCA's innovation teams across the globe and a well-developed innovation culture. Open innovation – meaning cooperation with external parties – constitutes an important part of our innovation efforts and is a resource-efficient way of deliver-

ing increased customer and consumer value. SCA has an innovation portal for open innovation, the aim of which is to offer external parties the opportunity of working with SCA within certain areas. Using this method, SCA establishes contact with parties that have access to technology and products that can help the Group strengthen its innovation efforts and, ultimately, the offering to its customers and consumers.

During the year, SCA filed applications for 50 patents. Patenting activities are pursued in a central organization that maintains a global focus and ensure appropriate protection for SCA innovations.

SCA launched some 30 innovations during 2013.



A strong brand creates long-term value

SCA is working to establish a strong Group-wide brand and strengthen the link to our customer and consumer brands. A strong brand contributes to the perception of SCA as a solid, trustworthy company, which in turn creates customer and consumer loyalty, drives sales and provides a basis for a fair valuation.

The SCA brand communicates our identity and how we wish to be perceived: our values, our Code of Conduct, our comprehensive sustainability work and our innovative way of thinking and developing new solutions based on customer and consumer insight. The brand also conveys how our products and services enable us to make a difference for people, nature and society. The core of the SCA brand is encapsulated in our brand concept *Care of life*.

SCA has undergone major changes in recent years and, as a result, our hygiene operations now account for 83% of our sales and we are increasingly being compared with other fast-moving consumer goods companies. To reflect this journey of change, SCA's logotype was updated in early 2013. While the basic elements of the logotype are the same, the color and shape of the design have been changed and we now write out the words *Care of life* in order to clarify and strengthen the message.

Many consumers around the world use SCA products every day without making the connection between SCA's customer and consumer

brands and the SCA brand. Studies show that consumers now increasingly want to recognize and feel confident in the company behind the products they buy and know that the company is financially, environmentally and socially responsible. This is one of the reasons that we want to increase awareness of SCA and strengthen the connection between the company and its customer and consumer brands, thereby enabling us to capitalize on our shared strengths and values, and create a clear link to our customers and consumers.

Our objective is to strengthen awareness of SCA and reinforce the connection to the company's customer and consumer brands and this is also the reason for SCA's participation in the Volvo Ocean Race 2014–2015. We want more people to be aware of SCA's products and the approximately 80 brands in SCA's portfolio, including the global leaders TENA and Tork and strong regional brands such as Lotus, Libresse, Tempo, Libero, Saba and Nosotras.

The Volvo Ocean Race is a global project and a unique marketing platform offering an oppor-

tunity to introduce SCA's operations and brands to various target groups across the world, including employees, customers, consumers and investors, in order to increase awareness of SCA and strengthen the perception of the Group as a leading global hygiene and forest products company.

SCA Care of life

Because our products make life easier for you and for millions of people around the world. Because our resources and the way we work are natural parts of the global lifecycle. And because we care.



Sustainability creates profitable business

Sustainability is an integral part of SCA's business model and is of critical importance to our success and profitability. Sustainability work contributes to business value in a number of ways.

Competitive edge

Efficient sustainability work strengthens our customer relationships and offering since customers want to work with trusted suppliers with sound operational control. Economic value is also created through our ability to help customers fulfill their own sustainability objectives. The crucial importance of sustainability for business was confirmed in a survey carried out on 400 SCA employees with customer relations. Just over 40% of these employees stated that sustainability activities had played a decisive role in the outcome of contract negotiations.

Cutting costs

By promoting and investing in resource efficiency, we are able to reduce our environmental impact and costs. The goal of SCA's ESAVE energy-efficiency program, which was introduced in 2003, is to reduce the Group's energy consumption per ton by 14% by 2020, using 2010 as the reference year. A total of 147 projects were carried out in 2013, resulting in 1.7% reduction in energy used per ton. Since 2010, SCA's energy consumption has decreased by 3.1%.

Reducing risks

Sound operational control and counteracting corruption reduce the risks to which a company is exposed. All main SCA sites report their results in the ethical database Sedex and we encourage our suppliers to do the same. We review the conditions in our plants and investigate corruption risks. We apply a Global Supplier Standard and will use this standard in all supply chain contracts as of 2015.

Attracting investors and employees

Sustainability issues are becoming increasingly important to many investors and 15% of SCA's shareholders perform sustainability screening. Working in a sustainable company boosts employee pride. Ethics and values are key factors when it comes to recruiting top talent.

Strengthening the brand

High-quality sustainability work can strengthen a brand's identity and create long-term value. Sustainability is one of the cornerstones of the SCA brand and a crucial factor in many of SCA's customer and consumer brands.

SCA'S PEOPLE AND NATURE AMBITIONS

People ambitions

- We build our position as one of the most trusted companies in the world, delivering sustainable growth and value for our stakeholders.
- We improve hygiene standards worldwide with our hygiene solutions. For the millions of existing users of our products and services, and for the billions of people in emerging markets, we develop innovative solutions that make it easier to live healthy, sustainable lives.
- We support women's empowerment and their freedom to participate fully in society – socially, educationally and professionally – across the world by giving them access to and education about hygiene solutions.

Nature ambitions

- We deliver sustainable solutions with added value for our customers based on safe, resource-efficient and environmentally sound sourcing, production, and research and development.
- We combat climate change and minimize our impact on the environment through a combination of new innovations and technologies, efficiency gains, consumer initiatives and carbon sequestering in our forests.
- We care for the forests with all of their biodiversity and we are committed to managing and utilizing them responsibly. We aim to maximize the benefits our forest have on our ecosystem, climate, customers and society, through a combination of innovation, efficiency gains and wise and long-term management.



About the Sustainability Report

SCA publishes a Sustainability Report each year. The Global Reporting Initiative (GRI) guidelines, level A+, are applied in the report and a detailed GRI index table can be viewed at www.sca.com. The Sustainability Report was reviewed in its entirety by PwC.

SCA's Sustainability Report is available in English and Swedish in a printed version and at www.sca.com. The Sustainability Report is

also SCA's Communication on Progress, a document required of all Global Compact signatories.

The Sustainability Report and the Annual Report should be viewed as a single unit in which information may be provided in either report or, where appropriate, in both. Read more at www.sca.com or in SCA's 2013 Sustainability Report.

Leadership and culture

Our employees are SCA's most important asset. The Group depends on motivated, competent and high-performing employees who are willing to think outside the box and contribute to the company's success. Employee competence and performance are critical to SCA's ability to meet its goals.

Leadership

SCA needs leaders who inspire, challenge and motivate. SCA's leaders should energize, embolden and create the right conditions to allow all employees reach their full potential and help the company achieve its goals. The company's leaders provide tools that enable each employee to assume responsibility for his or her own development and performance. All professional development at SCA has its starting point in the Group's business goals, and harmonizes the individual's ambitions with the Group's expectations. Each individual is encouraged to develop the skills required for current and future positions.

During the year, work continued on SCA's formal leadership development, resulting in a structured model for the entire Group, adapted to its specific circumstances.

SCA's leadership platform, which defines the desired skills and behavior of its leaders, serves as the foundation for the company's leadership program. Training is carried out on the basis of specific needs rather than general requirements. SCA takes a cross-border approach to learning and therefore uses a mix of participants from different countries, functions and organizational levels. During 2013, 200 new leaders completed the first stage of the leadership program.

Culture

SCA's corporate culture is characterized by extensive employee commitment and a focus on action and results. Having the right corporate culture is essential to SCA's ability to effectively deliver on its strategy and strategic priorities. SCA's leaders assume ownership for their areas of responsibility and expect the same from their teams – every day. This requires a sense of trust between managers and employees, and among co-workers, with open communication and individual responsibility. To achieve a dynamic corporate culture in which teamwork drives innovation and employees motivate and complement one another, SCA endeavors to attract people with different experiences, personalities, perspectives and skills.

"Life Inspiring Careers"

In order to communicate its corporate culture and highlight the professional development

opportunities available within the Group, SCA established "Life Inspiring Careers" in 2013 – a platform for marketing SCA as an attractive employer. During the year, SCA initiated partnerships with selected universities and institutes of technology in such countries as the US, France, Spain, Germany, Russia and China as a means of establishing contact with potential future employees. The Group applies the same communication plan and conveys the same message in all countries, but adapts its initiatives according to the availability of individuals with the right skills and SCA's needs in different markets.

Result-focused employee dialog

In 2011, SCA introduced its Global Performance Management System (GPS), the Group's global tool for performance reviews. During each performance review, the employee's established targets, functional competence and, if the employee

is a manager, leadership qualities, are discussed and evaluated along with SCA's values. As part of the review, the manager and employee also agree on a future development plan.

All employee survey

To ensure its continuous development and improvement, SCA conducts an all employee survey every second year. This survey is used to provide an index for leadership, innovation, customer orientation and engagement, as well as an overall index. The most recent survey was conducted in 2013 and responses were received from 86.3% of the employees at the Group's wholly owned companies. This year's results surpassed the already high level achieved in the last survey. SCA's leaders received positive assessments and we will continue to prioritize leadership since it is crucial for the company's future success.



Value for our stakeholders

By responding to new trends and changes in our external environment and engaging in a continuous stakeholder dialog, we create sustainable growth and profitability and generate value for our stakeholders.



■ SHAREHOLDERS

SCA's overall long-term objective is to generate increased value for its shareholders. This is achieved through a positive share price trend and dividends.

SCA aims to provide long-term stable and increasing dividends to its shareholders. Over a business cycle, approximately one-third of cash flow from current operations (after interest expenses and tax) is normally allocated for dividends.

Outcome 2013: SCA's share price rose 40% in 2013. The Board of Directors proposes that the dividend be raised by 5.6% to SEK 4.75 (4.50) per share. Accordingly, dividend growth over the most recent five-year period amounted to 6.3%.

The proportion of shareholders that only invest in ethical and sustainable companies is on the rise and 15% of SCA's shareholders perform sustainability screening. SCA is included in numerous sustainability indices, including the Dow Jones Sustainability Indices, which are among the world's most prestigious sustainability indices, and the FTSE4Good index series.

■ CUSTOMERS AND CONSUMERS

To create additional customer and consumer value, SCA focuses on developing new, attractive products and services, evolving and improving its existing offerings, and expanding its range. Through its comprehensive customer and consumer insight, SCA works to meet consumers' needs and exceed their expectations. SCA has many different customers, from corporate customers, including the retail trade, distributors, printing houses, restaurants, schools, and medical and healthcare services, to consumers of SCA's products.

SCA's sustainability work also helps its customers achieve their own sustainability targets. By jointly working for greater efficiency and innovation, SCA and its customers can supply high-quality sustainable products that meet and exceed consumer needs and expectations.

SCA also works to provide information about hygiene and its hygiene products and solutions. In emerging markets, SCA sells hygiene products and solutions that are specially adapted to consumers with limited resources.

Outcome 2013: SCA holds the number one or two position in at least one hygiene product segment in about 90 countries. SCA offered a broad portfolio of products ranging from the premium segment to the economy segment. SCA continued to educate young women about menstruation and puberty, as well as educating children about the importance of hand hygiene and providing training for nurses in the field of incontinence care. Our products were distributed to both major corporate customers and small local stores.



■ SUPPLIERS

SCA strives to have transparent, long-term relationships with its suppliers to guarantee both high quality and financial stability for both parties. Purchasing accounts for SCA's single largest expense. To achieve economies of scale, most input goods, such as pulp, electricity and chemicals, are purchased centrally. Forest raw materials are often purchased locally, which provides a substantial financial contribution to local suppliers and the local economy. Another way of building value is to develop the suppliers' expertise through training and cooperation. SCA's goals in the area of responsible sourcing encompass all suppliers of raw materials and input goods. SCA's Global Supplier Standard serves as a basis for ensuring that the company's suppliers meet the highest standards in terms of social and environmental responsibility and product safety.

Outcome 2013: SCA paid SEK 56.4bn to its suppliers during 2013.

SCA continued its efforts to enhance the efficiency and coordinate control of the supply chain by centralizing the purchasing of global commodities. A total of 75% of SCA's hygiene supplier base and 60% of its forest products supplier base have undertaken to adhere to the SCA Supplier Standard and its requirements with regard to social responsibility, product safety and the environment.

■ EMPLOYEES

Our employees are SCA's most important asset. The Group depends on motivated, competent and high-performing employees who are willing to think outside the box and contribute to the company's success. Employee competence and performance are critical to SCA's ability to successfully pursue its strategy, meet its goals and continue to develop. SCA's leaders should energize, embolden and create the right conditions to allow all employees reach their full potential. We create value for our employees by offering professional development opportunities and a stimulating, safe and healthy work environment. SCA offers employment terms and benefits that are in line with prevailing market terms.

Outcome 2013: During 2013, SCA paid approximately SEK 12.8bn in salary to its employees.

To ensure its continuous development and improvement, SCA conducts an all employee survey every second year. This survey is used to provide an index for leadership, innovation, customer orientation and engagement, as well as an overall index. The most recent survey was conducted in 2013 and responses were received from 86.3% of the employees at the Group's wholly owned companies. This year's results surpassed the already high level achieved in the last survey. SCA's leaders received positive assessments and we will continue to prioritize leadership since it is crucial for the company's future success. Health and safety is a top priority for SCA and the survey confirmed that employee awareness in the area has improved significantly. In 2013, the accident frequency rate fell 13%.

■ SOCIETY

SCA contributes to the local economy as a major employer in many regions and through its community involvement. Aside from income tax, SCA also pays property taxes, payroll taxes, pension taxes, customs duties and energy taxes.

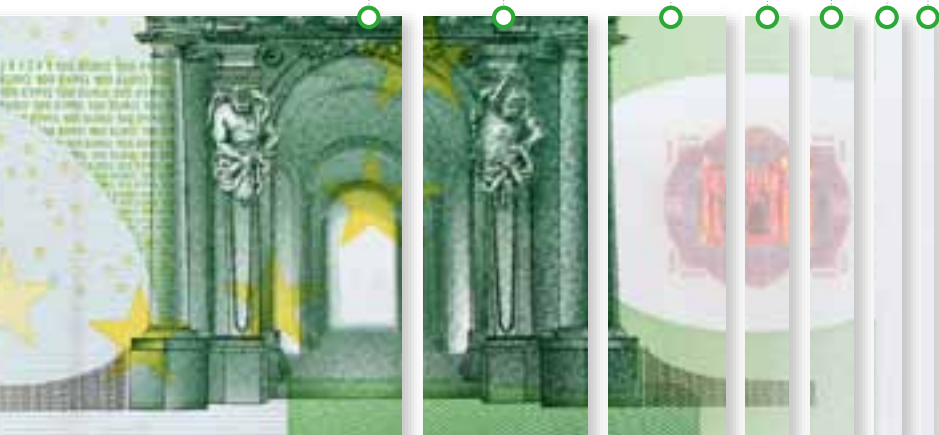
SCA's aim is to strengthen its relationships with the communities in which it operates, and to make a difference in people's lives. In accordance with SCA's guidelines for community involvement, we prioritize initiatives with a clear link to SCA's operations, geographic presence, expertise and core values of respect, responsibility and excellence. This means that many of our efforts pertain to hygiene, health and the environment, and are often directed at women and children. SCA's initiatives include both large-scale investments and small projects with a local focus. These projects cover everything from education and donations to disaster relief and tree planting. Many employees and customers are interested in SCA's community involvement, and our initiatives thus provide us with competitive advantages in these areas.

Outcome 2013: SCA paid SEK 1.6bn in income tax in 2013.

SCA invested approximately SEK 34m in 370 local community involvement projects during the year, including monetary donations to Médecins Sans Frontières (MSF) and donations of hygiene products when Typhoon Haiyan hit the Philippines.

Economic value distributed by stakeholder group 2013¹⁾

Interest paid to creditors, 1% (SEK 1,000m)
 Income tax paid, 2% (SEK 1,634m)
 Dividend to shareholders, 4% (SEK 3,202m)
 Employee social security costs, 4% (SEK 3,803m)
 Remaining in the company, 11%²⁾ (SEK 10,169m)
 Employee salaries, 15% (SEK 12,807m)
 Suppliers, 63%³⁾ (SEK 56,404m)



¹⁾ Based on SCA net sales 2013.

²⁾ Current expenditures, restructuring costs, strategic capital expenditures and acquisitions.

³⁾ Raw materials, transportation and distribution, energy and other expenses for goods sold.

The SCA share

SCA shares are quoted and traded on NASDAQ OMX Stockholm, and as American Depositary Receipts (ADR level 1) in the US through Deutsche Bank. The final 2013 closing price on NASDAQ OMX Stockholm for SCA's B share was SEK 198.00 (141.00), corresponding to a market capitalization of SEK 140bn (99) at December 31, 2013. In 2013, the share price rose 40%, while the OMX Stockholm 30 Index rose 18% during the same period. The highest closing price for SCA's B share during the year was SEK 198.00, which was noted on December 30. The lowest price was SEK 140.00 on January 7. The proposed dividend is SEK 4.75 (4.50) per share. For more information, refer to the section "Dividend and dividend policy" on page 20.

Index

On NASDAQ OMX Stockholm, SCA is included in the OMX Stockholm 30 Index and in the Personal & Household Goods sector within Consumer Goods. In addition to indexes directly linked to NASDAQ OMX Stockholm, SCA is included in other indexes, such as the FTSE Eurofirst 300 Index. Within MSCI, SCA is included in Household Products within Consumer Staples. SCA is also represented in sustainability indexes, including FTSE4Good,

OMX GES Sustainability Sweden PI, OMX GES Sustainability Nordic PI and the Dow Jones Sustainability Index.

Liquidity

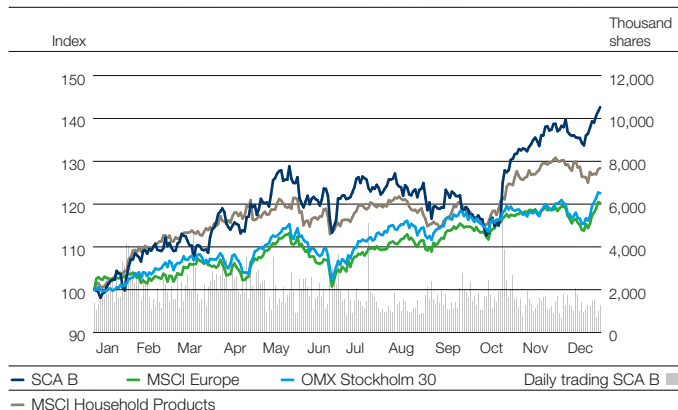
In 2013, the volume of SCA shares traded on NASDAQ OMX Stockholm was 462 million (550), representing a value of approximately SEK 77bn (64). Average daily trading for SCA on NASDAQ OMX Stockholm amounted to 1.8 million shares, corresponding to a value of SEK 307m (256).

Trading on BATS Chi-X Europe, Turquoise and Burgundy amounted to approximately 290 million SCA shares during the year.

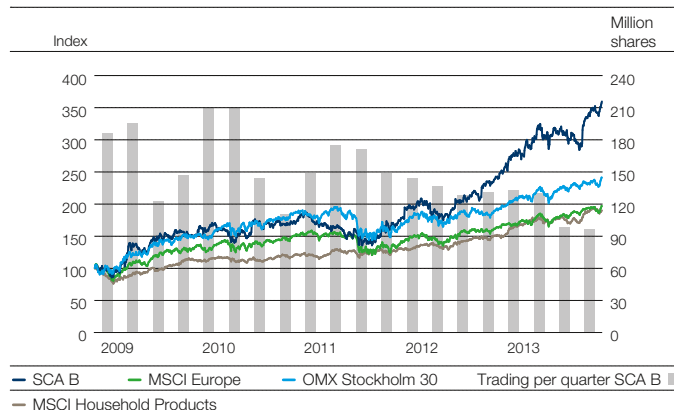
Ownership

Some 37% (42) of the share capital is owned by investors registered in Sweden and 63% (58) by foreign investors. The US and the UK account for the highest percentage of shareholders registered outside Sweden.

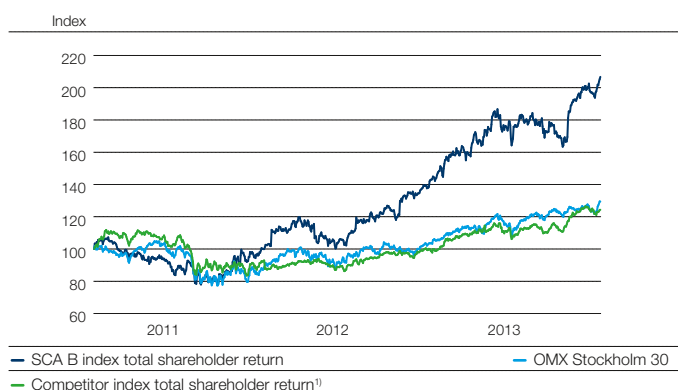
Total shareholder return 2013



Total shareholder return 2009–2013



Total shareholder return 2011–2013



¹⁾ Weighted index of competitors' total shareholder return. Competitors are selected to reflect SCA's operations. The index is used when comparing the SCA share performance over a three-year term for the long-term portion (LTI) of senior executive's variable remuneration.

SCA's ten largest shareholders

According to SIS Ägarservice at December 31, 2013, the following companies, foundations and mutual funds were the ten largest registered shareholders based on voting rights:

Shareholders	No. of A shares	No. of B shares	Votes (%)	Holding (%)
Industrivärden AB	40,500,000	30,406,049	29.2	10.1
Handelsbanken*	20,164,699	10,650,355	14.2	4.4
Norges Bank Investment Management	8,064,980	37,838,220	8.0	6.5
Skandia	2,336,684	460,621	1.6	0.4
Swedbank Robur Funds		15,121,895	1.0	2.1
SEB Funds & SEB Trygg Life Insurance	625,100	6,211,129	0.8	1.0
Standard Life Investment Funds		10,288,901	0.7	1.5
SCA Employee Foundation	982,845	74,406	0.7	0.1
Fidelity Funds		9,436,591	0.6	1.3
AMF – Insurance and Funds		8,847,000	0.6	1.3

* Including mutual funds and foundations.

Source: SIS Ägarservice

Data per share

All earnings figures include items affecting comparability unless otherwise indicated.

SEK per share unless otherwise indicated	2013	2012	2011	2010	2009
Earnings per share after full tax:					
After dilution	7.90	7.06	0.78	7.90	6.78
After dilution, excluding items affecting comparability ⁷⁾	9.08	10.27	8.00	8.65	8.32
Before dilution	7.90	7.06	0.78	7.90	6.78
Market price for B share:					
Average price during the year	168.27	116.77	95.80	100.20	83.18
Closing price, December 31	198.00	141.00	102.00	106.20	95.45
Cash flow from current operations ^{1) 7)}	8.53	10.35	7.55	9.24	16.36
Dividend	4.75 ²⁾	4.50	4.20	4.00	3.70
Dividend growth, % ³⁾	6	0	1	2	1
Dividend yield, %	2.4	3.2	4.1	3.8	3.9
P/E ratio ⁴⁾	25	20	N/A	13	14
P/E ratio, excluding items affecting comparability ^{4) 7)}	22	14	13	12	11
Price/EBIT ^{5) 7)}	20	22	47	14	13
Price/EBIT, excluding items affecting comparability ^{5) 7)}	18	15	14	13	11
Beta coefficient ⁶⁾	0.62	0.86	0.83	0.82	0.78
Pay-out ratio (before dilution), %	60	64	N/A	51	55
Equity, after dilution	94	85	87	96	96
Equity, before dilution	94	85	87	96	96
Number of registered shares December 31 (millions)	705.1	705.1	705.1	705.1	705.1
of which treasury shares (millions)	2.8	2.8	2.8	2.8	2.8

¹⁾ See definitions of key ratios on page 116.²⁾ Board proposal.³⁾ Rolling five-year data.⁴⁾ Share price at year-end divided by earnings per share after full tax and dilution.⁵⁾ Market capitalization plus net debt plus non-controlling interests divided by operating profit. (EBIT = earnings before interest and taxes).⁶⁾ Share price volatility compared with the entire stock exchange (measured for rolling 48 months).⁷⁾ Reclassified for 2010 and 2011 due to the divestment of the European packaging operations on June 30, 2012.**Ticker names**

NASDAQ OMX Stockholm	SCA A, SCA B
New York (ADR level 1)	SVCBY

Percentage of foreign ownership, capital

■ Sweden, 37%

■ Outside Sweden, 63%

Shareholder structure

Holding	No. of shareholders	No. of shares	Holding (%)	Votes (%)
1–500	45,997	8,132,407	1.2	1.2
501–1,000	11,317	8,589,153	1.2	1.3
1,001–5,000	12,576	27,145,907	3.9	4.3
5,001–10,000	1,629	11,592,240	1.6	1.8
10,001–20,000	717	10,248,497	1.4	1.3
20,001–	1,081	639,401,890	90.7	90.1
Total	73,317	705,110,094	100.0	100.0

Source: Euroclear

Share distribution

December 31, 2013	Series A	Series B	Total
Number of registered shares	87,417,535	617,692,559	705,110,094
of which treasury shares		2,767,605	2,767,605

Share issues, etc. 1993–2013

Since the beginning of 1993, the share capital and the number of shares have increased due to issues of new shares, conversions and splits, as detailed below:

	No. of shares	Increase in share capital, SEKm	Cash payment, SEKm	Series A	Series B	Total
1993 Conversion of debentures and new subscription through Series 1 warrants	4,030,286	40.3	119.1			
New share issue 1:10, issue price SEK 80	17,633,412	176.3	1,410.7	62,145,880	131,821,657	193,967,537
1994 Conversion of debentures	16,285	0.2	–	62,145,880	131,837,942	193,983,822
1995 Conversion of debentures	3,416,113	34.2	–	62,145,880	135,254,055	197,399,935
1999 New share issue 1:6, issue price SEK 140	32,899,989	329.0	4,579.0	62,133,909	168,166,015	230,299,924
2000 Conversion of debentures	101,631	1.0	15.0	61,626,133	168,775,422	230,401,555
2001 New share issue, private placement	1,800,000	18.0	18.0	45,787,127	186,414,428	232,201,555
2002 New share issue through IIB warrants	513	0	0.1	41,701,362	190,500,706	232,202,068
2003 Conversion of debentures and subscriptions through IIB warrants	2,825,475	28.3	722.9	40,437,203	194,590,340	235,027,543
2004 Conversion of debentures	9,155	0.1	1.1	40,427,857	194,608,841	235,036,698
2007 Split 3:1	470,073,396	–	–	112,905,207	592,204,887	705,110,094

The SCA share, cont.

Dividend and dividend policy

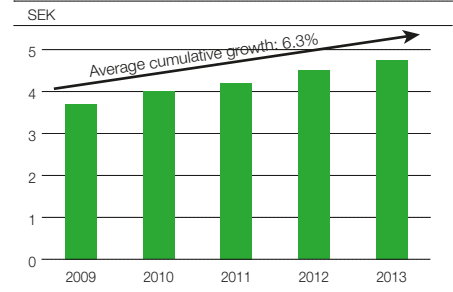
SCA aims to provide long-term stable and rising dividends to its shareholders. Over a business cycle, approximately one-third of cash flow from current operations (after interest expenses and tax) is normally allocated to dividends. If, in the long term, cash flow from current operations exceeds what the company can place in profitable expansion investments, the surplus shall be used to amortize loans or is returned to shareholders through higher dividends or share repurchases. The Board of Directors proposes that the dividend be raised by 5.6% to SEK 4.75 (4.50) per share for the 2013 fiscal year. Accordingly, dividend growth over the most recent five-

year period amounted to 6.3%. The 2013 dividend represents a dividend yield of 2.4%, based on SCA's share price at the end of the year.

Incentive program

SCA's incentive program is designed to contribute to the creation of shareholder value. The program for senior executives consists of two components, one of which is tied to the total shareholder return on the SCA share compared with an index consisting of SCA's largest global competitors. For more information about the structure of the program, see Note 6 (Personnel and Board costs), on pages 85–86.

Dividend per share



Information to shareholders

Annual General Meeting

The Annual General Meeting of Svenska Cellulosa Aktiebolaget SCA will be held on Thursday, April 10, 2014 at 3:00 p.m. at the Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4, Stockholm, Sweden. Registration for the Annual General Meeting will start at 1:30 p.m.

Notification of attendance

Shareholders who wish to attend the Annual General Meeting must:

- be listed in the shareholders' register maintained by Euroclear Sweden AB on Friday, April 4, 2014, and
- give notice of their intention to attend the meeting no later than Friday, April 4, 2014.

Notification may be given in any of the following manners:

- by telephone at +46 8 402 90 59, weekdays between 8:00 a.m. and 5:00 p.m.
- on the Internet at www.sca.com
- by mail to Svenska Cellulosa Aktiebolaget SCA, Corporate Legal Affairs, P.O. Box 200, SE-101 23 Stockholm, Sweden

In order to attend the meeting, shareholders with custodian registered shares must have such shares registered in their own names. Temporary registration of ownership, so-called voting rights registration, should be requested from the bank or fund manager managing the shares well in advance of Friday, April 4, 2014.

Name, personal identity number/corporate registration number, address and telephone number, and number of accompanying persons, if any, should be stated when notification is given. Shareholders represented by proxy should deliver a proxy in the original to the company prior to the Annual General Meeting. Proxy forms are available upon request and on the company website www.sca.com. Anyone representing a corporate entity must present a copy of the registration certificate, not older than one year, or equivalent authorization document, listing the authorized signatories.

The Notice convening the Annual General Meeting can be found on the company website www.sca.com.

Nomination Committee

- Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee
- Håkan Sandberg, Handelsbankens Pensionsstiftelse and others
- Yngve Slyngstad, Norges Bank Investment Management
- Caroline af Ugglas, Skandia
- Sverker Martin-Löf, Chairman of the Board of SCA

The Nomination Committee prepares, among other things, proposal for election of Board members.

Dividend

The Board of Directors proposes a dividend of SEK 4.75 per share and that the record date for the dividend be Tuesday, April 15, 2014. Payment through Euroclear Sweden AB is expected to be made on Tuesday, April 22, 2014.

Financial information 2014–2015

Interim report (Jan 1–Mar 31, 2014)	April 29, 2014
Interim report (Jan 1–Jun 30, 2014)	July 18, 2014
Interim report (Jan 1–Sep 30, 2014)	October 29, 2014
Year-end report for 2014	January 30, 2015
Annual Report for 2014	March 2015

Annual Reports, year-end reports and interim reports are published in Swedish and English (in the event of differences between the English translation and the Swedish original, the Swedish text shall prevail) and can be downloaded from SCA's website www.sca.com. Annual Reports can also be ordered from:
Svenska Cellulosa Aktiebolaget SCA
Corporate Communications
Box 200
SE-101 23 Stockholm, Sweden
Tel +46 8 788 51 00

Subscriptions to publications:
Subscription to SCA's press releases, interim reports and year-end reports can be arranged by registering an e-mail address on the SCA website.

Board of Directors' Report

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Operations and structure

SCA is a leading global hygiene and forest products company that develops and produces sustainable personal care products, tissue and forest products.

SCA divides and reports its operations according to three business areas – Personal Care, Tissue and Forest Products. Personal Care consists of three product segments: incontinence products, baby diapers and feminine care. Tissue includes consumer tissue and Away-from-Home (AfH) tissue, and Forest Products comprises publication papers, kraftliner (packaging papers), pulp, solid-wood products and renewable energy.

While Europe is SCA's largest market, the Group also holds strong positions in North America, Latin America and Asia Pacific. Expansion takes place through both organic growth and acquisitions, primarily within Personal Care and Tissue.

SCA is Europe's largest private forest owner, with 2.6 million hectares of forest land, which covers approximately half of the Group's timber supply and enables efficient raw material integration and effective cost control.

Organization

SCA has seven business units:

- SCA AfH Professional Hygiene Europe, which offers AfH tissue.
- SCA Consumer Goods Europe, which offers consumer products.
- SCA Incontinence Care Europe, which offers incontinence products.
- SCA Asia Pacific, which offers tissue and personal care products.

- SCA Americas, which offers tissue and personal care products.
- SCA MEIA (Middle East, India and Africa), which offers tissue and personal care products.
- SCA Forest Products, which offers publication papers, kraftliner (packaging papers), pulp, solid-wood products and renewable energy.

In addition to its business units, SCA has established two global units:

- Global Hygiene Category (GHC), with global responsibility for customer and consumer brands and innovation in the hygiene area.
- Global Hygiene Supply (GHS), with global responsibility for purchasing, production planning, technology and investments in the hygiene business.

The organization has six group functions: Finance, Human Resources, Sustainability, Legal Affairs, Communications, and Strategy and Business Development. Strategy and Business Development is also responsible for the Group's Global Business Services (GBS) and IT Services. GBS has global responsibility for providing transactional services, human resources support, office-related services and other services for all units in SCA.

Significant events during the year

In 2013, SCA decided to make a public cash offer for the Chinese tissue company Vinda. SCA became part owner of Vinda in 2007 and owned 21.7% of the company prior to this offer. The acquisition was completed in 2013 and SCA is now the majority shareholder in Vinda with a 51.4% ownership. Vinda is the third largest tissue company in China, which is the world's second largest tissue market.

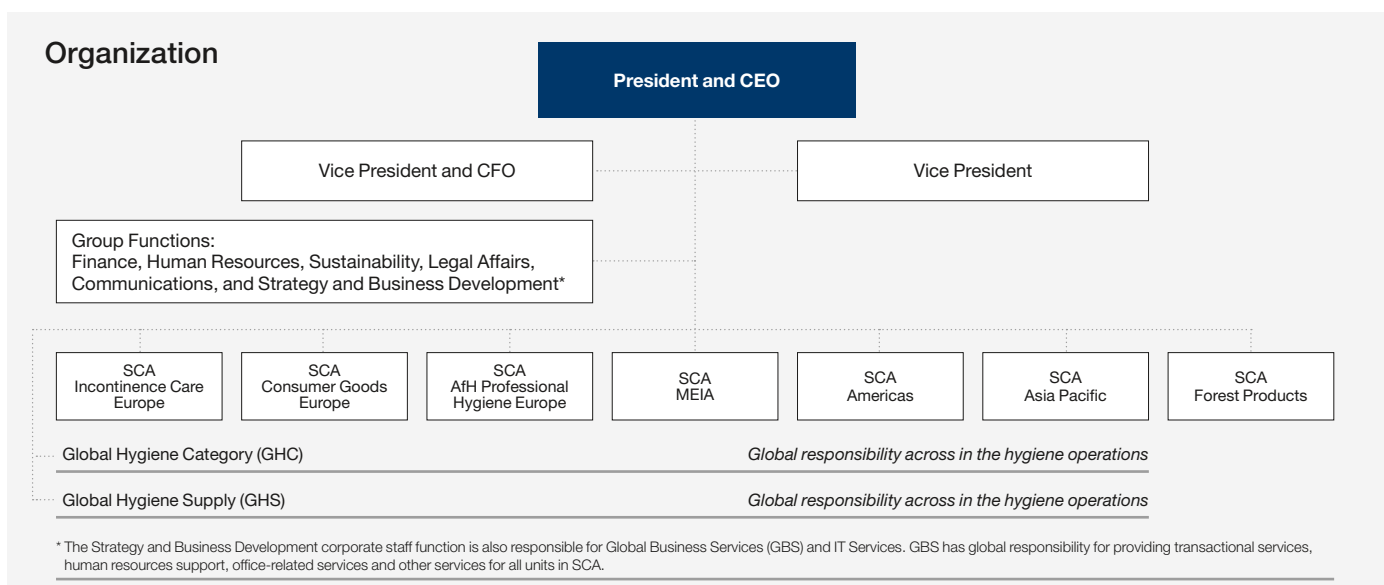
In 2013, SCA decided to invest approximately SEK 150m in the local production of hygiene products in India. The plan is to commence production at SCA's plant in 2015. In 2013, SCA launched its Libero baby diapers and Tempo consumer tissue in India.

The first wind farm in the collaboration between SCA and Statkraft was inaugurated during the year. During its first phase, the wind farm will have an annual output of 200 GWh.

SCA completed the divestment of its publication paper mill in Laakirchen, Austria during the year.

In conjunction with SCA's acquisition of Georgia-Pacific's European tissue operations in 2012, the European Commission demanded that certain divestments be made in the consumer tissue segment. These divestments were carried out by SCA and approved by the European Commission in 2013.

In 2013, SCA acquired the remaining minority shares in its German subsidiary Hygiene Products SE, formerly PWA, through a compulsory redemption.



Acquisitions, investments and divestments

Majority shareholder in Chinese tissue company Vinda

In 2013, SCA decided to make a public cash offer for the Chinese tissue company Vinda. SCA became part owner of Vinda in 2007 and owned 21.7% of the company prior to this offer. The acquisition was completed in 2013 and SCA is now the majority shareholder in Vinda with a 51.4% ownership. Vinda is the third largest tissue company in China, which is the world's second largest tissue market.

Investments in India

In 2013, SCA decided to invest approximately SEK 150m in the local production of hygiene products in India. The plan is to commence production at SCA's plant in 2015. SCA launched its Libero baby diapers and Tempo consumer tissue in 2013.

Acquisition of minority shares in European subsidiary

In 2013, SCA acquired the remaining minority shares in its German subsidiary Hygiene Products SE, formerly PWA, through a compulsory redemption. The purchase price for the shares was approximately SEK 1bn. The final purchase price will be determined by a German court.

Investments in Personal Care

In 2013, SCA decided to invest approximately SEK 300m in a major product upgrade of its open diapers in Europe. The project is expected to be completed in 2015.

During the year, SCA decided to invest about SEK 170m in a new machine line for the production of incontinence products in Olawa, Poland. Commissioning is scheduled for 2014.

Investments in Tissue

In 2013, SCA continued to invest in increased capacity in Tissue in Russia and Germany, including an investment of approximately SEK 1.2bn in a new tissue machine in Sovetsk, Russia, and an investment of about SEK 1.1bn in a new tissue machine in Kostheim, Germany. Each of the machines has an annual capacity of 60,000 tons.

During the year, SCA decided to invest approximately SEK 300m to enhance the efficiency of its manufacturing structure for consumer tissue in Spain. Commissioning is scheduled for 2014.

Investment in kraftliner mill in Obbola

In 2013, SCA decided to invest approximately SEK 500m in a new digester at its kraftliner mill in Obbola, Sweden. Commissioning is scheduled for 2015.

Divestments in consumer tissue segment in Europe

In conjunction with SCA's acquisition of Georgia-Pacific's European tissue operations in 2012, the European Commission demanded that certain divestments be made in the consumer tissue segment. These divestments were carried out by SCA and approved by the European Commission in 2013. The purchase price was approximately EUR 100m.

Divestment of publication paper mill in Austria

In 2013, SCA completed the divestment of its publication paper mill in Laakirchen, Austria. In connection with the divestment, the companies established a sales cooperation. The initial purchase price was EUR 100m, with a possible additional purchase price of not more than EUR 100m based on a two-year profit-sharing model.

Forest swaps

In 2013, SCA conducted a number of forest swaps that increased its standing volume and enabled more efficient forest management and lower felling costs.

Other Group information

Parent Company

The Group's Parent Company, Svenska Cellulosa Aktiebolaget SCA (publ), owns most of the forest land and other real estate relating to forest products operations, and grants felling rights for standing forest to the subsidiary SCA Skog AB. The Parent Company is otherwise a holding company with the main task of owning and managing shares in a number of business group companies and performing Group-wide management and administrative functions. In 2013, the Parent Company recognized operating income of SEK 457m (98) and profit before appropriations and tax of SEK 5,870m (4,291). During the year, the Parent Company's net investments and divestments in shares and participations in companies outside SCA amounted to negative SEK 150m (pos: 125). Investments in property and plant totaled SEK 1,056m (299) during the year. Cash and cash equivalents at year-end amounted to SEK 0m (0).

Research and development (R&D)

Research and development costs during the year amounted to SEK 998m (845), corresponding to 1.1% of consolidated net sales. R&D is coordinated and conducted from a global perspective. Product development is carried out in close cooperation with the local units, as well as through direct collaboration with customers. A slightly more long-term approach is adopted when it comes to R&D in the fields of materials and technology.

Holdings of treasury shares

SCA implemented a directed cash issue of a total of 1,800,000 shares in 2001. These shares were subsequently acquired by SCA to be used for transfer to senior executives and key individuals under the employee stock option program. The program ended in 2009. Following the share split in 2007 and transfer of the shares under the concluded program, the company holds a total of 2,767,605 treasury shares.

Distribution of shares

During the year, 5,860,602 Class A shares were converted into Class B shares. The proportion of Class A shares was 12.4% at year-end.

Dividend

The Board of Directors proposes that the dividend be raised by 5.6% to SEK 4.75 (4.50) per share. The dividend is expected to total approximately SEK 3,336m (3,161). Accordingly, dividend growth in the most recent five-year period amounted to 6.3%. The Board's assessment is that the proposed dividend will provide the Group with the scope to fulfill its obligations and make the required investments. The record date for entitlement to receive dividends is proposed as April 15, 2014.

Environmental impact in Sweden

In 2013, SCA conducted 15 operations for which a permit is required in Sweden. Operations for which permits are required accounted for 16% of consolidated net sales. Five permits relate to the manufacturing of pulp and paper. These operations impact the environment through emissions to air and water, solid waste and noise. Nine permits relate to the production of solid-wood and value-added products, and bio-fuel. These operations affect the environment through emissions to air and water, and noise. One permit relates to the manufacture of fuel pellets. This operation affects the environment through emissions to air and water, as well as noise.

Guidelines for remuneration of senior executives

The Board of Directors has decided to propose to the 2014 Annual General Meeting the following unchanged guidelines for determining salaries and other remuneration for senior executives to apply for the period following the Annual General Meeting.

"Remuneration to the CEO and other senior executives will be a fixed amount, possible variable remuneration, additional benefits and pension. Other senior executives include Executive

Vice Presidents, Business Unit Managers and other equivalent managers, as well as Central Staff Managers. The total remuneration is to correspond to market practice and be competitive in the senior executive's field of profession. Fixed and variable remuneration are to be linked to the executive's responsibility and authority. For the CEO, as well as for other senior executives, the variable remuneration is to be limited and linked to the fixed remuneration. The variable remuneration is to be based on the outcome of predetermined objectives and, as far as possible, be linked to the increase of value of the SCA share, from which the shareholders benefit. Programs for variable remuneration should be formulated so that the Board of Directors, if exceptional financial circumstances prevail, has the possibility to limit, or refrain from, payment of variable remuneration if such an action is considered reasonable and in compliance with the company's responsibility to shareholders, employees and other stakeholders.

In the event of termination of employment, the notice period should normally be two years should the termination be initiated by the company, and one year, when initiated by the senior executive. Severance pay should not exist.

Pension benefits are to be either defined benefit or defined contribution plans, or a combination of both, and entitle the senior executive to pension from the age of 60, at the earliest. To earn the pension benefits, the period of employment must be long term, at present 20 years. When resigning before the age providing entitlement to pension, the senior executive will receive a paid-up pension policy from the age of 60. Variable remuneration is not pensionable income. Matters of remuneration to senior executives are to be dealt with by the Remuneration Committee and, as regards the President, be resolved by the Board of Directors."

The Board's proposal concurs with the guidelines adopted by the 2013 Annual General Meeting. For information concerning the company's application of these guidelines and information on the company's expenses, see Note 6 on pages 85–86.

Sales and earnings

SCA's operating profit for 2013, excluding items affecting comparability, exchange rate effects and divestments, rose 19% compared with the preceding year. Acquisitions in Europe, cost savings, increased volumes and gains from forest swaps yielded improved earnings.

Sales

SCA's net sales for 2013 increased year-on-year and amounted to SEK 89,019m (85,408). Excluding exchange rate effects and divestments, sales rose 10% compared with the preceding year. Exchange rate movements reduced consolidated net sales by 2%. Sales for Personal Care increased 6%, excluding exchange rate effects, while sales for Tissue rose 15%, excluding exchange rate effects and divestments. The increase in sales in Personal Care and Tissue was mainly attributable to higher volumes and acquisitions. In emerging markets, sales for Personal Care and Tissue increased 10% and 13%, respectively, excluding exchange rate effects. Sales for Forest Products, excluding divestments, were largely unchanged compared with the preceding year.

Performance

SCA's operating profit for 2013, excluding items affecting comparability in a negative amount of SEK 1,251m (neg: 2,634), improved compared with the preceding year and amounted to SEK 9,934m (8,646). Operating profit for Personal Care, excluding items affecting comparability and exchange rate effects, rose 4%, while operating profit for Tissue, excluding items affecting comparability, exchange rate effects and divestments, increased 27%. Forest Products increased its operating profit, excluding items affecting comparability, by 35%.

Financial items declined to an expense of SEK 1,000m (expense: 1,264). The decrease was attributable to lower interest rates and a lower average net debt during the year. Profit before tax, excluding items affecting comparability, exchange rate effects and divestments,

increased 25% to SEK 8,934m (7,382). The average tax rate for operating earnings for the year, excluding items affecting comparability, was 28%. Profit for the year, excluding items affecting comparability after tax of negative SEK 828m (neg: 2,257), amounted to SEK 6,392m (7,257). Earnings per share attributable to owners of the Parent rose to SEK 9.08 (10.27) excluding items affecting comparability and to SEK 7.90 (7.06) including items affecting comparability.

Key ratios

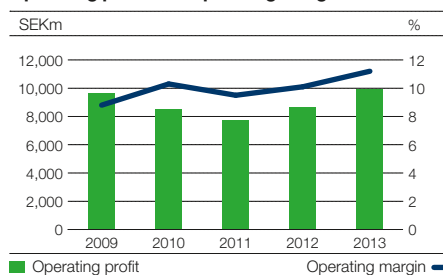
The Group's gross margin, excluding items affecting comparability, amounted to 24.7%, compared with 24.5% in the preceding year, and the operating margin was 11.2%, compared with 10.1% in 2012. The return on capital employed, excluding items affecting comparability, improved to 11% (10). The return on equity, excluding items affecting comparability, was 10% (12). The interest coverage ratio rose to 8.7, compared with 4.8 in the preceding year.

Summary income statement

SEKm	2013	2012	2011
Net sales	89,019	85,408	81,337
Gross profit	22,013	20,959	19,636
Operating profit¹⁾	9,934	8,646	7,738
Financial items	-1,000	-1,264	-1,325
Profit before tax¹⁾	8,934	7,382	6,413
Tax ¹⁾	-2,542	-628	-1,635
Profit for the period from disposal group	-	503	900
Profit for the year¹⁾	6,392	7,257	5,678

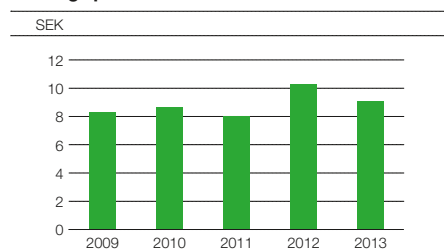
¹⁾ Excluding items affecting comparability amounting to an expense of SEK 1,251m before tax and an expense of SEK 828m after tax for 2013, an expense of SEK 2,634m before tax and an expense of SEK 2,257m after tax for 2012, and an expense of SEK 5,439m before tax and an expense of SEK 5,071m after tax for 2011.

Operating profit and operating margin



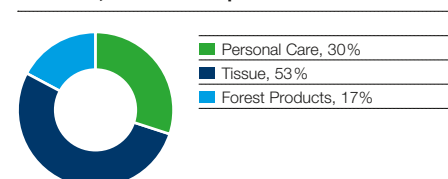
Excluding items affecting comparability. Reclassified for 2010 and 2011 due to the divestment of the European packaging operations on June 30, 2012.

Earnings per share after dilution effects



Excluding items affecting comparability. Reclassified for 2010 and 2011 due to the divestment of the European packaging operations on June 30, 2012.

Net sales, share of Group



Operating cash flow

A high level of control of the operating cash flow is a key part of SCA's long-term competitiveness strategy. Operating cash flow amounted to SEK 8,489m (9,644). The decrease is primarily attributable to the fact that the Group's higher operating cash surplus did not fully offset its increased tied-up working capital and higher investments for the period compared with the preceding year.

Operating cash surplus rose 7% to SEK 13,492m (12,624). Working capital increased due to lower accounts payable. Working capital in proportion to net sales amounted to 8% (8). Current capital expenditures increased SEK 266m during the year and amounted to SEK 3,427m (3,161), corresponding to 4% (4) of net sales. Operating cash flow amounted to SEK 8,489m (9,644).

Financial items declined SEK 264m to an expense of SEK 1,000m (expense: 1,264). The decrease was an effect of lower interest rates and lower average net debt during the year.

Income tax payments amounted to SEK 1,634m (1,193). Cash flow from current operations amounted to SEK 5,989m (7,271).

Strategic capital expenditures in plants made to strengthen organic growth totaled SEK 1,868m (1,863). The year's expense for strategic capital expenditures primarily pertained to investments in Tissue in Germany and Russia, and in Forest Products in Sweden.

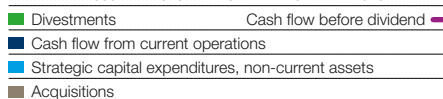
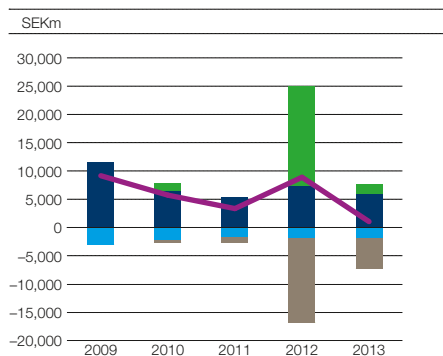
Net debt increased SEK 959m during the year and amounted to SEK 33,886m at year-end. Net cash flow, including acquired net debt in

Vinda, increased the Group's net debt by SEK 2,831m. The fair value measurement of pension assets, pension obligations and financial instruments reduced net debt by SEK 2,223m.

Exchange rate movements increased net debt by SEK 165m. The reclassification of non-current provisions to pension liability in accordance with IAS 19 increased net debt by SEK 186m.

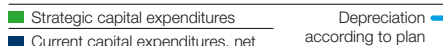
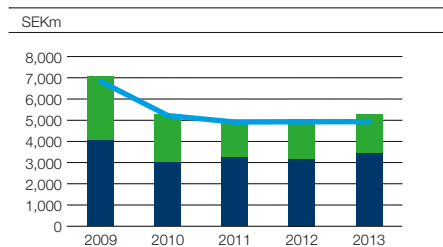
The debt/equity ratio declined to 0.51 (0.55), while the Group's debt payment capacity was unchanged at 37% (37). The debt/equity ratio, excluding pension liabilities, was 0.48 (0.48).

The Group's cash flow



Reclassified for 2010 and 2011 due to the divestment of the European packaging operations on June 30, 2012.

Capital expenditures

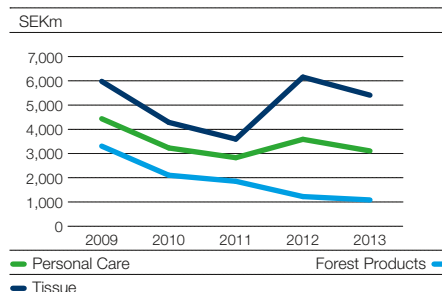


Reclassified for 2010 and 2011 due to the divestment of the European packaging operations on June 30, 2012.

Summary operating cash flow statement

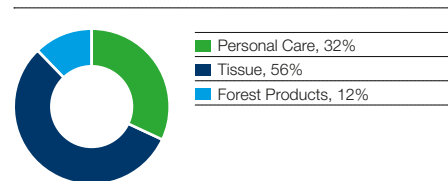
SEKm	2013	2012	2011
Operating cash surplus	13,492	12,624	11,982
Change in working capital	-284	1,159	-665
Current capital expenditures, net	-3,427	-3,161	-3,250
Restructuring costs, etc.	-1,292	-978	-649
Operating cash flow	8,489	9,644	7,418
Financial items	-1,000	-1,264	-1,325
Income taxes paid, etc.	-1,500	-1,109	-787
Cash flow from current operations	5,989	7,271	5,306
Acquisitions	-5,466	-14,872	-983
Strategic capital expenditures, non-current assets	-1,868	-1,863	-1,637
Divestments	1,716	17,682	-15
Cash flow before dividend	371	8,218	2,671

Operating cash flow by business area



Reclassified for 2010 and 2011 due to the divestment of the European packaging operations on June 30, 2012.

Operating cash flow, share of Group



Financial position

Assets and capital employed

The Group's total assets increased 8% compared with the preceding year, amounting to SEK 142,272m (131,531). Non-current assets rose SEK 9,612m compared with the preceding to SEK 108,482m, of which property, plant and equipment increased SEK 5,101m to SEK 51,803m and intangible assets increased SEK 4,032m to SEK 21,661m. Current and strategic capital expenditures in property, plant and equipment amounted to SEK 5,292m and depreciation for the year to SEK 4,644m.

Current assets increased SEK 1,129m to SEK 33,790m (32,661). Working capital amounted to SEK 7,224m (6,625). Capital employed was 8% higher than in the preceding year and totaled SEK 100,190m (93,091). The distribution of capital employed per currency is shown in the table below.

The value denominated in SEK of the Group's foreign net assets amounted to SEK 58,306m at year-end, including Vinda. In 2012, the Group's foreign net assets totaled SEK 55,776m.

Equity

Consolidated equity amounted to SEK 66,304m (60,164) at year end. Net profit for the period increased equity by SEK 5,564m (5,000), while shareholder dividends reduced equity by SEK 3,202m (2,999). Equity increased by SEK 1,474m after tax due to remeasurements of the net pension liability to fair value. The remeasurement of financial instruments to fair value increased equity by SEK 208m after tax. Exchange rate movements, including the effects of hedges of net investments in foreign assets, increased equity by SEK 280m. Acquisitions of non-controlling interests, which comprised outstanding minority shares in the German subsidiary SCA Hygiene Products SE, reduced equity by SEK 996m. Minority shares in the Chinese subsidiary Vinda increased equity by SEK 2,812m.

Financing

The Group's interest-bearing gross debt amounted to SEK 38,272m at year-end. In 2012, interest-bearing debt totaled SEK 33,714m. The maturity period, excluding Vinda, was 2.8 (2.3) years.

Net debt amounted to SEK 33,886m (32,927) at year-end. Net cash flow, including acquired net debt in Vinda, increased the Group's net debt by SEK 2,831m. Furthermore, net debt declined by SEK 2,223m due to the fair value measurement of pension assets, pension obligations and financial instruments. Exchange rate movements increased net debt by SEK 165m. The reclassification of non-current provisions to pension liability in accordance with IAS 19 increased net debt by SEK 186m.

Key ratios

The debt/equity ratio was 0.51 (0.55). Excluding pension liabilities, the debt/equity ratio was 0.48 (0.48). The visible equity/assets ratio was 44% (45). The return on capital employed (ROCE) and on equity (ROE), excluding items affecting comparability, amounted to 11% (10) and 10% (12), respectively. The capital turnover rate was 0.95 (1.00). At year-end, working capital amounted to 8% (8) of net sales.

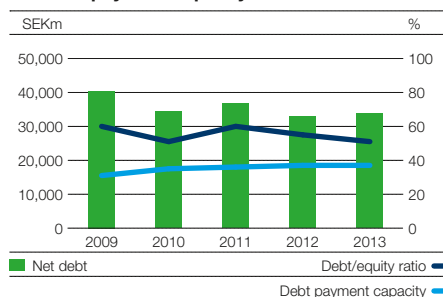
Consolidated capital employed by currency, SEKm

	2013	%	2012	%	2011	%
EUR	27,581	28	27,004	29	28,868	30
SEK	36,936	37	38,623	41	35,646	36
USD	6,067	6	6,550	7	7,564	8
GBP	4,894	5	5,489	6	6,167	6
Other	24,712	24	15,425	17	19,694	20
Total	100,190	100	93,091	100	97,939	100
Of which disposal group	-	-	-	-	15,194	-
Total excluding disposal group	100,190	-	93,091	-	82,745	-

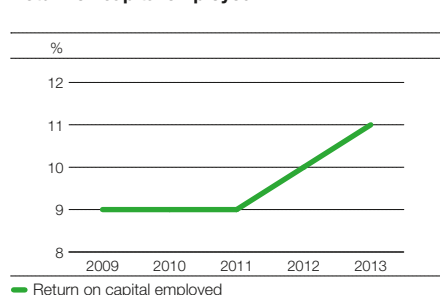
Consolidated balance sheet

SEKm	2013	2012	2011
Intangible assets	21,661	17,629	12,062
Property, plant and equipment	51,803	46,702	42,599
Biological assets	28,767	27,503	26,729
Other non-current assets	6,251	7,036	4,121
Total non-current assets	108,482	98,870	85,511
Current assets	33,790	32,661	31,892
Assets in disposal group held for sale	-	-	21,601
Total assets	142,272	131,531	139,004
Equity	66,304	60,164	61,291
Non-current liabilities	42,008	38,740	41,219
Current liabilities	33,960	32,627	28,893
Liabilities in disposal group held for sale	-	-	7,601
Total equity and liabilities	142,272	131,531	139,004
Working capital	7,224	6,625	6,816
Capital employed	100,190	93,091	97,939
Net debt	33,886	32,927	36,648

Net debt, debt/equity ratio and debt payment capacity

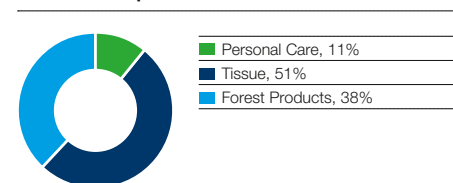


Return on capital employed



Excluding items affecting comparability. Reclassified for 2010 and 2011 due to the divestment of the European packaging operations on June 30, 2012.

Capital employed, share of Group



Personal Care

SCA is a global leader in personal care and has a portfolio of **incontinence products, baby diapers** and **feminine care products**. Within these product segments, SCA also offers such products as wet wipes, soap, baby oil, lotion and cotton pads. The products are sold under SCA's global, regional and local brands as well as under retailers' brands. Distribution channels for the products are the retail trade, pharmacies and care institutions.

In 2013, sales in the Personal Care business area amounted to approximately SEK 27bn. The single largest brand in the portfolio is TENA, a globally leading brand for incontinence products with annual sales exceeding SEK 10bn.

Market

The global market for personal care products is valued at slightly more than SEK 330bn and is growing at a rate of some 5% annually.

SCA's competitors in personal care are, for example, Kimberly-Clark, Procter & Gamble and Unicharm.

Shifts in global demographics such as population growth – due primarily to a lower infant mortality rate and increased longevity – and higher disposable incomes point to continued good growth for personal care products. The effect of the trend of higher disposable incomes is that more people prioritize hygiene when food and housing needs have been, or are in the process of being, satisfied. Consequently, market penetration and demand for personal care products are rising in emerging markets. In many regions of the world, incontinence is surrounded by social taboo, and therefore increasing understanding and acceptance of the condition are vital elements required for boosting market penetration.

The growth potential is greatest in emerging markets where penetration is significantly lower



than in mature markets and where urbanization, improved infrastructure and the retail trade are evolving rapidly. One example of the lower market penetration in emerging markets is that diaper consumption per capita in Asia is only about one-fifth of that in Western Europe.

In mature markets, baby diapers and feminine care products have attained high market penetration, while market penetration for incontinence products – for which demand is driven by such factors as an aging population – remains relatively low.



Share of Group



Net sales, 30%
SEK 26,914m



Operating profit, 30%
SEK 3,201m



Capital employed, 11%
SEK 11,077m



No. of employees at Dec. 31, 32%
10,718 employees



SCA's market positions

	Europe	North America	Global
Incontinence products	1	3	1
Baby diapers	2	-	4
Feminine care	3	-	4

Data is based on market data and SCA's estimates.

Personal care products – global market



- Western Europe, 17%
- Eastern Europe, 7%
- North America, 21%
- Latin America, 13%
- Asia, 27%
- Other, 15%

Efficiency

At the end of the year, SCA had production at 30 plants in 25 countries. Products are distributed via the retail trade, pharmacies and care institutions.

During the year, SCA focused on the cost and efficiency program, launched in 2012, for its hygiene operations, meaning Personal Care and Tissue. The program is progressing according to plan and will generate annual cost savings of EUR 300m with full effect in 2015. The bulk of the savings will be made in production and sourcing. In terms of production, SCA is working to standardize activities by implementing the most efficient processes at all of its production facilities. For sourcing, the main focus is on achieving economies of scale by more efficiently centralizing sourcing and consolidating suppliers. The program also requires savings to be made in logistics, sales and administration. In 2013, total cost savings in the Personal Care and Tissue

business areas amounted to approximately SEK 1,050m.

Innovations and launches

In 2013, SCA launched the incontinence product TENA Lady Extra Plus InstaDRY™. The product contains a unique new absorption concept, InstaDRY™, which enables absorption of a larger amount of fluid in a very short period of time. The product also offers Fresh Odour Control, impeding bacteria growth and reducing odor. Thanks to InstaDRY™ technology, the pad is smaller, better adapted to body contours and features tapered edges for the best fit and discretion. The pad is designed for women suffering from medium bladder weakness.

SCA launched and upgraded the incontinence product TENA Pants with ConfioFit™ for users with greater protection needs. The product has a unique anatomical fit and slimmer mid section to ensure a more discreet incontinence product with enhanced comfort.

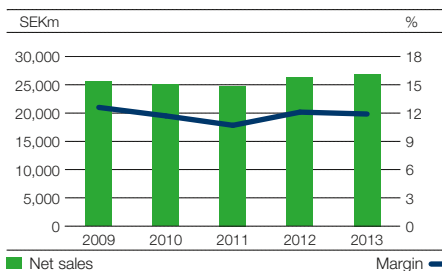
During the year, SCA launched TENA Identifi, a new technology that simplifies and increases the efficiency of the work carried out by caregivers and improves the quality of life for those with incontinence. Integrated electronic sensors in the incontinence product register urinary regularity and volume in a log system. The information can then be analyzed and used to provide the appropriate treatment and protection to individuals with incontinence.

During 2013, SCA introduced TENA U-test, an in-pad test card that facilitates detection of urinary tract infections among patients. The method simplifies diagnosis for caregivers and reduces patient discomfort compared with a urine test, which may require the use of a catheter.

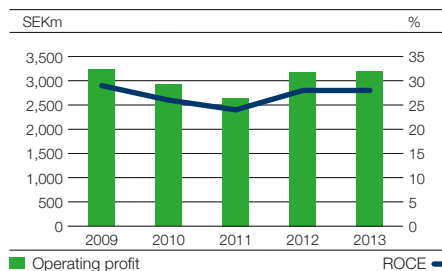
During the year, SCA further developed its Libero diaper function, logotype, design, packaging and external communication. The products were relaunched in the Nordic countries, Russia and China. SCA also sells baby diapers under the Sealer brand in China.



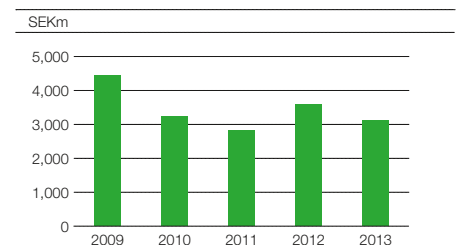
Net sales and operating margin



Operating profit and ROCE



Operating cash flow



During 2013, SCA developed the Sealer diaper's characteristics, design and packaging, and a new diaper that meet parents' needs in the economy segment was launched.

In Mexico, SCA launched Saba Intimate Soap, complementing Saba's feminine care product offering.

Growth

SCA's target for the business area is annual organic growth of 5–7%.

In 2013, the Personal Care business area grew both organically and through acquisitions. Sales rose during the year in all product segments and global growth for the business area, excluding exchange rate effects, amounted to 6%. Acquisitions increased sales by 3%. Excluding exchange rate effects, the sales increase in emerging markets was 10%. Emerging markets accounted for 38% of the business area's sales in 2013.

During the year, SCA established operations in India and decided to invest SEK 150m in local

production of hygiene products. The plan is to commence production at the Group's own plant in 2015. India's large population and low use of hygiene products indicate potential for future growth. During 2013, SCA launched baby diapers in India under the Libero brand.

Incontinence products

SCA offers a broad range of incontinence products under the TENA brand and is the clear global market leader. SCA's offering, which includes both products and services, improves the quality of life for consumers while also reducing costs for institutional customers, such as nursing homes.

Market

Incontinence products is the Personal Care segment that has the highest rate of growth.

Incontinence, which is classed as a disease by the World Health Organization (WHO), affects 5–7% of the world's population. Many indicators

point to the proportion of people affected increasing on a global scale as a result of an aging population. In five years, the population of the world over the age of 60 is estimated to pass the one billion mark. Market penetration is generally low for incontinence products, particularly among men. In Europe, the degree of penetration is less than 40%, while it is significantly lower in emerging markets. The occurrence of incontinence is two to three times more common among women than men and it is estimated that one-fourth of the world's women aged over 35 will be affected at some point in their lives.

Institutional care and homecare account for about 60% of the global market for incontinence products. Here, the main focus is on supplying high-quality products combined with qualified advisory services that simplify handling procedures and reduce costs for care providers. The retail market accounts for approximately 40% of the global market.



SCA's business

SCA is the world leader in incontinence products through its global brand TENA, which has annual sales in excess of SEK 10bn.

SCA's global market share in incontinence products is more than double that of the second largest player. SCA is the market leader in Europe, Asia (excluding Japan) and Latin America. SCA prioritizes high growth in all segments, strengthened global market leadership and a continued focus on building leading positions in Eastern Europe, Russia, Asia, the Middle East and Latin America. China is a market with low penetration and an aging population with high growth potential for incontinence products. Over the past four years, SCA has trained 10,000 nurses from more than 1,200 hospitals in a number of cities throughout the country. The response has been very positive and, in 2013, about 3,200 nursing assistants and more than 1,000 managers of care institutions received training.

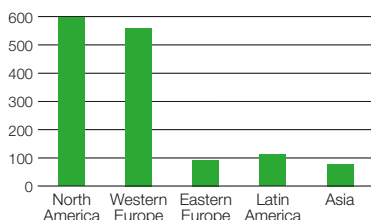
Since in many parts of the world, incontinence is surrounded by a social taboo, it is crucial to raise understanding and acceptance of the disease and enhance quality of life. SCA is endeavoring to break this taboo by providing information and through marketing activities, training and global forums. SCA offers products that enhance quality of life for people with incontinence.

SCA, with the TENA brand, has large growth potential in incontinence products thanks to an aging population and low market penetration. For the retail trade, SCA works with information, advertising and the development of increasingly discrete, comfortable, easy-to-use and effective products, always with the customer and consumer benefits in mind.



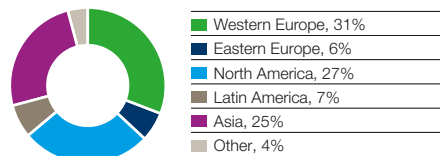
Use of incontinence products

Units/per person with incontinence/per year

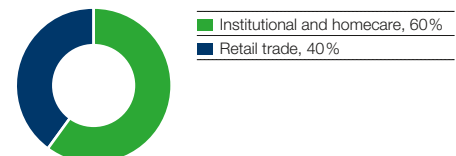


Data is based on market data and SCA's estimates.

Incontinence products – global market



Incontinence products – sales channels, global market



Baby diapers

SCA offers baby diapers and baby-care products and is the world's fourth largest player in the segment.

Market

There are about 400 million children under the age of 2.5 in the world today. While the markets in Western Europe and North America have high penetration, the majority of children worldwide still do not enjoy the practical and effective hygiene provided by daily use of disposable diapers, thus indicating considerable future potential for SCA. The most significant market growth is taking place in Asia, Latin America, the Middle East and Africa, where birth rates are high at the same time as infant mortality rates are falling and household incomes are rising.

SCA's business

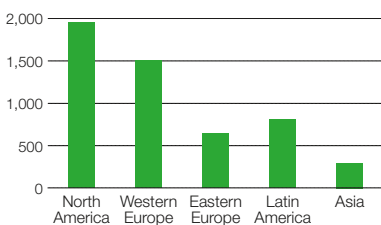
SCA is the world's fourth largest player in the baby diaper segment and holds the number two position in Europe. In Europe, SCA markets baby diapers under its own Libero brand and under retailers' brands. SCA's strongest market is the Nordic region, where the Libero brand is the market leader.

SCA works to strengthen the positions of its own brands in mature markets, including the Nordic region and New Zealand, and in fast-growing markets in Eastern Europe, Russia, Latin America, the Middle East and Asia. Emerging markets have good potential for continued growth due to low market penetration of baby diapers and growing demand.



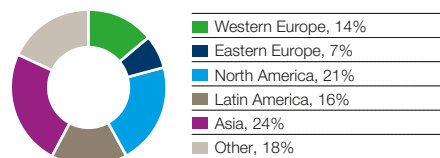
Use of baby diapers

Units/per child up to 2.5/per year

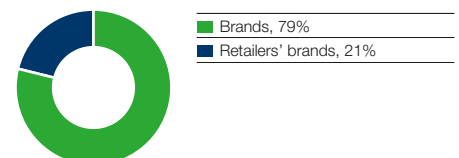


Data is based on market data and SCA's estimates.

Baby diapers – global market



Baby diapers – brand categories, European market



Feminine care

SCA is the world's fourth largest player in feminine care. SCA offers a broad product portfolio that includes pads, panty liners, tampons and intimate soaps.

Market

The growth potential for feminine care products is greatest in emerging markets where market penetration is significantly lower than in mature markets.

SCA's business

SCA is the world's fourth largest player in feminine care and the third largest in Europe. SCA is a market leader in Latin America, Australia and New Zealand.

A large and growing share of SCA's sales is taking place in emerging markets such as Latin America, Russia, Eastern Europe, the Middle East and Asia. In emerging markets, SCA offers packs with fewer feminine care products and products in the economy segments in an effort to increase availability.

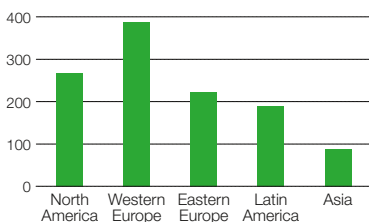
Examples of regional brands supported by SCA's global brand platform include Libresse in the Nordic region, Russia and Malaysia, Libra in Australia, Bodyform in the UK, Nana in France and Saba and Nosotras in Latin America.

SCA views it as an important task to promote awareness of hygiene and menstruation. School programs are under way in Latin America, Asia and Europe that aim to educate girls about what happens to their bodies during puberty and when they have their period.



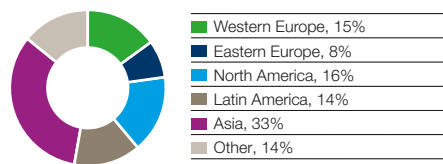
Use of feminine care

Units/per woman aged 15–49/per year

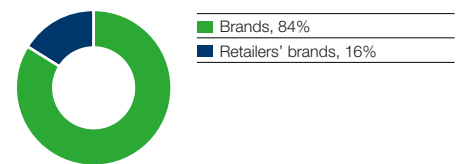


Data is based on market data and SCA's estimates.

Feminine care – global market



Feminine care – brand categories, European market



Operations in 2013

Net sales increased by 2% (6% excluding exchange rate effects) and amounted to SEK 26,914m (26,294). Higher volumes and acquisitions increased sales by 3% and 3%, respectively. In emerging markets, sales increased by 10%, excluding exchange rate effects.

Sales for incontinence products under the globally leading TENA brand rose by 6%, excluding exchange rate effects, driven primarily by emerging markets and good growth in Europe. Sales of baby diapers increased by 2%, excluding exchange rate effects, mainly related to Eastern Europe and acquisition in Asia. Sales for feminine care rose by 7%, excluding exchange rate effects, which was mainly attributable to emerging markets.

Operating profit, excluding items affecting comparability, was 1% higher than in the preceding year (4% excluding exchange rate effects) and amounted to SEK 3,201m (3,180). Earnings were impacted positively by higher volumes, cost savings and acquisitions. Investments in increased marketing activities led to higher volumes, but weighed down earnings, mainly for baby diapers. Increased raw material costs and exchange rate effects negatively impacted earnings. Incontinence products and feminine care products reported improved profit, while profit for baby diapers was lower.

Operating margin was 11.9% (12.1).

Return on capital employed amounted to 28% (28).

Operating cash surplus was SEK 4,162m (4,091). Operating cash flow declined to SEK 3,107m (3,586) as a result of a higher level of working capital and increased investments.

Capital expenditures amounted to SEK 939m (636).

Operating profit, SEKm:

3,201

Operating margin:

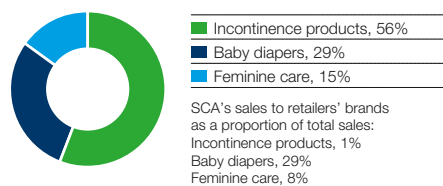
12%

KEY EVENTS

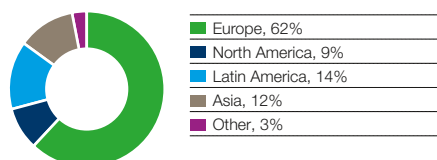
- Established operations in India.
- Cost and efficiency program delivered according to plan.



SCA's sales by product segment



SCA's sales by region



Key figures¹⁾

SEKm	2013	2012
Net sales	26,914	26,294
Operating cash surplus	4,162	4,091
Change in working capital	-28	313
Current capital expenditures	-780	-573
Other operating cash flow	-247	-245
Operating cash flow	3,107	3,586
Operating profit	3,201	3,180
Operating margin, %	12	12
Capital employed	11,077	11,303
ROCE, %	28	28
Strategic investments		
plant and equipment	-159	-63
company acquisitions/divestments	-22	-1,744
Average number of employees	10,800	10,914
No. of employees at Dec. 31	10,718	11,074

¹⁾ Excluding restructuring costs.

Tissue

SCA is a global leading **consumer tissue** and **Away-from-Home (AfH) tissue** company. The consumer tissue product portfolio comprises toilet paper, kitchen rolls, facial tissues, handkerchiefs and napkins. Products are sold both under own and retailers' brands. In the AfH tissue segment, SCA develops and markets complete hygiene solutions comprising dispensers, tissue, soap, service and maintenance to hospitals, large workplaces, industries, restaurants and hotels, under the globally leading brand Tork.

Sales in the Tissue business area in 2013 totaled approximately SEK 47bn. In the AfH segment, the globally leading brand Tork is the business area's single largest brand, with sales exceeding SEK 10bn annually.

Market

The global market for tissue is valued at slightly more than SEK 410bn and is growing by 4% annually.

SCA's competitors in tissue are, for example, Georgia-Pacific, Kimberly-Clark and Sofidel.

Shifts in global demographics such as population growth – due primarily to a lower infant mortality rate and increased longevity – and higher disposable incomes point to continued good growth for tissue. The effect of the trend in higher disposable incomes is that more people prioritize hygiene when food and housing needs have been, or are in the process of being, satisfied. Consequently, market penetration and demand for tissue are rising in emerging markets.

The growth potential is greatest in emerging markets where market penetration is significantly lower than in mature markets and where urbanization, improved infrastructure and the retail trade are evolving rapidly. One example of the lower market penetration in emerging markets is that tissue consumption per capita per year in Eastern Europe is only about a quarter of that in Western Europe. Growth is also occurring

in mature markets owing to lifestyle changes and innovations that lead to increased use.

Efficiency

SCA produces tissue at 54 plants in a total of 19 countries.

During the year, SCA focused on the cost and efficiency program, launched in 2012, for its hygiene operations, meaning Personal Care and Tissue. The program is progressing according to plan and will generate annual cost savings of EUR 300m with full effect in 2015. The bulk of the savings will be made in production and sourcing. In terms of production, SCA is working to standardize activities by implementing the most efficient processes at all of its production facilities.

For sourcing, the main focus is on achieving economies of scale by more efficiently centralizing sourcing and consolidating suppliers. The program also requires savings to be made in logistics, sales and administration. In 2013, total cost savings in the Personal Care and Tissue business areas amounted to approximately SEK 1,050m.

In conjunction with the acquisition of Georgia-Pacific's European tissue operations, synergies were identified that will lead to annual cost savings of EUR 125m with full effect in 2016. The Group's efforts to realize cost synergies progressed as planned in 2013. The savings achieved pertained to production, sourcing, logistics, sales and administration.



Share of Group



Net sales, 53%
SEK 46,987m



Operating profit, 53%
SEK 5,595m



Capital employed, 51%
SEK 50,044m



No. of employees at Dec. 31, 56%
18,730 employees



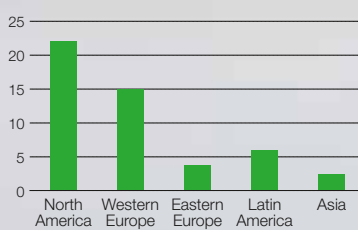
SCA's market positions

	Europe	North America	Global
Consumer tissue	1	-	2
AfH tissue	1	3	1

Data is based on market data and SCA's estimates.

Use of tissue

Kg per capita/per year



Tissue – global market



- Western Europe, 21%
- Eastern Europe, 5%
- North America, 31%
- Latin America, 13%
- Asia, 22%
- Other, 8%

Cost savings of SEK 385m were achieved in 2013.

Innovations and launches

In response to demands for intelligent hygiene solutions, which are driven by greater awareness of hygiene and pandemic threats, SCA launched the Tork Elevation H1 Sensor touch-free hand towel dispenser in 2012. During 2013, the Tork Intuition Sensor touch-free foam soap dispenser was launched. The foam soap and the paper towels are dispensed without the user being required to touch anything, which improves hygiene and reduces the spread of infection.

SCA's Tork Xpressnap guarantees customers in the AfH segment a significant reduction in napkin usage compared with conventional dis-

pensers. Its one-at-a-time napkin dispensing system reduces the amount used and waste, and is also positive from both a hygiene and sustainability perspective. The dispenser also has a larger capacity than conventional models, cutting down on work and maintenance. During 2013, SCA launched the Cray dispenser, a new, more elegant model of Tork Xpressnap, which is an attractive feature on countertops and tables or beside wash basins. It is available with a stainless steel finish, or in black or white plastic.

During the year, SCA launched a portable Tork dispenser for wiping paper that can be used in restaurant kitchens and can be easily moved between work stations. The dispenser also has a docking station on which the paper holder can be mounted, thereby also functioning

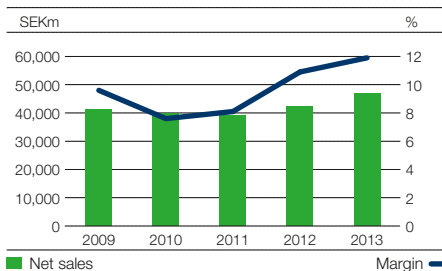
as a stationary solution. It is an intelligent product for food preparation environments that simplifies the work of the user and promotes better hygiene.

SCA also launched Tempo Cotton Touch, a new handkerchief containing cotton to provide a stronger and softer product.

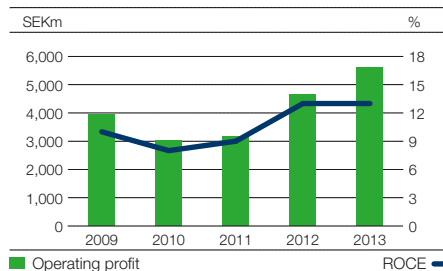
During the year, SCA launched Familia Famitex in Colombia via its joint venture there. Familia Famitex is a durable and strong paper towel for cleaning purposes that can be reused several times and represents a hygienic alternative to kitchen and cleaning cloths. Familia Famitex is available in three different colors for use in different cleaning areas around the home.



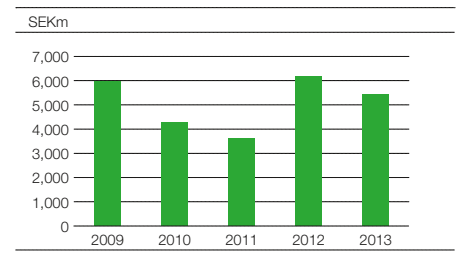
Net sales and operating margin



Operating profit and ROCE



Operating cash flow



Growth

SCA's target for the business area is annual organic growth of 3–4%.

In 2013, the Tissue business area grew both organically and through acquisitions. Sales rose during the year in both product segments and global growth for the business area, excluding exchange rate effects and divestments, amounted to 15%. Acquisitions increased sales by 12%. The sales increase in emerging markets was 13%, excluding exchange rate effects. Emerging markets accounted for 18% of the business area's sales in 2013.

During the year, SCA became the majority shareholder in the Chinese tissue company Vinda, with ownership of 51.4%. Vinda is the third largest tissue company in China, which is the world's second largest tissue market. SCA aims to develop the collaboration with Vinda and use its extensive and strong distribution network. SCA will consolidate Vinda from the first quarter of 2014.

During 2013, SCA established operations in India and decided to invest SEK 150m in local production of hygiene products. The plan is to commence production at the Group's own plant in 2015. India's large population and low use of hygiene products indicate potential for future growth. In 2013, SCA launched its Tempo consumer tissue in India.

Consumer tissue

SCA is the world's second largest supplier of consumer tissue, which includes toilet paper, kitchen rolls, facial tissues, handkerchiefs and napkins.

Market

Growth in mature markets is in the low single-digit figures, while it is considerably higher in emerging markets.

Emerging markets are growing at a faster rate than mature markets due to increasing disposable incomes and greater use of tissue. Growth is also occurring in mature markets owing to lifestyle changes and innovations that lead to increased use.

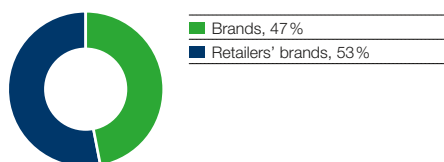
SCA's business

In the market for consumer tissue, SCA holds the global number two position. In Europe, SCA is the clear market leader with a market share of more than double that of the second largest player. SCA also commands strong positions in many emerging markets, such as Russia and Colombia, where SCA is the market leader, and in Mexico, where it holds the number two position. SCA holds the number three position in China through its majority shareholding in Vinda.

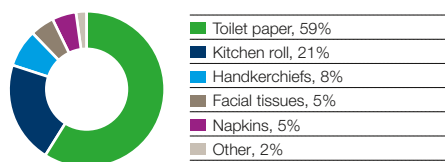
Products sold under own brands account for about 50% of SCA's sales, while the remaining 50% is sold under retailers' brands. SCA's brand portfolio comprises several strong regional and local brands. Tempo, Zewa, Plenty and Lotus hold leading positions in large areas of Europe, while Cushelle, Velvet and Edet are strong in the UK and the Nordic region. In Hong Kong, Tempo is the clear market leader in handkerchiefs. In South America, SCA markets products under the Familia and Favorita brands, and holds strong positions in emerging markets including Colombia, Chile and Ecuador. In the Mexican market, SCA occupies a strong position with the Regio brand and, in Australia, SCA is the second



Brand categories for consumer tissue, European market



Product breakdown for consumer tissue, European market



Data is based on market data and SCA's estimates.

largest supplier of tissue through its joint venture. Vinda is one of the leading brands in China.

In Europe, the aim is to further strengthen brand positions while retaining the important retailers' brands market. Therefore, for a number of years now, SCA has been working with a full-service offering that includes production and delivery, as well as partnerships for product development, product range, design, marketing and logistics in collaboration with some of the leading European retail chains.

AfH tissue

With the global Tork brand, SCA is the world's largest supplier of AfH tissue. The AfH segment comprises institutions and companies, including hospitals, healthcare institutions, large workplaces, industries, restaurants and hotels, for which SCA develops and sells complete hygiene solutions comprising dispensers, tissue, soap, service and maintenance. The products are distributed by wholesalers and service companies.

Market

Growth in mature markets is in the low single-digit figures, while it is considerably higher in emerging markets.

Emerging markets are growing at a faster rate than mature markets due to increasing disposable incomes and rising use of tissue.

SCA's business

For AfH tissue, SCA is a world leader with the global Tork brand, which has annual sales in excess of SEK 10bn.

The global brand Tork provides significant synergies since the difference in consumer and customer requirements is minimal in regard to tissue and dispensers in the various parts of the world.

SCA is the clear market leader in Europe and commands a market share that is about double that of the second largest player. SCA is the third largest player in North America. SCA's market position is particularly strong in the fast-food restaurant sector in North America, where nearly every second napkin is supplied by SCA. The Group also commands strong positions in emerging markets, such as Russia and Colombia, where SCA is the market leader. In 2013, Lotus Professional, the brand included in the acquisition of Georgia-Pacific's European tissue operations, was migrated to Tork.



Operations in 2013

Net sales rose by 11% (15% excluding exchange rate effects and divestments) and amounted to SEK 46,987m (42,375). Higher volumes increased sales by 3%. Acquisitions increased sales by 12% while divestments reduced sales by 2%. Sales in emerging markets grew by 13%, excluding exchange rate effects.

Sales of consumer tissue increased by 16%, excluding exchange rate effects and divestments, mainly as a result of acquisition in Europe.

Sales of AfH tissue increased by 16%, excluding exchange rate effects, principally attributable to acquisition in Europe.

Operating profit, excluding items affecting comparability, improved by 21% (27% excluding exchange rate effects and divestments) to SEK 5,595m (4,640). The improvement in earnings was due to acquisitions, increased volumes and cost savings. Acquisitions accounted for 9 percentage points of the earnings improvement. Higher energy and raw material costs, negative exchange rate effects and slightly lower prices reduced earnings.

Operating margin was 11.9% (10.9).

Return on capital employed amounted to 13% (13).

Operating cash surplus increased to SEK 8,061m (6,871). Operating cash flow declined to SEK 5,409m (6,154). The higher operating cash surplus did not offset the higher tied-up working capital and increased restructuring costs.

Capital expenditures amounted to SEK 2,393m (2,571).

Operating profit, SEKm:

5,595

Operating margin:

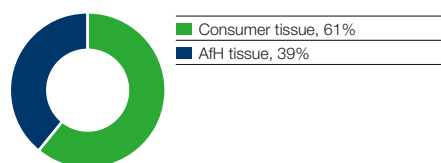
12%

KEY EVENTS

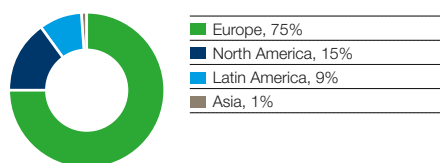
- Majority shareholder in Vinda, with ownership of 51.4%.
- Operations established in India.
- Cost and efficiency program delivered according to plan.
- Cost synergies from Georgia-Pacific acquisition delivered according to plan.



SCA's sales by product segment



SCA's sales by region



Key figures¹⁾

SEKm	2013	2012
Net sales	46,987	42,375
Operating cash surplus	8,061	6,871
Change in working capital	-492	744
Current capital expenditures	-1,484	-1,432
Other operating cash flow	-676	-29
Operating cash flow	5,409	6,154
Operating profit	5,595	4,640
Operating margin, %	12	11
Capital employed	50,044	42,466
ROCE, %	13	13
Strategic investments		
plant and equipment	-909	-1,139
company acquisitions/divestments	-4,752	-9,746
Average number of employees	18,835	17,811
No. of employees at Dec. 31	18,730	19,823

¹⁾ Excluding restructuring costs.

Forest Products

SCA is Europe's largest private forest owner, encompassing some 2.6 million hectares of forest land and produces forest products with a strong environmental profile. Operations are based on in-depth customer insight, high innovative ability and a sustainability perspective at all levels. SCA offers **publication papers, kraftliner (packaging papers), pulp, solid-wood products** and **renewable energy**.

The Forest Products business area reported sales of approximately SEK 15.5bn in 2013 and offers publication papers, kraftliner (packaging papers), pulp, solid-wood products and renewable energy. SCA has a well-integrated supply chain in Sweden between its forest holdings and production facilities.

The forest is a unique resource

SCA is Europe's largest private forest owner.

The forest is a unique resource that offers us access to high-quality forest raw materials, which are then converted into solid-wood products, pulp, publication papers and kraftliner in our production process. The forest also makes a positive contribution to SCA's environmental practices, enabling energy production from wind power and biofuels while at the same time storing and binding carbon dioxide.

From a community perspective, forests also contribute to biodiversity while at the same time providing a source for nature experiences and recreation. Responsible forest management and replanting of trees may be one of the solutions to climate change. SCA's forests display a net growth rate and the company's growing forests absorb 2.6 million tons of carbon dioxide annually, which exceeds the emissions from SCA's use of fossil fuels in production.

Efficiency

At the end of 2013, SCA conducted manufacturing activities at 18 sites. Having its own logistics is part of the company's integration strategy,

with loading and unloading terminals in Sweden and on the continent and freight transportation on vessels.

SCA's forest assets and industries are concentrated to northern Sweden, where the Group has built up an efficient supply system for its own mills and sawmills. The company's forest holdings are managed on a very long-term basis. Integration of SCA's own wood raw material is a key aspect of the company's strategy that contributes to stable cash flow and reliable supplies, and facilitates improved quality and cost control. SCA's forest holdings are a unique resource and comprise a renewable raw materials base for products, materials and energy that will grow in importance. Productive and cost-effective production facilities are two necessary components for favorable profitability. SCA thus applies what is referred to as the strong-mill concept, which focuses resources on a number of large, high-tech paper and pulp mills and sawmills located in Sweden.

In 2012, SCA introduced a program to enhance the efficiency of the forest products operation. The program will result in an annual earnings improvement of approximately SEK 1.3bn with full effect in 2015. The program includes a structured plan to reduce fixed and variable costs, achieve improved income

through increased production and efficiency enhancement, and implement a changed product and market mix. The efficiency program delivered according to plan in 2013. Measures included the closure of two smaller sawmills which, combined with other rationalization actions, led to a workforce reduction of about 200 employees. In 2013, the program generated an earnings improvement of SEK 550m.



Share of Group



Net sales, 17%
SEK 15,525m



Operating profit, 17%
SEK 1,843m



Capital employed, 38%
SEK 38,103m



No. of employees at Dec. 31, 12%
4,087 employees



Innovations and launches

Innovation is an integral part of the business area's strategy to move its operations toward increasingly advanced products in high-value segments and toward more attractive customer offerings. The focus is on profitable growth through further processing and customization in segments with favorable price trends. In doing this, SCA differentiates itself from the rest of the industry, while also meeting requirements of business partners and customers.

A clearer structure was created for innovation activities at Forest Products during 2013. A new position was established with the task of driving innovation and an innovation portfolio was defined for all divisions in Forest Products. The business area's management continues to assign high priority to the development of the innovation portfolio.

During the year, a new product area was launched, Sustainable Packaging, for fresh fiber-based packaging paper designed for use as flexible packaging, the surface layer in various packaging products and as corrugated board. The products combine excellent printability and efficient resource utilization with highly attractive properties in terms of the environment and product safety. The target is to produce 75,000 tons of the new products at the Ortviken paper mill within two years.

In solid-wood products, SCA develops and processes purpose-designed products for either industrial further processing in efficient supply chains or for the building materials trade. The share of wood products sold via traditional distribution channels is constantly declining. In 2013, sales to the building materials trade in the UK doubled and now about 30% of SCA

Timber's entire operations comprise sales to this segment, with their rigorous demands on distribution, service, warehousing and integration with suppliers' business systems.

Development programs are not solely focused on products, but also on the creation of business models, service and distribution solutions in close collaboration with SCA's customers.

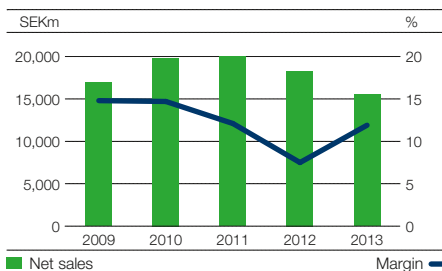
Growth

Continuing the work on enhancing efficiency and customer-driven innovation is essential for strengthening positions and creating growth. Efforts to develop and streamline the supply chain, make it more sustainable, and develop new product areas are also significant in terms of strengthening competitiveness.

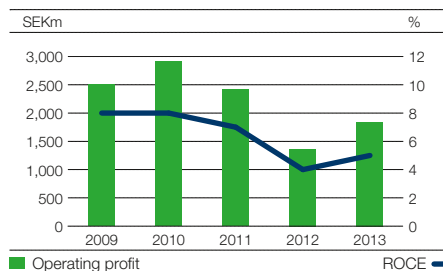
Timber continues to strengthen its long-term position as a construction material and its



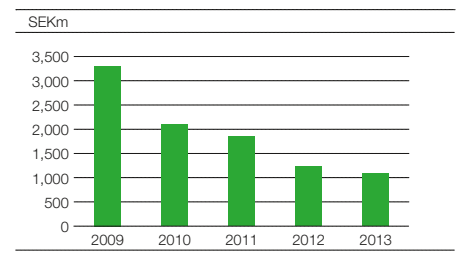
Net sales and operating margin*



Operating profit and ROCE*



Operating cash flow*



* Reclassified for 2010 and 2011 with kraftliner due to the divestment of the European packaging operations on June 30, 2012.

favorable environmental and climate properties have resulted in incentives in several countries to encourage increased wood utilization. Timber also comes from a source of raw materials that is completely renewable, namely, the forest.

Activities continued in the SCA Energy business unit, which is tasked with managing and developing SCA's renewable energy business.

SCA has set itself a target to increase wind power generation on the Group's forest land to 5 TWh by 2020. SCA's wind-power initiative has three components:

- development of partnership projects
- development of proprietary projects
- leasing of land

In 2007, SCA and Statkraft formed a jointly owned company, the purpose of which is to establish six wind farms with an annual output of about 3 TWh. Stamåsen, the first of these six wind farms, was inaugurated in 2013. Stamåsen wind farm encompasses 26 wind turbines that will generate an annual output of about 200 GWh. An investment decision has been taken on a total of 186 wind turbines with a combined annual production output of 1.6 TWh. The turbines are expected to be operational by 2015.

Work continued on the projects SCA is carrying out together with Fred.Olsen Renewables and E.ON, both of which have the potential to generate about 2 TWh of wind power electricity per year. SCA also continued its work on developing proprietary projects.

Market for forest products

The European market for publication papers is valued at approximately SEK 90bn. Future demand is expected to decline as a consequence of lower readership of printed media and more intense competition for advertising expenditures from electronic media.

The European market for kraftliner, paper for corrugated board packaging manufactured from fresh wood fiber, is valued at approximately SEK 30bn and growth over an economic cycle is approximately 1–2% per year.

The European market for solid-wood products is valued at some SEK 120bn, with demand primarily deriving from the construction and house building industries, which are relatively cyclical. Future growth is expected to amount to 2%. The industry is dominated by many small and mid-sized producers. Combined, the five leading suppliers – located in Scandinavia and Central Europe – account for only 13% of the European market.

The pulp market for long-fiber pulp has long-term growth of 2% per year.

SCA's competitors in forest products are, for example, Holmen, Smurfit Kappa, Stora Enso and UPM.

SCA's business

SCA is one of the world's largest suppliers of FSC®-certified forest products.

The divestment of SCA's publication paper mill in Laakirchen was completed in 2013. Following this divestment, all of Forest Product's production of paper, pulp and solid-wood products is concentrated to northern Sweden, close to SCA's forest holdings. The divestment also means that SCA has further reduced its exposure to the publication paper market. A portfolio of packaging paper products was introduced at

the only remaining publication paper mill, Ortvik, that supplements the production of publication paper and expanded the offering of packaging paper products from both the Obbola and Munksund kraftliner mills.

SCA's sales of publication papers mainly take place within the Western European market. The single largest markets are the Nordic region, Germany and the UK. Ortvik paper mill has the capacity to produce 100% value-added paper grades and has reduced its exposure to standard newsprint. Both of the publication paper grades, GraphoInvent and GraphoSilk, introduced in 2012 were well received by customers.

SCA is Europe's third largest supplier of packaging paper based on fresh wood fiber – kraftliner. SCA's kraftliner mill in Munksund



specializes in White-Top Kraftliner with good printability, while the kraftliner mill in Obbola specializes in more robust grades and higher wet strength packaging paper.

During the year, investments of SEK 540m were made to rebuild the paper machine and soda recovery boiler in Munksund, which enabled increased production, mainly for White-Top Kraftliner. An investment in the biofuel-fired lime kiln is being made and will be completed in 2014. In 2013, SCA decided to invest approximately SEK 500m in a new digester in Obbola. This investment is a replacement investment that will increase production and improve energy efficiency at the site.

SCA's sawmill operation is the second largest in Europe. The strategy for solid-wood products is to move toward more value-added and customized products in markets and with customers that offer long-term growth. SCA's own raw materials, production and logistics expertise, combined with close cooperation with customers, generate competitive advantages.

SCA is a qualified supplier of purpose-designed wood products to industry for further processing into such items as panels, floors, windows, doors and furniture. Finished-wood components for window manufacturing, for example, represents another high-growth market. Products for the building materials trade are delivered planed and pre-packaged.

Service and advanced logistics solutions are of key significance for the building materials trade. SCA works in close cooperation with its customers in its principal markets in Scandinavia, France and the UK. Partnerships were initiated with the two largest building materials chains in the UK: Wickes, which targets the DIY (Do-It-Yourself) market, and Travis Perkins, which focuses on professional building materials customers. SCA will supply Travis Perkins with an entire range of planed products, and those products produced in Sweden will therefore be further processed in the UK. Production at a new planing line near Hull began in 2013 and will reach full capacity in 2014.

In the pulp market, SCA has positioned itself in the high-quality segment based on its excellent access to, and expertise in, the unique Nordic long-fiber forest raw material. Östrand pulp mill has an annual capacity of 530,000 tons. Approximately 40% of this capacity is utilized within SCA for production of tissue and publication papers while the remainder is sold to external customers.

During 2013, SCA invested SEK 380m in an expanded partnership with Sundsvall Energi. Östrand pulp mill, which already supplies district heating to the Municipality of Timrå, was connected to the Sundsvall district heating grid. Ortvik paper mill rebuilt two boilers enabling them to be fuelled with pellets, and tripled its deliveries to the Sundsvall district heating grid.

SCA is Europe's largest private forest owner with a holding of 2.6 million hectares of FSC® and PEFC™-certified forest land, of which 2 million is cultivated. Over the past 50 years, the standing volume in SCA's forests has increased

by nearly 50%, at the same time as growth, and thus the sustainable harvesting potential, has more than doubled.

In 2013, SCA's Bogrundet nursery in Sweden produced 101 million seedlings, of which 60% was sold externally.

SCA is one of Europe's largest suppliers of forest-based biofuels, such as tree branches, crowns, stumps, bark, sawdust, peat and processed products, which includes pellets and briquettes. In 2013, production of biofuel amounted to 3 TWh.



Operations in 2013

Net sales declined by 15% (unchanged, excluding divestments) and amounted to SEK 15,525m (18,283). Higher volumes increased sales by 1%, while lower prices (including exchange rate effects) reduced sales by 1%. Divestments reduced sales by 15%.

Sales of publication papers fell on account of lower prices (including exchange rate effects) and divestments. Higher volumes had a positive impact on sales of publication papers. For kraftliner, sales declined as a result of lower volumes, which were not fully offset by higher prices.

Sales of solid-wood products increased due to higher volumes and prices (including exchange rate effects). For pulp, sales declined as a result of lower volumes, which were not fully offset by higher prices.



Operating profit, excluding items affecting comparability, rose by 35% to SEK 1,843m (1,363). Cost savings and lower raw material costs had a positive effect on earnings. The higher earnings were also attributable to gains of SEK 583m (91) on forest swaps. Lower prices, negative exchange rate effects of SEK 190m due to a stronger Swedish krona, higher energy costs and costs for extended maintenance stops reduced earnings.

The operating margin was 11.9% (7.5).

Return on capital employed was 5% (4).

Operating cash surplus amounted to SEK 1,927m (2,313), while the operating cash flow was SEK 1,084m (1,223).

Capital expenditures totaled SEK 1,828m (1,777).

Operating profit, SEKm:

1,843

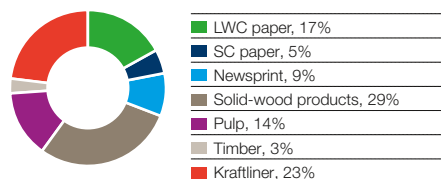
Operating margin:

12%

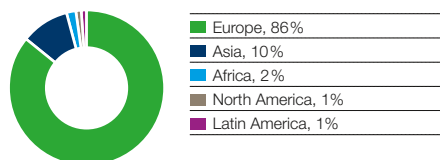
KEY EVENTS

- Efficiency program delivered according to plan.
- Divested the publication paper mill in Laakirchen, Austria.
- Inaugurated first wind farm as part of jointly owned company with Statkraft.

SCA's sales by product segment



SCA's sales by region



Key figures¹⁾

SEKm	2013	2012
Net sales	15,525	18,283
of which internal	367	1,272
Operating cash surplus	1,927	2,313
Change in working capital	346	85
Current capital expenditures	-1,027	-1,116
Other operating cash flow	-162	-59
Operating cash flow	1,084	1,223
Operating profit	1,843	1,363
Operating margin, %	12	7
Capital employed	38,103	37,008
ROCE, %	5	4
Strategic investments		
plant and equipment	-801	-661
company acquisitions/divestments	817	-286
Average number of employees	4,369	5,050
No. of employees at Dec. 31	4,087	4,804

¹⁾ Excluding restructuring costs.

Corporate Governance

The task of corporate governance is to ensure the Group's commitments to all of its stakeholders: shareholders, customers, suppliers, creditors, society and employees. At the same time, governance must be structured in a way that supports the company's long-term strategy, market presence and competitiveness. Corporate governance must be reliable, clear, simple and business-oriented.

Corporate governance, including remuneration, Pages 50–59

This section describes the rules and regulations and the Group's corporate governance, including a description of the operational organization. It also details the Board of Directors' responsibilities and its work during the year. Information regarding remuneration and remuneration issues in SCA and internal control in the Group are also

included here. SCA applies the Swedish Code of Corporate Governance without any deviations.

Risk management, Pages 60–65

SCA's processes to identify and manage risks are part of the Group's strategy work and are pursued at a local and Group-wide level. The section dealing with risk management describes the most significant risks, and the policies and

measures that the Group applies to manage these.

Sustainability, Pages 10–11, 14

SCA's sustainability work is an integral part of the company's business model. The sustainability work helps the company reduce risk and costs, strengthen competitiveness and attract talent and investors.

Governance at SCA

■ Annual General Meeting

The Annual General Meeting (AGM) is SCA's highest decision-making body, which all shareholders are entitled to attend, to have a matter considered and to vote for all shares held by the shareholder. The company's Board of Directors is elected at the AGM. The AGM also appoints the company's auditor.

□ Nomination Committee

The Nomination Committee represents the company's shareholders and is charged with the sole task of drafting proposals for adoption at the AGM with respect to election and remuneration matters and, in certain cases, proposing procedural motions for the next Nomination Committee.

■ Board of Directors

The Board of Directors has overall responsibility for the company's organization and administration through regular monitoring of the business and by ensuring the appropriateness of the organization, management team, guidelines and internal control. The Board approves strategies and targets, and decides on major investments, acquisitions and divestments of operations among other matters.

In accordance with the decision of the AGM, the Board of Directors shall comprise nine members elected by the AGM with no deputies. In addition, the Board shall include three members and three deputies appointed by the employees.

Chairman of the Board

The Chairman of the Board leads the work of the Board and is responsible for ensuring that it is effectively organized and that work is efficiently conducted. This includes continuously monitoring the company's operations in close dialog with the President and CEO and ensuring that other Board members receive information and decision data that will enable high-quality discussion and decisions by the Board. The Chairman leads the assessment of the Board's and the President's work. The Chairman also represents the company in ownership matters.

Audit Committee

The tasks of the Audit Committee include monitoring financial reporting and the efficiency of the company's internal control, internal audit and risk management. The committee keeps itself informed on the audit, reviews and monitors the impartiality and independence of the auditors, and contributes proposals for the AGM's election of auditors.

Remuneration Committee

The Remuneration Committee drafts the Board's motions on issues relating to remuneration principles, remuneration and other terms and conditions of employment for the President and CEO and is authorized to make decisions in these matters for the company's other senior executives. The committee monitors and assesses programs for variable remuneration, the application of the AGM's resolution on guidelines for remuneration of senior executives and the applicable remuneration structure and remuneration levels in the Group.

Internal audit

At SCA, it is the responsibility of all employees to ensure sound internal governance and control in the operation or process for which they are responsible. Since 2006, internal audit has been a separate function with the task of evaluating and improving the efficiency of SCA's internal governance and control, as well as its risk management. The function has 14 employees and the manager reports to the Audit Committee and the Board regarding internal audit matters and to the CFO with respect to other matters. The internal auditors are geographically located throughout the world where SCA conducts operations. The function examines, among other aspects, SCA's internal processes for ordering, invoicing, purchasing and financial reporting, IT systems, compliance with SCA's policies, including its Code of Conduct, HR issues and various types of projects. The function also offers internal consultancy services in connection with internal control matters.

■ President and CEO

SCA's President and CEO is responsible for and manages the day-to-day administration of the Group and follows the Board's guidelines and instructions. The President and CEO is supported by two Executive Vice Presidents, one of whom is also the CFO, and the Corporate Senior Management Team, see pages 58–59, the work

Information regarding SCA's ownership structure is presented on pages 18–19.

of which is led by the CEO. The Corporate Senior Management Team consists of the President, the Executive Vice Presidents, Business Unit Presidents and the equivalent, and managers for the group functions Finance, Human Resources, Sustainability, Legal Affairs, Communications, and Strategy and Business Development, the latter of which is also responsible for Global Business Services (GBS) and IT Services. GBS' global area of responsibility is providing transactional service, HR administrative support, office-related services and service to all units within SCA. For the hygiene business, there is also a special management body. The formal work plan for the Board of Directors and terms of reference issued by the Board of Directors to the President detail, for example, the division of work between the Board and President. In consultation with the Chairman of the Board, the President prepares documentation and decision data for the Board's work.

SCA has seven business units:

- SCA AfH Professional Hygiene Europe, which offers AfH tissue.

- SCA Consumer Goods Europe, which offers consumer goods.
- SCA Incontinence Care Europe, which offers incontinence products.
- SCA Asia Pacific, which offers tissue and personal care products.
- SCA Americas, which offers tissue and personal care products.
- SCA MEIA (the Middle East, India and Africa), which offers tissue and personal care products.
- SCA Forest Products, which offers publication paper, kraftliner (packaging paper), pulp, solid-wood products and renewable energy.

In addition to the business units, SCA has established two global units:

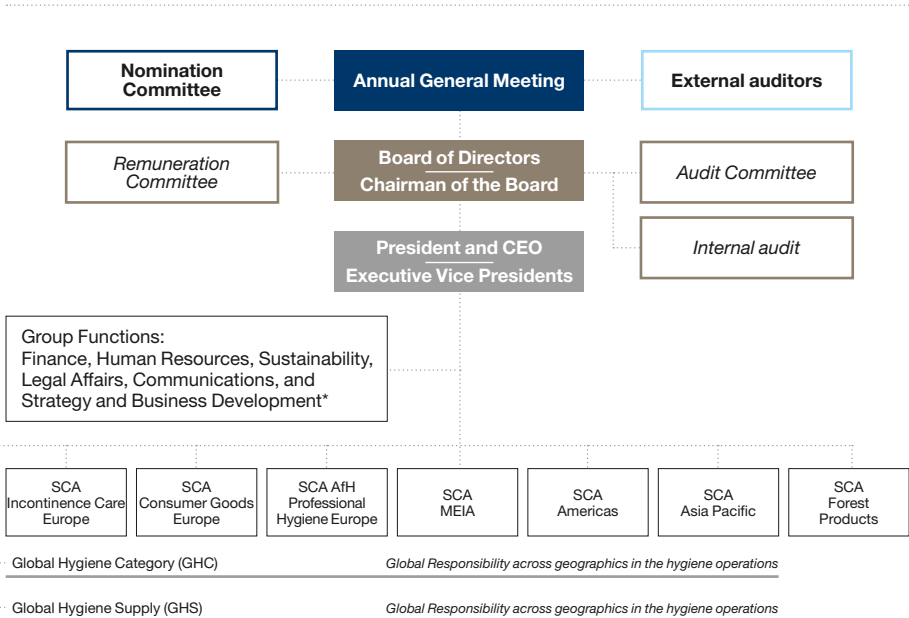
- Global Hygiene Category (GHC), with global responsibility for customer and consumer brands and innovation in the hygiene area.
- Global Hygiene Supply (GHS), with global responsibility for purchasing, production planning, technology and investments in the hygiene segment.

SCA's business units adhere to the principle of distinct decentralization of responsibility and authority. The business units are fully responsible for developing their respective operations through established objectives and strategies; a process that is also centrally coordinated. The business units are responsible for their operating result, capital and cash flow. The position of the business and results are followed up by the entire Corporate Senior Management Team on a monthly basis. Each quarter, business review meetings are conducted where the management of each business unit personally meets the President, the CFO and others. These meetings function as a complement to the daily monitoring of operations. Through formal work plans and terms of reference, a number of issues of material significance are placed under the control of the CEO and the Parent Company's Board of Directors. SCA divides up and reports its business in three business areas – Personal Care, Tissue and Forest Products.

External auditors

The company's auditor, elected at the Annual General Meeting, examines SCA's annual report and consolidated financial statements, the Board's and President's administration and the annual reports of subsidiaries, and submits an audit report.

The audit is performed in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing principles in Sweden.



* The Strategy and Business Development corporate staff function is also responsible for Global Business Services (GBS) and IT Services. GBS has global responsibility for providing transactional services, human resources support, office-related services and other services for all units in SCA.

<p>Internal rules and regulations, etc.</p> <ul style="list-style-type: none"> • Articles of Association • Formal work plan of the Board of Directors • Terms of reference issued by the Board to the President • Policy documents (e.g. financial, communications, risk management, pension, HR) and instructions (payment authorization and payment) • Code of Conduct 	<p>External rules and regulations, etc.</p> <ul style="list-style-type: none"> • The Swedish Companies Act • Swedish and international accounting legislation • NASDAQ OMX Stockholm's rules and regulations • Swedish Code of Corporate Governance
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More detailed information at www.sca.com

- Articles of association
- Swedish Code of Corporate Governance
- Information from Annual General Meetings of previous years, since 2004 (notices, minutes, President's speeches and press releases)
- Information from the Nomination Committee, since 2006 (composition, proposals and work)
- Information ahead of the 2014 Annual General Meeting (notice, Nomination Committee proposals, Board's proposal for principles for remuneration of the President and other senior executives, information routines for notifying attendance at the meeting, etc.)
- Earlier Corporate Governance Reports, since 2005

Activities during the year

Annual General Meeting

The AGM was held on Wednesday, April 10, 2013, in Stockholm, Sweden. The meeting was attended by 1,208 shareholders, either personally or by proxy, corresponding to 67.4% of the votes in the company. Attorney-at-Law Sven Unger was elected Chairman of the Meeting.

Resolutions by the meeting

- dividend of SEK 4.50 (4.20) per share to be paid for the 2012 fiscal year,
- re-election of Board members Pär Boman, Rolf Börjesson, Jan Johansson, Leif Johansson, Sverker Martin-Löf, Bert Nordberg, Anders Nyrén, Louise Julian Svanberg and Barbara Milian Thoralfsson,
- re-election of Sverker Martin-Löf as Chairman of the Board,
- adoption of guidelines for determining the salary and other remuneration of the President and other senior executives, see page 26 and Note 6 on pages 85–86.

The minutes of the meeting in full and information on the 2013 AGM, including the President's speech, can be accessed at www.sca.com.

Nomination Committee

The 2012 AGM decided that the Nomination Committee should comprise representatives of not fewer than the four and not more than the six largest shareholders in terms of voting rights, as well as the Chairman of the Board, who is also the convener. The Nomination Committee shall submit proposals relating to the Chairman of the Meeting, the Board of Directors, the Chairman of

the Board, Board fees and remuneration for committee work, the election of the company's auditor and remuneration for services rendered.

In its work, the Nomination Committee is to consider the rules that apply to the independence of Board members and that the selection for those nominated shall be based on expertise and experience relevant to SCA.

Composition of the Nomination Committee for the 2014 AGM

The composition of the Nomination Committee for the 2014 AGM is as follows:

- Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee
- Håkan Sandberg, Handelsbanken Pension Foundation, among others
- Yngve Slyngstad, Norges Bank Investment Management
- Caroline af Ugglas, Skandia
- Sverker Martin-Löf, Chairman of the Board of SCA

All shareholders have had an opportunity to submit proposals to the Nomination Committee. The Nomination Committee's proposals for the 2014 Annual General Meeting are presented in the notification of the AGM on SCA's website www.sca.com. The 2014 AGM will be held on April 10, see page 21.

The Nomination Committee was convened on two occasions. The Chairman of the Board presented the Board evaluation, which is conducted annually, and provided the Nomination Committee with information regarding Board and committee work during the year.

Board of Directors

SCA's Board of Directors comprises nine members elected by the AGM.

Board members Pär Boman, Rolf Börjesson, Jan Johansson (SCA's President and CEO), Leif Johansson, Sverker Martin-Löf, Bert Nordberg, Anders Nyrén, Louise Julian Svanberg and Barbara Milian Thoralfsson were re-elected to the Board. Sverker Martin-Löf was elected as Chairman of the Board.

The independence of Board members is presented in the table below. SCA complies with the requirements of the Swedish Code of Corporate Governance that stipulate that not more than one member elected by the AGM shall be a member of company management, that the majority of the members elected by the AGM shall be independent of the company and company management, and that not fewer than two of these shall also be independent of the company's major shareholders. All of the Board members have experience of the requirements incumbent upon a listed company. The employees have appointed the following three representatives to the Board for the period until the 2017 AGM: Roger Boström, Örjan Svensson and Thomas Wiklund, and their deputies Per Andersson, Paulina Halleröd and Hans Nyqvist.

Board activities

In 2013, the Board was convened nine times. The Board has a fixed formal work plan that describes in detail which ordinary agenda items are to be addressed at the various Board meetings of the year. Recurring agenda items are finances, the market situation, investments and

Composition of the largest shareholders, Nomination Committee at August 31, 2013 (share of votes)

	%
AB Industrivärden	29.2
Handelsbanken*	14.3
Norges Bank Investment Management	8.0
Skandia	1.6

* Including funds and trusts.

Board of Directors and committees

Board of Directors	Elected	Dependence ¹⁾	Committee		Attendance		
			Audit	Remuneration	Board meetings	Audit Committee	Remuneration Committee
Pär Boman	2010	■			9/9		
Rolf Börjesson	2003			x	9/9		3/3
Jan Johansson	2008	■			9/9		
Leif Johansson	2006			x	9/9		3/3
Sverker Martin-Löf, Chairman	1986	■	x	Chairman	9/9	5/5	3/3
Bert Nordberg	2012				9/9		
Anders Nyrén	2001	■	Chairman		9/9	5/5	
Louise Julian Svanberg	2012				9/9		
Barbara Milian Thoralfsson	2006		x		9/9	5/5	

¹⁾ As defined in the Swedish Code of Corporate Governance.

■ = Dependent in relation to the company's major shareholder, AB Industrivärden.

■ = President of SCA, dependent in relation to the company.

■ = Dependent in relation to the company, the Corporate Senior Management Team, and the company's major shareholder, AB Industrivärden.

adoption of the financial statements. On a regular basis throughout the year, the Board has also dealt with reports from the Audit and Remuneration Committees and reports on internal control and financial operations. The company's auditors regularly present a report on their audit work and these issues are discussed by the Board. The Business Unit Presidents present reports on their respective operations and current issues affecting them to the Board.

Evaluation of the Board's work

The work of the Board, like that of the President, is evaluated annually using a systematic and structured process, the purpose of which is to obtain a sound basis for the Board's own development work and to provide the Nomination Committee with decision data for its nomination work. The Chairman of the Board is responsible for the evaluation. In 2013, the evaluation took the form of a questionnaire and discussions between the Chairman of the Board and the members. The evaluation covers such areas as the Board's method of work, expertise and the year's work. The Board was provided with feedback after the results were compiled. The Nomination Committee was also informed of the results of the evaluation.

Audit Committee

In 2013, the Audit Committee comprised Chairman Anders Nyrén, Barbara Milian Thoralfsson and Sverker Martin-Löf. The Audit Committee held five meetings during the year. In its work, which includes monitoring financial reporting,

the committee dealt with relevant accounting issues, internal auditors' reviews, auditing work and a review of various measurement issues, such as testing of impairment requirements for goodwill, the measurement of forest assets and the preconditions for the year's pension liability calculations.

Remuneration Committee

The Remuneration Committee consists of Chairman Sverker Martin-Löf, Leif Johansson and Rolf Börjesson. The Remuneration Committee held three meetings during the year. In addition, a number of issues were addressed by circular letter. Activities in 2013 mainly concerned remuneration and other employment terms and conditions for senior executives, and current remuneration structures and remuneration levels in the Group.

Internal audit

The basis of the work is a risk analysis conducted in cooperation with SCA's management team. The risk analysis concludes in an audit plan, which is presented to the Audit Committee. In 2013, just over 120 audit projects were performed. During the year, the function reported its observations at each meeting with the Audit Committee.

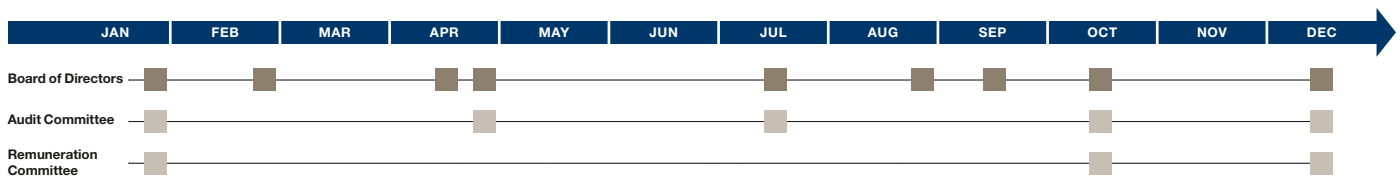
Work in 2013 also involved following up the units' progress with process-based control, follow-up and reporting on the efficiency in internal governance and control, and separate assessments of the internal control in countries where SCA has major investments and in joint ventures.

External auditors

The 2013 Annual General Meeting appointed the accounting firm of PricewaterhouseCoopers AB as the company's auditor for a mandate period of one year. The accounting firm notified the company that Anders Lundin, Authorized Public Accountant, would be the senior auditor. Anders Lundin is also auditor for AB Electrolux and Telia-Sonera AB. The auditor holds no shares in SCA.

In accordance with its formal work plan, the Board met with the auditors at two scheduled Board meetings in 2013. The auditors also attended each meeting of the Audit Committee. At these meetings, the auditors presented and received opinions on the focus and scope of the planned audit and delivered verbal audit and review reports. Furthermore, at the Board's third scheduled autumn meeting, the auditors delivered an in-depth verbal report on the audit for the year. The formal work plan specifies a number of mandatory issues that must be covered. These include matters of importance that have been a cause for concern or discussion during the audit, business routines and transactions where differences of opinion may exist regarding the choice of accounting procedures. The auditors also provide an account of consultancy work assigned to the audit firm by SCA and the audit firm's independence in relation to the company and its management. On each occasion, Board members have had an opportunity to ask the auditors questions. Certain parts of the detailed discussion on the accounts take place without representatives of company management being present.

Board and Committee meetings



Remuneration, Corporate Senior Management and Board of Directors

Guidelines

The 2013 Annual General Meeting adopted guidelines for remuneration of senior executives that are based on a total remuneration package comprising a fixed salary, variable salary and other benefits, and a pension. These unchanged guidelines are also proposed for the 2014 AGM, see page 21 and Note 6 on pages 85–86.

Remuneration of the President and other senior executives

Remuneration of the President and other senior executives is presented in Note 6 on pages 85–86. Variable remuneration for the CEO, Executive Vice Presidents and Business Unit Presidents was maximized to a total of 100% of the fixed salary for 2013. For one Business Unit President, stationed in the US, the maximum outcome is 130%, while the corresponding limit for other senior executives is 90%.

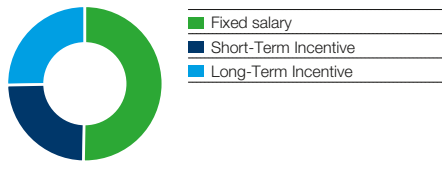
Variable remuneration and strategic targets

Programs for variable remuneration are formulated to support the Group's strategic targets. The short-term program is individually adapted and based mainly on cash flow, operating profit and growth. The long-term program is based on the SCA share's long-term total shareholder return.

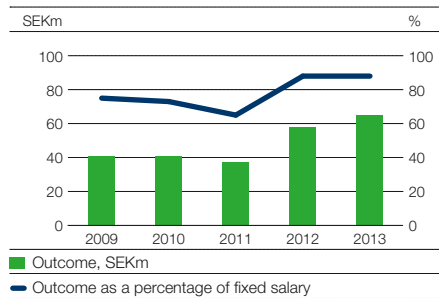
Remuneration of the Board

According to the resolution by the AGM, the fees paid to the AGM-elected Board members totaled SEK 6,280,000. See Note 6, on pages 85–86 for further information.

Potential maximum remuneration, breakdown



Outcome, variable remunerations 2009–2013



Internal control of the financial reporting

The Board's responsibility for internal governance and control is regulated in the Swedish Companies Act, the Annual Accounts Act and in the Swedish Code of Corporate Governance.

The Annual Accounts Act requires that the company, each year, describes its system for internal control and risk management with respect to financial reporting. The Board bears the overall responsibility for financial reporting and its formal work plan regulates the internal division of work between the Board and its committees.

The Audit Committee has an important task to prepare the Board's work to assure the quality of financial reporting. This preparation work includes issues relating to internal control and regulation compliance, control of recognized values, estimations, assessments and other activities that may impact the quality of financial statements. The Committee has charged the company's auditors with the task of specifically examining the degree of compliance in the company with the rules for internal control, both general and detailed.

Financial reporting to the Board

The Board's formal work plan stipulates which reports and information of a financial nature shall be submitted to the Board at each scheduled meeting. The President ensures that the Board receives the reports required to enable the Board to continuously assess the company's and Group's financial position. Detailed instructions specifically outline the types of reports that the Board is to receive at each meeting.

External financial reporting

The quality of external financial reporting is guaranteed via a number of actions and procedures. The President is responsible for ensuring that all information issued, such as press releases with financial content, presentation material for meetings with the media, owners and financial institutions, is correct and of a high quality. The responsibilities of the company's auditors include reviewing accounting issues that are critical for the financial reporting and reporting their observations to the Audit Com-

mittee and the Board of Directors. In addition to the year-end report, the auditors also review the six-month report.

Risk management

With regard to financial reporting, the risk that material errors may be made when reporting the company's financial position and results is considered the primary risk. To minimize this risk, control documents have been established pertaining to accounting, procedures for annual accounts and follow-up of reported annual accounts. A Group-wide system for reporting annual accounts has also been introduced. SCA's Board of Directors and management assess the financial reporting from a risk perspective on an ongoing basis. To provide support for this assessment, the company's income statement and balance sheet items are compared with earlier reports, budgets and other planned figures. Control activities that are significant to financial reporting are carried out using the company's IT system. For further information, see Risk and risk management on pages 60–65.

Control activities and follow up

Significant instructions and guidelines related to financial reporting are prepared and updated regularly by the Group's central controller organization and are easily accessible on the Group's intranet. The central controller organization is responsible for ensuring compliance with instructions and guidelines. Process managers at various levels within SCA are responsible for carrying out the necessary control measures with respect to financial reporting. An important role is played by the business unit's controller organizations, which are responsible for ensuring that financial reporting from each unit is correct, complete and delivered in a timely manner. In addition, each business unit has a Finance Manager with responsibility for each business unit's financial statements. The company's control activities are supported by the budgets prepared by each business unit and updated during the year through continuous forecasts.

In recent years, SCA has introduced a standardized system of control measures involving processes that are significant to the company's financial reporting. The controls are adapted to the operational process and system structure of each unit. Accordingly, each unit prepares a record of the actual controls to be carried out in the unit in question. Control of these processes is assessed through self-evaluation followed up by an internal audit. In some cases, SCA has enlisted external help to validate these control measures.

Financial results are reported and examined regularly within the management teams of the operating units and communicated to SCA's management at monthly and quarterly meetings. Before reports are issued, results are analyzed to identify and eliminate any mistakes in the process until the year-end closing. For additional information, see Internal audit on page 53.

Activities in 2013

For a number of years now, the entire SCA Group has used a shared reporting system for financial statements. An increasing number of units within SCA are also introducing the same accounting system based on a common IT platform. In 2012, the introduction of the common accounting system began in the companies acquired from Georgia-Pacific and other companies acquired during the year.

Another development involved the co-location of accounting and reporting of several units in Shared Service Centers, which made reporting more efficient and uniform. A project continued in 2013 aimed at reducing the number of legal entities in SCA and thereby simplifying the reporting and system structures. In 2012, Global Business Services (GBS) was formed. GBS' global area of responsibility is providing transactional service, HR administrative support, office-related services and service to all units within SCA. This gradually impacted and enhanced the efficiency of the processes during 2013 and will continue to do so in the future.

Board of Directors and Auditors



Information regarding individuals' own and related parties' shareholdings pertains to the situation on December 31, 2013.

Elected by the Annual General Meeting

1 Sverker Martin-Löf (1943)

Tech Lic., Honorary PhD

Chairman of the Board since 2002. Chairman of the Board of Industrivärden and SSAB. Vice Chairman of Ericsson and Handelsbanken. Member of the Board of Skanska. Formerly President and CEO of SCA.

Elected: 1986

A shares: 3,000 B shares: 77,823

Independent of the company and corporate management.

2 Pär Boman (1961)

Engineering and Business/Economics degree

President, CEO and member of the Board of Handelsbanken. Member of the Board of Industrivärden. Formerly Head of Handelsbanken Markets.

Elected: 2010

A shares: 1,000

3 Rolf Börjesson (1942)

MSc Eng.

Chairman of the Board of Biolight AB. Member of the Boards of Avery Dennison and Huhtamäki Oyj. Formerly President and Chairman of the Board of Rexam.

Elected: 2003

B shares: 25,350

Independent of the company, corporate management and SCA's major shareholders.

4 Jan Johansson (1954)

Master of Laws

President and CEO of SCA.

Member of the Board of Handelsbanken, SSAB and the Confederation of Swedish Enterprise. Formerly President and CEO of Boliden.

Elected: 2008

B shares: 78,200

Independent of SCA's major shareholders.

5 Leif Johansson (1951)

MSc Eng.

Chairman of the Board of Ericsson and AstraZeneca. Chairman of the Royal Swedish Academy of Engineering Sciences (IVA). Chairman of the European Round Table of Industrialists (ERT).

Formerly President and CEO of Volvo.

Elected: 2006

B shares: 6,040

Independent of the company, corporate management and SCA's major shareholders.

6 Bert Nordberg (1956)

Engineer

Chairman of the Board of Vestas Wind Systems A/S. Member of the Boards of AB Electrolux and BlackBerry Ltd. Formerly President of Sony Mobile Communications.

Elected: 2012

B shares: 5,000

Independent of the company, corporate management and SCA's major shareholders.

**7 Anders Nyrén** (1954)*MSc Econ, MBA*

President and CEO of AB Industrivärden. Chairman of the Boards of Handelsbanken and Sandvik. Member of the Boards of Ernström & Co AB, Industrivärden, Volvo, the Stockholm School of Economics and the Stockholm School of Economics Association. Formerly Executive Vice President of Skanska.

Elected: 2001

B shares: 1,200

Independent of the company and corporate management.

8 Louise Julian Svanberg (1958)*MSc Econ*

Formerly President and Chairman of the Board of EF.

Elected: 2012

B shares: 15,000

Independent of the company, corporate management and SCA's major shareholders.

9 Barbara Milian Thoralfsson (1959)*MBA, BA*

Member of the Boards of AB Electrolux, Telenor ASA and Norfolier GreenTec AS.

Formerly President and CEO of TeliaSonera Norge.

Elected: 2006

Independent of the company, corporate management and SCA's major shareholders.

Appointed by the employees**10 Roger Boström** (1971)

Chairman Swedish Paper Workers' Union dept. 167 at SCA Graphic Sundsvall AB, Östrand pulp mill, Timrå. Member of the Swedish Trade Union Confederation (LO). Appointed: 2013

B shares: 25

11 Örjan Svensson (1963)

Senior Industrial Safety Representative at SCA Hygiene Products AB, Edet Bruk, Lilla Edet. Member of the Swedish Trade Union Confederation (LO). Appointed: 2005

B shares: 75

12 Thomas Wiklund (1955)

Shift Production Manager and Chairman of Ledarna (Swedish Organization for Managers) at Munksund paper mill.

Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2009

Deputies**Per Andersson** (1955)

Employed at SCA Obbola, Umeå
Appointed: 2013

Paulina Halleröd (1967)

Employed at SCA Hygiene Products, Gothenburg
Appointed: 2013

Hans Nyqvist (1968)

Employed at SCA Hygiene Products, Gothenburg
Appointed: 2013

Honorary Chairman**Bo Rydin***MSc Econ., Hon PhD Econ., Hon PhD Engineering***Auditors****PricewaterhouseCoopers AB**

Senior Auditor: Anders Lundin, Authorized Public Accountant.

Secretary to the Board**Mikael Schmidt** (1960)*Master of Laws*

Senior Vice President, Group Function Legal Affairs, General Counsel.

Employed since: 1992

B shares: 4,500

Corporate Senior Management Team



1 Jan Johansson (1954)
 President and CEO
 Master of Laws
 Employed since: 2007
 B shares: 78,200

2 Lennart Persson (1947)
 CFO and Executive Vice President
 Head of Group Function Finance
 BSc BA
 Employed since: 1987
 B shares: 50,165

3 Mats Berencrutz (1954)
 Executive Vice President
 MSc ME
 Employed since: 1981
 B shares: 12,000

4 Joséphine Edwall-Björklund (1964)
 Senior Vice President, Group Function
 Communications
 BSc in Communications
 Employed since: 2012
 B shares: 1,100

5 Magnus Groth (1963)
 President, SCA Consumer Goods Europe
 MBA and MSc ME
 Employed since: 2011
 B shares: 4,800

6 Gordana Landén (1964)
 Senior Vice President, Group Function
 Human Resources
 BSc
 Employed since: 2008
 B shares: 2,742

7 Ulf Larsson (1962)
 President, SCA Forest Products
 BSc Forestry
 Employed since: 1992
 B shares: 4,400

8 William Ledger (1967)
 President, SCA Global Hygiene Supply
 BSc, Industrial Chemical Engineer
 Employed since: 2002
 B shares: 3,050

Information regarding individuals' own and related parties' shareholdings pertains to the situation on December 31, 2013.



9 Margareta Lehmann (1958)
President, SCA Incontinence Care Europe
BSc BA
Employed since: 1983
B shares: 3,458

10 Don Lewis (1961)
President, SCA Americas
BSc BA
Employed since: 2002
SCA ADR: 8,405

11 Sune Lundin (1951)
President, SCA AfH Professional Hygiene Europe
MSc Eng.
Employed since: 2008
B shares: 12,450

12 Christoph Michalski (1966)
President, SCA Global Hygiene Category
MSc Econ.
Employed since: 2007
B shares: 16,450

13 Mikael Schmidt (1960)
Senior Vice President, Group Function Legal Affairs, General Counsel
Master of Laws
Employed since: 1992
B shares: 4,500

14 Robert Sjöström (1964)
Senior Vice President, Group Function Strategy and Business Development, Global Business Services and IT
MSc Econ., MBA
Employed since: 2009
B shares: 10,600

15 Kersti Strandqvist (1963)
Senior Vice President, Group Function Sustainability
MSc Chem., Tech Lic.
Employed since: 1997
B shares: 6,797

16 Ulf Söderström (1964)
President, SCA Asia Pacific
Studies in economics, MBA
Employed since: 2009
B shares: 11,500

17 Thomas Wulkan (1961)
President, SCA MEIA
BSc BA
Employed since: 2000
B shares: 7,450

Risks and risk management

SCA is exposed to a number of risks that could exert a greater or lesser material impact on the Group. These risks are generally defined as factors that impact SCA's ability to achieve established targets for the Group. This applies to both financial targets and targets in other areas. SCA's targets are outlined in the section Strategy, on pages 8–9.

Many of the risks described could have a positive or negative impact on the Group. This implies that if a risk develops in a favorable manner or if risk management is successful in counteracting the risk, target fulfillment could exceed expectations. From this perspective, risk could also entail opportunities for SCA. Examples include the GDP trend and the economic situation, the cost of input goods, customer and consumer patterns, and movements in market prices.

The description in this section pertains to the structure that the SCA Group had at year-end 2013.

SCA's structure and value chain

SCA's structure and geographically dispersed business entails in itself a certain degree of risk reduction. SCA conducts operations in three business areas that deliver to entirely, or partially, different customer segments and end-users. The operations are influenced to varying degrees by

the business cycle and general economic prosperity and their competitive situations also differ. SCA's products are sold through many different channels and distribution paths.

The operation has a large geographical spread. Sales are conducted in about 100 countries worldwide and manufacturing is pursued at about 100 production units in some 30 countries. Sales are often based on local manufacturing.

SCA's structure also ensures that the raw material flows are, to a certain degree, integrated from forest land to the finished consumer products. In 2013, 53% of SCA's wood raw material requirements were sourced from the Group's own forests. The wood fiber is used for SCA's production of pulp, kraftliner and publication papers, in sawmill operations, and for the manufacture of tissue. Forest waste from SCA's activities is used in biofuel operations. The energy generated in the production process is used internally or sold.

The pulp is subsequently used mainly in the production of tissue. In 2013, 31% of the pulp requirement was satisfied by the Group's own pulp production.

Processes for risk management

SCA's Board determines the Group's strategic direction based on recommendations from Cor-

porate Senior Management. The responsibility for long-term and overall management of strategic risks follows the company's delegation scheme, from the Board to the President, and from the President to the Business Unit Presidents. This implies that most operational risks are managed by SCA's business units at a local level, but are coordinated when deemed necessary. The tools for this work primarily comprise continuous reporting by the business units and the annual strategy process, which includes risk and risk management as part of the process.

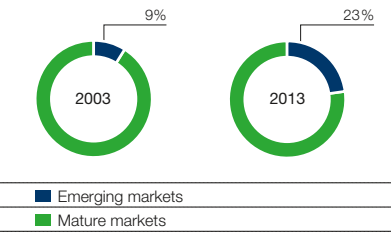
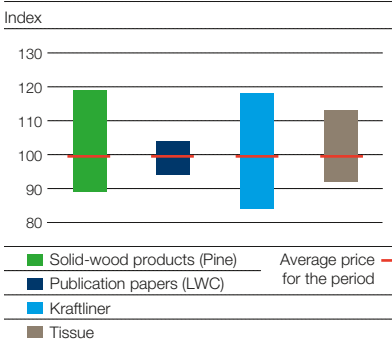
SCA's financial risk management is centralized, as is the case for the corporate internal bank for financial transactions of Group companies and management of the Group's energy risks. The financial risks are managed in accordance with the Group's finance policy, which is set by SCA's Board and, together with SCA's energy risk policy, comprises a framework for management activities. The risks are grouped and followed up on a regular basis to ensure compliance with these guidelines. SCA has also centralized the management of other risks.

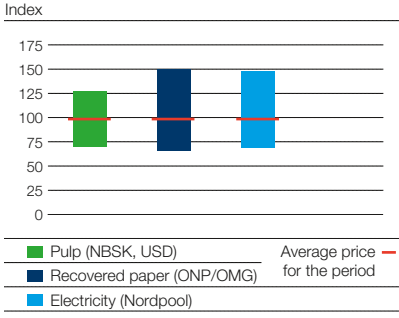
SCA has established a corporate internal audit unit, which ensures that the organization complies with the Group's policies.

Risks that impact SCA's ability to achieve established targets

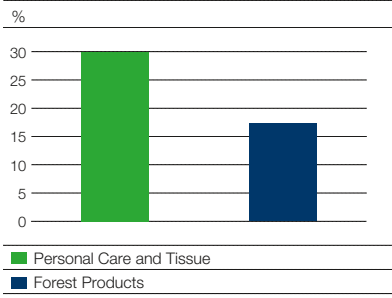
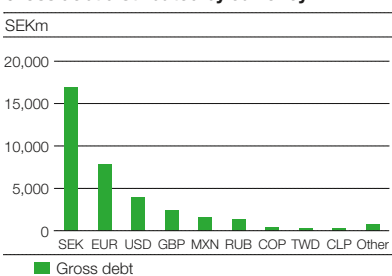
Risk	Policy/Action
<p>GDP trend and economic conditions</p> <p>SCA's volume development is linked to the development of GDP and related factors, including industrial production, in countries representing SCA's main markets. Movements in the GDP trend influence demand for some of SCA's products, primarily in the Forest Products business area.</p> <p>Development within SCA's key customer segments (Europe, Index in 2000 = 100)</p> <p>Index</p> <p>120 100 80 60 40</p> <p>00 01 02 03 04 05 06 07 08 09 10 11 12 13</p> <p>— Retail trade — Manufacturing industry — Construction industry — Advertising market (newspapers and magazines, Germany, France and the UK)</p>	<p>SCA has reduced the impact of the general economic trend by focusing on its hygiene business.</p> <p>In 2013, Personal Care and Tissue accounted for 83% of SCA's sales. Sales to the retail market, which accounts for the bulk of sales of hygiene products, are more dependent on established consumption patterns and distribution than the economic climate. The institutional care and homecare facilities segment for incontinence products is also relatively unaffected by the business cycle, although it can be impacted by the public budget situation in certain countries. The segment in the hygiene business that is most sensitive to economic movements is AfH tissue, which is affected by the consumption of tissue outside the home, for example, within industry and offices, as well as in the hotel and restaurant industry.</p> <p>Forest products are vulnerable to economic movements. Sales of publication papers, representing 5% of SCA's sales, are affected by fluctuations in business activity in the advertising sector. The relatively cyclical construction and private house industries impact SCA's solid-wood product business, which accounts for 5% of sales.</p> <p>For all businesses, it is important that SCA manages the effects of the economic movements that occur by taking actions to reduce costs and by reviewing the capacity and production structure.</p>

Risk	Policy/Action	
Environmental impact and climate change		
<p>SCA's operations have an impact on air, water, land and biological processes. These effects could lead to costs for restoring the environment or other kinds of negative effects. The matter of the economic impact of climate change is also growing in significance.</p>	<p>A number of years ago, SCA established a sustainability policy, detailing guidelines for the Group's actions in the areas of environmental and social responsibility. Risks are minimized through preventive work in the form of certified environmental management systems, environmental risk inspections in conjunction with acquisitions, and remediation projects in connection with plant closures.</p> <p>The Group's large forest holding has a positive environmental effect through the absorption of carbon dioxide. Furthermore, the forest guarantees access to renewable forest raw materials.</p>	<p>Through its extensive Resource Management System (RMS), SCA monitors how the company utilizes energy, water, transport activities and raw materials. The data is used for internal control and follow-up of established targets. SCA works proactively to decrease its carbon footprint by reducing its energy consumption and emissions of greenhouse gases. Continuous work is conducted to reduce the already low levels of oil and coal used in the Group, and to increase the proportion of renewable energy, such as wind power. A comprehensive description of SCA's work and governance in this area is provided in the Group's Sustainability Report.</p>
Impact of political decisions		
<p>SCA is affected by political decisions and administrative regulations in the approximately 100 countries in which the Group conducts operations. These relate to general regulations, such as taxation and financial reporting. SCA is also impacted by more specific regulations, such as the granting of permits in accordance with the Environmental Code and reimbursement of expenses in the healthcare system.</p>	<p>Through SCA's Public Affairs unit, the company works to monitor and evaluate changes in its surroundings, including amended legislation, and identify actions that lead to improvements for all relevant stakeholder groups. SCA is also a member of national and international trade associations, which comprise the primary bodies for participation in current public debates.</p> <p>For issues of importance to the company, SCA can also work directly in cooperation with regulatory bodies and the public. Examples include the project to construct wind turbines on SCA's land in Sweden.</p> <p>A key area for SCA is global energy and environmental legislation. Because SCA has major operations in Europe and the EU plays a leading role in developing environmental legislation, SCA is focusing its activities on the various EU institutions. For example, SCA moni-</p>	<p>tors developments in policy areas of major importance to the company, including resource consumption in general and issues of water, air and waste, such as EU trade in emission rights, the EU Waste Directive and the issue of the use of sulfurous fuels in shipping.</p> <p>Since the public sector is both a significant customer and stakeholder group for SCA, the health debate is important to the company, especially with regard to the development of systems for healthcare with greater patient benefit and greater cost efficiency. SCA also works actively to disseminate knowledge regarding various national systems to decision-makers in countries where new structures are being built up. Examples include the development of systems for cost-free prescription of incontinence aids in countries where such benefits were not offered in the past.</p>
Impact of substitutes		
<p>Other product solutions (substitutes) can replace products that are included in SCA's offering and thereby reduce sales. By offering competitive products, SCA can also take market shares from the substitute. The issue of substitutes is also linked to changes in the patterns and attitudes of customers and consumers that affect demand for certain products and thus profitability.</p>	<p>Substitutes exist for virtually all SCA products. This may involve different products with a similar function, such as cloth diapers, cloth rags for household or industrial cleaning, or completely different solutions to the needs of customers and consumers, such as electric hand dryers and the spread of news by electronic media instead of on paper.</p> <p>SCA takes proactive steps to adapt to the existence of substitutes and take advantage of the possibilities to expand the Group's business by viewing the substitutes as a potential market opportunity. Another way of being proactive is through innovation, including in-house research and development. A major driver for innovation comprises demands and requests from customers and consumers.</p>	<p>Accordingly, development work is often conducted in direct cooperation with customers. An increasingly important factor is greater focus on sustainability with respect to environmental, financial and social factors. Other demands imposed on SCA's innovation include the desire to create profitable differentiation for SCA's product range and create value and growth, both for customers and SCA (read more about innovation on page 12).</p> <p>In many countries, the degree of penetration is low, meaning only a small proportion of the population uses SCA's products, compared with more developed countries. To increase acceptance of its products, SCA focuses on matters influencing attitudes and on breaking taboos. This also applies to Europe and North America with regard to such items as incontinence products.</p>
Dependence on major customers and distributors		
<p>The retail trade is SCA's single largest customer group and thus exercises considerable influence. Approximately half of SCA's sales are made to the retail trade, under both SCA's brands and the retailer's own brands. SCA also uses other distributors or retailers that could impact the Group. A general consolidation process is taking place in several of SCA's sales channels, thus increasing dependence on individual customers. This increase in dependence could result in negative consequences if SCA does not fulfil the demands imposed.</p>	<p>SCA's customer structure is relatively dispersed, with customers in many different areas of business. In the retail trade, the prevailing trend is towards increased concentration, which has mainly resulted in fewer retail companies at a national and regional level. This could also present opportunities through closer cooperation. There are still a considerable number of retail companies, which reduces the risk for SCA. SCA also uses distributors, mainly for AfH tissue. A very large number of distributors are active in this segment and the international concentration is relatively low.</p>	<p>In 2013, SCA's ten largest customers accounted for 23% of the Group's sales. The single largest customer accounted for 3% of sales. Most of these customers were retail companies. The ten largest customers also include some large distributors of AfH tissue.</p> <p>Credit risk in accounts receivable is dealt with in the section Credit risk, on page 65.</p>

Risk	Policy/Action	
Expansion into new markets		
<p>In recent years, SCA has expanded its operations into emerging markets outside Western Europe and North America. If the conditions differ from those in already established markets, this expansion could involve new risks for SCA.</p> <p>Sales in emerging markets</p>  <p>Emerging markets include the countries in Eastern Europe, Latin America, Asia (excluding Japan) and Africa.</p>	<p>SCA can expand its business in various ways. The sale of SCA's products in new markets can be managed by agents or by the Group's own sales company. When a decision has been made to conduct manufacturing in the local market, this may be carried out through a joint venture in cooperation with other owners or by SCA acquiring or forming a wholly owned company. A joint venture, through collaboration with a partner with solid local knowledge, reduces the risk for SCA.</p> <p>Prior to initiating operations, SCA conducts a feasibility study. Depending on how the business will be operated, varying methods are used in the feasibility study, including market studies, and a review of the legal requirements, including environmental legislation, due diligence of existing companies, and assessments of the business climate and common business practices in the market in question. A risk analysis of issues related to the environment and business ethics is also performed.</p>	<p>When the business is operational, SCA has often improved its knowledge of the market and can thus adapt the organization. The recruitment of personnel with the appropriate values is crucial, as is maintaining contact with the market in question through communication. SCA's Group policies, including its Code of Conduct and Sustainability Policy, apply to all markets in which SCA conducts operations.</p>
Movements in the market price of SCA's products		
<p>Movements in the market price of SCA's products could create major fluctuations in the profitability of the product in question when these movements are not linked to changes in costs for SCA.</p>	<p>Several methods can be applied to address this risk. Long-term contracts at fixed prices and price hedging only occur in exceptional cases. To reduce the impact of price movements on SCA, actions are taken to adapt the cost scenario to lower market prices, for example, by renegotiating purchasing agreements, implementing personnel and capacity reductions, and reviewing the business structure. In other cases, the product's content can be adapted to the new market price level.</p> <p>Movements in the market price in a number of SCA's product segments are detailed in the figure below. The diagram specifies the average price per year (Index 100) and movements around this value over the past ten years.</p>	<p>Highest/lowest market prices (annual average) 2003–2013 per product</p> 
Risks at plants		
<p>SCA has around 100 production facilities in some 30 countries and many of these conduct continuous production. Fires, machinery breakdowns and other types of harmful incidents could damage the plant in question and also cause delivery problems.</p>	<p>SCA's activities in this area are governed by its Risk Management Policy, which controls how SCA shall manage insurable risks. From this perspective, the aim of risk management is to effectively and cost efficiently protect employees, the environment, the company assets and the business, and to minimize SCA's risk management costs. This can be achieved by creating and retaining a balance between loss prevention and insurance coverage.</p> <p>The loss-prevention work is conducted in accordance with established guidelines that include inspections by risk engineers and benchmarking with other plants, within and outside SCA. Other important elements of loss-prevention activities include maintenance</p>	<p>of plants, staff training, good orderliness, and documentation. Every year, SCA invests in loss-prevention measures and its production plants continuously work to reduce their risks. For example, new facilities are fitted with sprinkler systems as standard. All wholly owned plants are insured to replacement cost and for the loss of contribution margin. Within the EU, insurance is carried out by one of the Group's own companies, with external reinsurance for major damages. Outside the EU, SCA cooperates with market-leading insurance companies.</p>
Occurrence of unethical business practices		
<p>SCA works in some 100 countries and in environments where unethical business practices may exist. If SCA becomes involved in these business practices, the company's reputation in the market may be damaged. SCA may also suffer fines and other legal sanctions.</p>	<p>To ensure that SCA's organization lives up to the company's core values and is not drawn into unethical business practices, there has been a Code of Conduct established since 2004, which includes general rules for the company's business methods. SCA uses a number of methods to monitor and safeguard the imple-</p>	<p>mentation of the Code. These include due diligence in connection with acquisitions, monitoring of the supplier chain and regular audits of SCA's units around the world. More detailed information on the Code of Conduct and the work in 2013 is available on pages 44–46 in the Group's Sustainability Report.</p>

Risk	Policy/Action									
Suppliers										
<p>SCA is dependent on a large number of suppliers. The loss of key suppliers could result in costs for SCA and problems in manufacturing. Suppliers could also cause problems for SCA through non-compliance with applicable legislation and regulations or by otherwise acting in an unethical manner.</p>	<p>To reduce this risk, SCA has supply contracts with several suppliers and continuously enters into agreements with various durations. The Group has a number of suppliers for essentially all important input goods. These contracts ensure deliveries of a significant proportion of input goods at the same time as the effects of sudden cost increases are limited. The Group also has more intensive cooperation with selected suppliers that covers the development of materials and processes. SCA continuously assesses all key suppliers to ensure that they fully comply with the Group requirements in all respects. The assessment may take the</p>	<p>form of a questionnaire, an on-site visit or the use of independent auditors. For essentially all important input goods, SCA assesses the following factors at current and potential suppliers:</p> <ul style="list-style-type: none"> • Quality • Product safety • Impact on the environment, including the issue of the origin of the input goods • Use of chemicals • Compliance with SCA's Code of Conduct 								
Cost of input goods										
<p>The market price of many of the input goods used in the manufacture of SCA's products fluctuates over time and this could influence SCA's earnings.</p> <p>Highest/lowest market prices (annual average) 2003–2013 per product</p>  <table border="1" data-bbox="154 840 552 1159"> <caption>Highest/lowest market prices (annual average) 2003–2013 per product</caption> <thead> <tr> <th>Product</th> <th>Index (approx.)</th> </tr> </thead> <tbody> <tr> <td>Pulp (NBSK, USD)</td> <td>130</td> </tr> <tr> <td>Recovered paper (ONP/OMG)</td> <td>80</td> </tr> <tr> <td>Electricity (Nordpool)</td> <td>100</td> </tr> </tbody> </table>	Product	Index (approx.)	Pulp (NBSK, USD)	130	Recovered paper (ONP/OMG)	80	Electricity (Nordpool)	100	<p>The risk of price movements related to input goods and the impact of these on earnings can be managed in several ways. As a result of SCA's structure, a significant share of raw materials is produced within the Group and, consequently, price movements have a smaller impact on earnings. In 2013, 53% of SCA's wood raw material requirements were sourced from its own forests and 31% of its pulp requirements were satisfied by the Group's own pulp production. Another method used to manage the price risk is by availing of financial hedges and long-term contracts. SCA is an energy-intensive company and hedges the energy price risk for electricity and natural gas. More detailed information on the energy price risk and management activities related to this is presented on page 64. Under normal circumstances, no other price risks related to input goods are hedged, although this could be carried out in exceptional cases. SCA has also begun building up its own energy operations based on the utili-</p>	<p>zation of the Group's own holdings of forest land. More information on these operations is provided in the Group's Sustainability Report. A significant cost item comprises oil-based materials and other oil-related costs, such as transportation. The oil-based materials are principally used in Personal Care products and generally as packaging material. When possible, these and other costs are managed principally through compensation in the form of raised prices for SCA's products, by adjusting product specifications or through streamlining of the Group's own operation. The impact of price movements on input goods can be delayed through purchasing agreements. SCA's relative costs for various key input goods are described on page 114. The price trend for a number of input goods is presented in the diagram to the left.</p>
Product	Index (approx.)									
Pulp (NBSK, USD)	130									
Recovered paper (ONP/OMG)	80									
Electricity (Nordpool)	100									
Employee-related risks										
<p>SCA must have access to skilled and motivated employees and safeguard the availability of competent managers to achieve established strategic and operational objectives.</p>	<p>SCA's strategic manpower planning secures access to people with the right expertise at the right time. Recruitment can take place both externally and internally, and internal recruitment and job rotation are facilitated by a "job portal", where available positions are advertised both internally and externally. Salaries and other condi-</p>	<p>tions are to be adapted to the market and linked to SCA's business priorities. An established succession planning program protects operations. SCA strives to maintain good relationships with union organizations.</p>								
Legal risks										
<p>New legislation in various countries could negatively impact SCA. Legal processes can be protracted and costly.</p>	<p>SCA monitors the development of legislation through its internal corporate legal staff and external advisors. Another important issue is the management of SCA's intellectual property rights (patents, trademarks, etc.), which is largely centralized. In the approximately 100</p>	<p>countries in which SCA conducts operations, local legal issues and disputes are handled through an extensive network of local legal advisors.</p>								
IT risks										
<p>SCA relies on IT systems in its day-to-day operations. Disruptions or faults in critical systems have a direct impact on production. Errors in the handling of financial systems can affect the company's reporting of results.</p>	<p>SCA has established a management system for information security, including quality assurance procedures that govern IT operations. Information security is monitored through continuous reviews. Standardized processes are in place for the implementation of new systems, changes to existing systems and daily opera-</p>	<p>tions. The majority of SCA's system landscape is based on well-proven products, such as SAP.</p>								

Risk	Policy/Action																																																																								
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<p>Energy price risk is the risk that increased energy prices could adversely impact SCA's operating profit. SCA is exposed to price movements of electricity and natural gas, but the price of other energy commodities also directly and indirectly impacts SCA's operating profit.</p>	<p>SCA centrally manages the energy price risk related to electricity and natural gas. According to SCA's policy, these price risks can be hedged for a period of up to 36 months. Energy price hedging is effected through financial instruments and fixed pricing in existing supply agreements.</p> <p>SCA safeguards the supply of electricity and natural gas through centrally negotiated supply agreements with well-established suppliers. The portfolio of supply agreements shall be effectively spread to minimize SCA's counterparty risk.</p> <p>In 2013, SCA purchased about 7 TWh (7; 7) of electricity and about 8 TWh (8; 9) of natural gas.</p> <p>The graph to the right displays SCA's price hedges in relation to forecast consumption of electricity and natural gas for the next three years. The graph includes financial hedges and hedging effected via supply agreements. Some of the Swedish electricity exposure is hedged for a longer period through supply agreements maturing in 2019.</p> <p>For further information concerning financial price hedges, see Note 18 Derivatives on page 96.</p>																																																																								
<p>Energy price hedges in relation to forecast consumption, December 31, 2013</p> <table border="1"> <caption>Energy price hedges in relation to forecast consumption, December 31, 2013</caption> <thead> <tr> <th>Year</th> <th>Electricity (%)</th> <th>Natural gas (%)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>~58</td> <td>~48</td> </tr> <tr> <td>2015</td> <td>~28</td> <td>~18</td> </tr> <tr> <td>2016</td> <td>~18</td> <td>~0</td> </tr> </tbody> </table>		Year	Electricity (%)	Natural gas (%)	2014	~58	~48	2015	~28	~18	2016	~18	~0																																																												
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<p>Transaction exposure</p> <p>Transaction exposure is the risk that exchange rate movements in export revenues and import expenses could negatively impact the Group's operating profit and the cost of non-current assets.</p> <p>Translation exposure</p> <p>Translation exposure is the risk to which SCA is exposed when translating foreign subsidiaries' balance sheets and income statements to SEK.</p>	<p>Transaction exposure</p> <p>Transaction exposure, resulting from exports and imports, can be hedged for a period of up to 18 months. Contracted future payments for non-current assets in foreign currencies can be hedged up to the full cost.</p> <p>The forecast net flow of currency against SEK amounts to SEK 9,153m (9,024; 10,544) on an annual basis. The forecast flows are expected to occur evenly over time. At year-end, a net flow against SEK corresponding to four months of the forecast flow for 2014 was hedged. The majority of hedges mature during the first and second quarters of 2014.</p> <p>The forecast and hedges of the 2014 flows are shown in the table to the right.</p> <p>For further information relating to hedging of transaction exposure, see Note 18 Derivatives on page 96.</p>																																																																								
<p>Long-term currency sensitivity</p> <p>The table below presents a breakdown of the Group's net sales and operating expenses by currency, which provides an overview of the Group's long-term currency sensitivity. The largest exposures are denominated in SEK, EUR, GBP and USD. The imbalance between sales and expenses in SEK is because the Swedish operations have a high proportion of exports that are invoiced in foreign currencies.</p>	<p>Forecast and hedges relating to flows in 2014¹⁾</p> <table border="1"> <thead> <tr> <th>Currency</th> <th>Net flows SEKm</th> <th>Currency inflows SEKm</th> <th>Currency outflows SEKm</th> <th>Hedged inflows %</th> <th>Hedged outflows %</th> </tr> </thead> <tbody> <tr> <td>GBP</td> <td>2,923</td> <td>3,524</td> <td>-601</td> <td>21</td> <td>2</td> </tr> <tr> <td>RUB</td> <td>1,259</td> <td>1,313</td> <td>-54</td> <td>3</td> <td>0</td> </tr> <tr> <td>EUR</td> <td>1,239</td> <td>14,578</td> <td>-13,339</td> <td>9</td> <td>1</td> </tr> <tr> <td>NOK</td> <td>1,052</td> <td>1,094</td> <td>-42</td> <td>15</td> <td>0</td> </tr> <tr> <td>CHF</td> <td>751</td> <td>754</td> <td>-3</td> <td>12</td> <td>0</td> </tr> <tr> <td>DKK</td> <td>715</td> <td>788</td> <td>-73</td> <td>39</td> <td>25</td> </tr> <tr> <td>PLN</td> <td>575</td> <td>1,791</td> <td>-1,216</td> <td>2</td> <td>0</td> </tr> <tr> <td>JPY</td> <td>476</td> <td>476</td> <td>0</td> <td>11</td> <td>0</td> </tr> <tr> <td>Other</td> <td>2,380</td> <td>5,170</td> <td>-2,790</td> <td>2</td> <td>0</td> </tr> <tr> <td>USD</td> <td>-2,217</td> <td>5,408</td> <td>-7,625</td> <td>1</td> <td>8</td> </tr> <tr> <td>SEK</td> <td>-9,153</td> <td>7,782</td> <td>-16,935</td> <td>0</td> <td>12</td> </tr> </tbody> </table> <p>¹⁾ Excluding Vinda.</p>	Currency	Net flows SEKm	Currency inflows SEKm	Currency outflows SEKm	Hedged inflows %	Hedged outflows %	GBP	2,923	3,524	-601	21	2	RUB	1,259	1,313	-54	3	0	EUR	1,239	14,578	-13,339	9	1	NOK	1,052	1,094	-42	15	0	CHF	751	754	-3	12	0	DKK	715	788	-73	39	25	PLN	575	1,791	-1,216	2	0	JPY	476	476	0	11	0	Other	2,380	5,170	-2,790	2	0	USD	-2,217	5,408	-7,625	1	8	SEK	-9,153	7,782	-16,935	0	12
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Risk	Policy/Action																							
Credit risk																								
<p>Credit risk refers to the risk of losses due to a failure to meet payment obligations by SCA's counterparties in financial agreements or by customers.</p>	<p>Credit risk in accounts receivable Credit risk in accounts receivable is managed through credit checks of customers using credit rating companies. The credit limit is set and regularly monitored. Accounts receivable are recognized at the amount that is expected to be paid based on an individual assessment of each customer.</p> <p>Financial credit risk The objective is that counterparties must have a minimum credit rating of A- from at least two of the rating institutes Moody's, Fitch and Standard & Poor's. SCA strives to enter into agreements that allow net calculation of receivables and liabilities. Credit exposure in derivative instruments is calculated as the market value of the instrument. At year-end, the total credit exposure was SEK 9,807m (9,321; 9,739). This exposure also includes credit risk for financial investments in the amount of SEK 9,281m (8,376; 7,487), of which SEK 6,287m (6,354; 6,167) was attributable to leasing transactions (see Note 33 Contingent liabilities).</p>	<p>Credit exposure in derivative instruments amounted to SEK 526m (945; 820) at December 31, 2013.</p> <p>Ten largest customers' share of outstanding accounts receivable by business area</p>  <table border="1"> <thead> <tr> <th>Business Area</th> <th>Share (%)</th> </tr> </thead> <tbody> <tr> <td>Personal Care and Tissue</td> <td>~30</td> </tr> <tr> <td>Forest Products</td> <td>~18</td> </tr> </tbody> </table>	Business Area	Share (%)	Personal Care and Tissue	~30	Forest Products	~18																
Business Area	Share (%)																							
Personal Care and Tissue	~30																							
Forest Products	~18																							
Liquidity and refinancing risk																								
<p>Liquidity and refinancing risk is the risk that SCA is unable to meet its payment obligations as a result of insufficient liquidity or difficulty in raising new loans.</p>	<p>SCA is to maintain financial flexibility in the form of a liquidity reserve consisting of cash and cash equivalents and unutilized credit facilities totaling at least 10% of the Group's forecasted annual sales. SCA limits its refinancing risk by having a good distribution for the maturity profile of its gross debt. The gross debt must have an average maturity in excess of three years, considering unutilized credit facilities that are not liquidity reserves. Surplus liquidity should primarily be used to amortize external liabilities. SCA's policy is to not agree to terms that entitle the lender to withdraw loans or adjust interest rates as a direct consequence of movements in SCA's financial key figures or credit rating.</p> <p>The Group's financing is mainly secured by bank loans, bond issues and through issuance of commercial papers. The refinancing risk in short-term borrowing is limited through long-term credit facilities from bank syndicates and individual banks with favorable creditworthiness.</p>	<p>SCA's net debt increased by SEK 959m in 2013. At year-end, the average maturity of gross debt was 2.8 years (2.3; 2.9). If short-term loans were replaced with drawings under long-term unutilized credit facilities, the maturity would amount to 3.5 years. Unutilized credit facilities amounted to SEK 18,186m at year-end. In addition, cash and cash equivalents totaled SEK 3,649m. For further information, see Note 22 Current financial assets, cash and cash equivalents, and Note 25 Financial liabilities.</p> <p>Liquidity reserve</p> <table border="1"> <thead> <tr> <th>SEKm</th> <th>2013</th> <th>2012</th> <th>2011</th> </tr> </thead> <tbody> <tr> <td>Unutilized credit facilities</td> <td>18,186</td> <td>17,531</td> <td>21,016</td> </tr> <tr> <td>Cash and cash equivalents</td> <td>3,649</td> <td>2,017</td> <td>2,752</td> </tr> <tr> <td>Total</td> <td>21,835</td> <td>19,548</td> <td>23,768</td> </tr> </tbody> </table>	SEKm	2013	2012	2011	Unutilized credit facilities	18,186	17,531	21,016	Cash and cash equivalents	3,649	2,017	2,752	Total	21,835	19,548	23,768						
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Interest rate risk																								
<p>Interest rate risk relates to the risk that movements in the interest rates could have a negative impact on SCA. SCA is affected by interest rate movements through its net financial income and expense.</p>	<p>SCA seeks to achieve a good spread of its interest due dates to avoid large volumes of renewals occurring at the same time. SCA's policy is to raise loans with floating rates, since it is SCA's understanding that this leads to lower interest expense over time. The interest rate risk and interest period are measured by currency and the average interest term shall be within the interval 3–36 months.</p> <p>In 2013, SCA's net financial items decreased as a result of lower interest rates and a lower average net debt. SCA's largest funding currencies are denominated in SEK and EUR; refer to the graph. To achieve the desired fixed interest period and currency balance, SCA uses financial derivatives. The average interest period for the gross debt, including derivatives, was 9.8 months (5.5; 6.2) at year-end, excluding Vinda. The average interest rate for the total outstanding net debt including derivatives, amounted to 2.92% (3.10; 4.14) at year-end, excluding Vinda.</p>	<p>Gross debt distributed by currency¹⁾</p>  <table border="1"> <thead> <tr> <th>Currency</th> <th>Gross Debt (SEKm)</th> </tr> </thead> <tbody> <tr> <td>SEK</td> <td>~17,000</td> </tr> <tr> <td>EUR</td> <td>~8,000</td> </tr> <tr> <td>USD</td> <td>~4,000</td> </tr> <tr> <td>GBP</td> <td>~2,000</td> </tr> <tr> <td>MXN</td> <td>~1,000</td> </tr> <tr> <td>RUB</td> <td>~1,000</td> </tr> <tr> <td>COP</td> <td>~1,000</td> </tr> <tr> <td>TWD</td> <td>~1,000</td> </tr> <tr> <td>CLP</td> <td>~1,000</td> </tr> <tr> <td>Other</td> <td>~1,000</td> </tr> </tbody> </table> <p>¹⁾ Excluding Vinda.</p>	Currency	Gross Debt (SEKm)	SEK	~17,000	EUR	~8,000	USD	~4,000	GBP	~2,000	MXN	~1,000	RUB	~1,000	COP	~1,000	TWD	~1,000	CLP	~1,000	Other	~1,000
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Other	~1,000																							

Financial statements

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Consolidated income statement

Group	Note	2013		2012		2011	
		SEKm	EURm ¹⁾	SEKm	EURm ¹⁾	SEKm	EURm ¹⁾
Net sales	5	89,019	10,295	85,408	9,815	81,337	9,013
Cost of goods sold	4	-67,006	-7,749	-64,449	-7,406	-61,701	-6,837
Gross profit		22,013	2,546	20,959	2,409	19,636	2,176
Sales and administration expenses etc.	4	-12,285	-1,421	-12,472	-1,433	-11,981	-1,328
Items affecting comparability	4	-1,251	-145	-2,634	-303	-5,439	-603
Share of profits of associates		206	24	159	18	83	10
Operating profit		8,683	1,004	6,012	691	2,299	255
Financial income	8	120	14	91	10	129	14
Financial expenses	8	-1,120	-130	-1,355	-155	-1,454	-161
Profit before tax		7,683	888	4,748	546	974	108
Tax	9	-2,119	-245	-251	-29	-1,267	-140
Profit/loss for the year from continuing operations		5,564	643	4,497	517	-293	-32
Profit from disposal group held for sale²⁾		-	-	503	58	900	100
Profit for the year		5,564	643	5,000	575	607	68
Earnings attributable to:							
Owners of the Parent		5,547	641	4,956	570	548	61
Non-controlling interests		17	2	44	5	59	7
Earnings per share							
Earnings per share, SEK – owners of the Parent							
before dilution effects		7.90		7.06		0.78	
after dilution effects		7.90		7.06		0.78	
Earnings per share, SEK – owners of the Parent excluding divested operations							
before dilution effects		7.90		6.34		-0.50	
after dilution effects		7.90		6.34		-0.50	
Dividend per share, SEK		4.75 ³⁾		4.50		4.20	
Profit for the year attributable to owners of the Parent		5,547	641	4,956	570	548	61
Average number of shares before dilution, million		702.3		702.3		702.3	
Average number of shares after dilution, million		702.3		702.3		702.3	

¹⁾ An average exchange rate of 8.65 (8.70; 9.02) was applied in translation to EUR.

²⁾ The packaging operations divested on June 30, 2012 are recognized net on the line Profit from disposal group held for sale.

³⁾ Board proposal.

Consolidated statement of comprehensive income

SEKm	2013	2012	2011			
Profit for the year	5,564	5,000	607			
Other comprehensive income for the year						
Items that cannot be transferred to profit for the period						
Actuarial gains and losses relating to defined benefit pension plans	1,974	-2,011	-3,512			
Income tax attributable to components in other comprehensive income	-500	479	905			
	1,474	-1,532	-2,607			
Items that have been or can be transferred to profit for the period						
Available-for-sale financial assets:						
Result from measurement at fair value recognized in equity	249	286	-352			
Transferred to profit or loss upon sale	-	-	-			
Cash flow hedges:						
Result from remeasurement of derivatives recognized in equity	-123	-33	-172			
Transferred to profit or loss for the period	49	-2	-308			
Transferred to cost of hedged investments	26	13	19			
Translation differences in foreign operations	845	-2,984	-684			
Result from hedging of net investments in foreign operations	-423	1,134	-252			
Income tax attributable to components in other comprehensive income	-131 ¹⁾	1	118			
	492	-1,585	-1,631			
Other comprehensive income for the year, net after tax	1,966	-3,117	-4,238			
Total comprehensive income for the year	7,530	1,883	-3,631			
Total comprehensive income attributable to:						
Owners of the Parent	7,396	1,908	-3,690			
Non-controlling interests	134	-25	59			
By business area						
SEKm	2013	2012	2011³⁾	2013	2012	2011³⁾
Personal Care	26,914	26,294	24,775	3,201	3,180	2,645
Tissue	46,987	42,375	39,118	5,595	4,640	3,150
Forest Products	15,525	18,283	20,003	1,843	1,363	2,423
Other	125	1,268	1,881	-705	-537	-480
Intra-Group deliveries	-532	-2,812	-4,440	-	-	-
Total	89,019	85,408	81,337	9,934	8,646	7,738

¹⁾ Of which, adjustment of preceding year in the negative amount of SEK 249m.

²⁾ Excluding items affecting comparability.

³⁾ Retroactive adjustment for Forest Products due to the inclusion of two kraftliner mills after the divestment of the packaging operations on June 30, 2012.

Consolidated statement of changes in equity

SEKm	2013	2012	2011
Attributable to owners of the Parent			
Opening balance, January 1	59,706	60,752	67,255
Total comprehensive income for the year	7,396	1,908	-3,690
Dividend	-3,161	-2,950	-2,809
Acquisition of non-controlling interests	-666	-	-
Remeasurement effect upon acquisition of non-controlling interests	-4	-4	-4
Closing balance	63,271	59,706	60,752
Non-controlling interests			
Opening balance, January 1	458	539	566
Total comprehensive income for the year	134	-25	59
Dividend	-41	-49	-89
Change in Group composition	2,482	-7	3
Closing balance	3,033	458	539
Total equity, closing balance	66,304	60,164	61,291

For further information, see Note 24 Equity.

Consolidated operating cash flow statement, supplementary disclosure

Group	2013		2012		2011	
	SEKm	EURm ¹⁾	SEKm	EURm ¹⁾	SEKm	EURm ¹⁾
Net sales	89,019	10,295	85,408	9,815	81,337	9,013
Operating expenses	-74,361	-8,600	-71,995	-8,273	-68,770	-7,620
Operating surplus	14,658	1,695	13,413	1,542	12,567	1,393
Adjustment for non-cash items	-1,166	-135	-789	-91	-585	-65
Operating cash surplus	13,492	1,560	12,624	1,451	11,982	1,328
Change in						
Inventories	133	15	561	64	-500	-55
Operating receivables	123	14	1,411	162	-567	-63
Operating liabilities	-540	-62	-813	-93	402	44
Change in working capital	-284	-33	1,159	133	-665	-74
Current capital expenditures, net	-3,427	-396	-3,161	-363	-3,250	-360
Restructuring costs, etc.	-1,292	-149	-978	-113	-649	-72
Operating cash flow	8,489	982	9,644	1,108	7,418	822
Financial items	-1,000	-116	-1,264	-145	-1,325	-147
Income taxes paid	-1,634	-189	-1,193	-137	-850	-94
Other	134	15	84	9	63	7
Cash flow from current operations	5,989	692	7,271	835	5,306	588
Strategic capital expenditures and divestments						
Acquisitions	-5,466	-632	-14,872	-1,709	-983	-109
Strategic capital expenditures in non-current assets	-1,868	-216	-1,863	-214	-1,637	-181
Total strategic capital expenditures	-7,334	-848	-16,735	-1,923	-2,620	-290
Divestments	1,716	199	17,682	2,032	-15	-2
Cash flow from capital expenditures and divestments	-5,618	-649	947	109	-2,635	-292
Cash flow before dividend	371	43	8,218	944	2,671	296
Dividend to shareholders	-3,202	-370	-2,997	-344	-2,896	-321
Cash flow after dividend	-2,831	-327	5,221	600	-225	-25
Net cash flow from disposal group ²⁾	-	-	468	54	1,109	123
Net cash flow	-2,831	-327	5,689	654	884	98
Net debt						
	2013		2012		2011	
	SEKm	EURm	SEKm	EURm	SEKm ³⁾	EURm ³⁾
Net debt, January 1	-32,927	-3,825	-36,648	-4,100	-34,406	-3,825
Net cash flow	-2,831	-327	5,689	654	884	98
Remeasurements to equity	2,223	257	-1,847	-212	-3,505	-388
Exchange rate effects, etc.	-165	124	-121	-167	379	15
Effect of reclassification of operating liability to net debt ⁴⁾	-186	-22	-	-	-	-
Net debt, December 31	-33,886	-3,793	-32,927	-3,825	-36,648	-4,100

¹⁾ An average exchange rate of 8.65 (8.70; 9.02) was applied in translation to EUR.

²⁾ Operating cash flow in Disposal group divested on June 30, 2012 is recognized on one line as of 2012, with retroactive adjustment for 2011.

³⁾ Including net debt from the packaging operations divested on June 30, 2012.

⁴⁾ Provision for payroll tax was reclassified to net debt in accordance with IAS 19.

Consolidated cash flow statement

Group	2013		2012 ¹⁾		2011 ¹⁾	
	SEKm	EURm ²⁾	SEKm	EURm ²⁾	SEKm	EURm ²⁾
Operating activities						
Profit before tax	7,683	860	5,427	624	2,258	250
Adjustment for non-cash items ³⁾	3,665	410	6,130	704	10,093	1,118
	11,348	1,270	11,557	1,328	12,351	1,368
Paid tax	-1,634	-183	-1,303	-150	-961	-106
Cash flow from operating activities before changes in working capital	9,714	1,087	10,254	1,178	11,390	1,262
Cash flow from changes in working capital						
Change in inventories	133	15	495	57	-562	-62
Change in operating receivables	123	14	-607	-70	-894	-99
Change in operating liabilities	-540	-60	1,059	122	211	23
Cash flow from operating activities	9,430	1,056	11,201	1,287	10,145	1,124
Investing activities						
Acquisition of operations ⁴⁾	-1,976	-221	-14,144	-1,626	-932	-103
Divested operations ⁵⁾	1,371	153	17,068	1,962	109	12
Investments in property, plant and equipment and intangible assets ⁶⁾	-5,550	-621	-5,673	-652	-5,911	-655
Sale of property, plant and equipment	255	28	359	41	265	29
Loans granted to external parties	-	-	-1,081	-124	-179	-20
Repayment of loans to external parties	390	44	-	-	-	-
Cash flow from investing activities	-5,510	-617	-3,471	-399	-6,648	-737
Financing activities						
Acquisition of non-controlling interests	-1,028	-115	-	-	-	-
Loans raised	1,955	219	-	-	294	33
Amortization of debt	-	-	-5,421	-623	-	-
Dividend paid ⁷⁾	-3,202	-359	-2,999	-344	-2,898	-321
Cash flow from financing activities	-2,275	-255	-8,420	-967	-2,604	-288
Cash flow for the year	1,645	184	-690	-79	893	99
Cash and cash equivalents at the beginning of the year	2,017	234	2,752	308	1,866	207
Exchange differences in cash and cash equivalents	-13	4	-45	5	-7	2
Cash and cash equivalents at the end of the year ⁸⁾	3,649	422	2,017	234	2,752	308

1) Of which packaging operations divested on June 30, 2012, SEKm	2013	2012	2011
Operating activities			
Profit before tax	-	679	1,284
Adjustment for non-cash items	-	408	981
	-	1,087	2,265
Paid tax	-	-110	-111
Cash flow from operating activities before changes in working capital	-	977	2,154
Change in working capital	-	-213	-580
Cash flow from operating activities	-	764	1,574
Cash flow from investing activities	-	-321	-678
Dividend	-	-2	-2
Other cash flow from financing activities	-	-39	-521
Cash flow from financing activities	-	-41	-523
Cash flow for the year	-	402	373

2) An average exchange rate of 8.65 (8.70; 9.02) was applied in translation to EUR.

3) Adjustment for non-cash items, SEKm	2013	2012	2011
Depreciation/amortization and impairment of non-current assets	5,153	6,058	11,235
Fair-value measurement of forest assets	-574	-643	-623
Gains on asset sales and swaps	-585	-149	-17
Gain on divestments	156	851	25
Unpaid relating to efficiency program	661	479	15
Payments relating to efficiency program already recognized	-509	-382	-408
Revaluation of previous share upon acquisition of Vinda	-564	-	-
Other	-73	-84	-134
Total	3,665	6,130	10,093

4) Acquisition of operations, SEKm	2013	2012	2011
Intangible assets	2,901	3,077	100
Non-current assets	4,420	7,357	720
Operating assets	2,478	4,987	125
Cash and cash equivalents	654	941	11
Provisions and other non-current liabilities	-732	-1,447	-27
Net debt excl. cash and cash equivalents	-2,462	-728	-51
Operating liabilities	-1,432	-3,263	-90
Non-current assets held for sale	-	911	-
Fair value of net assets	5,827	11,835	787
Goodwill	1,753	3,353	314
Consolidated value of share in associates	-1,467	-88	-
Revaluation of previously owned share	-564	-15	-
Non-controlling interests	-2,816	-	-3
Acquisition price	2,733	15,085	1,098
Acquisition price	-2,733	-15,085	-1,098
Unpaid purchase price related to acquisition	-	-	155
Settled debt pertaining to acquisitions in earlier years	103	-	-
Cash and cash equivalents in acquired companies	654	941	11
Effect on Group's cash and cash equivalents, acquisition of operations	-1,976	-14,144	-932

5) Divested operations, SEKm	2013	2012	2011
Intangible assets	37	14	-
Non-current assets	84	370	47
Operating assets	1,175	1,417	-
Non-current assets held for sale	1,855	3,378	-
Operating assets in disposal group	-	21,096	580
Cash and cash equivalents	306	153	-
Cash and cash equivalents in disposal group	-	200	22
Net debt excl. cash and cash equivalents	-345	8	-
Net debt in disposal group excl. cash and cash equivalents	-	-617	-56
Provisions	-120	-583	-
Operating liabilities	-413	-767	-48
Operating liabilities in disposal group	-	-6,377	-261
Loss on sale*	-156	-866	-14
Loss in disposal group on sale*	-	-5	-19
Purchase price received after divestment costs	2,423	17,421	251
Less:			
Unpaid purchase consideration	-746	-	-
Unpaid purchase consideration in disposal group	-	-	-109
Cash and cash equivalents in divested companies	-306	-153	0
Cash and cash equivalents in disposal group	-	-200	-22
Cash and cash equivalents in disposal group upon reclassification of joint ventures to associates	-	-	-11
Effects on the Group's cash and cash equivalents, divested operations (Consolidated cash flow statement)	1,371	17,068	109

* Excluding reversal of realized translation differences in divested companies to profit or loss. Loss on sale is included in items affecting comparability in profit or loss.

6) Investments in intangible assets and property, plant and equipment	2013	2012	2011
Payments due to investments in intangible assets, property, plant and equipment, and biological assets totaled SEK 5,550m (5,673; 5,911). In addition, investments amounting to SEK 0m (0; 11) were financed through finance leases. Of total investments of SEK 5,550m (5,673; 5,922) including finance leases, SEK 1,868m (1,987; 1,910) relates to activities to boost the operations' capacity level (strategic capital expenditures) and SEK 3,682m (3,686; 4,012) to activities to maintain the operations' capacity level (current capital expenditures).			
7) Including dividend to non-controlling interests.			
8) Cash and cash equivalents, SEKm	2013	2012	2011
Cash and bank balances	2,328	1,717	1,121
Short-term investments, maturity < 3 months	1,321	300	1,631
Total	3,649	2,017	2,752

The Group's total liquidity reserve at year-end amounted to SEK 21,835m (19,548; 23,768), including unutilized lines of credit of SEK 18,186m (17,531; 21,016).

Interest paid, SEKm	2013	2012	2011
Interest paid	-1,247	-1,437	-1,383
Interest received	56	84	45
Total	-1,191	-1,353	-1,338

Correlation between consolidated cash flow statement and operating cash flow statement, supplementary disclosures

Cash flow from operating activities

SEKm	2013	2012	2011
Cash flow from operating activities	9,430	11,201	10,145
<i>Less</i>			
Cash flow from operating activities in disposal group	-	-764	-1,574
<i>Add</i>			
Current capital expenditures	-3,427	-3,161	-3,250
Accrued interest	-14	-4	-15
Less accrued interest in disposal group	-	-1	-
Cash flow from current operations as shown in the operating cash flow statement	5,989	7,271	5,306

Cash flow from investing activities

SEKm	2013	2012	2011
Cash flow from investing activities	-5,510	-3,471	-6,648
<i>Less</i>			
Cash flow from investing activities in disposal group	-	321	678
Current capital expenditures	3,427	3,161	3,250
Loans granted to external parties	-	1,081	179
Less cash flow from loans granted to external parties in disposal group	-	-26	-17
Repayment of loans from external parties	-390	-	-
<i>Add</i>			
Net debt in acquired and divested operations	-2,117	-119	132
Less net debt in acquired and divested operations in disposal group	-	-	-198
Acquisition of non-controlling interests	-1,028	-	-
Investments through finance leases	-	-	-11
Cash flow from strategic capital expenditures and divestments according to the operating cash flow statement	-5,618	947	-2,635

Cash flow for the year

SEKm	2013	2012	2011
Cash flow for the year	1,645	-690	893
<i>Less</i>			
Loans granted to external parties	-	1,081	179
Repayment of loans from external parties	-390	-	-
Amortization of debt	-	5,421	-
Loans raised	-1,955	-	-294
<i>Add</i>			
Net debt in acquired and divested operations	-2,117	-119	132
Accrued interest	-14	-4	-15
Investments through finance leases	-	-	-11
Net cash flow according to consolidated operating cash flow statement	-2,831	5,689	884

Consolidated balance sheet

Group	Note	Dec. 31, 2013		Dec. 31, 2012		Dec. 31, 2011	
		SEKm	EURm ¹⁾	SEKm	EURm ¹⁾	SEKm	EURm ¹⁾
ASSETS							
Non-current assets							
Goodwill	10	13,630	1,526	12,169	1,414	9,433	1,055
Other intangible assets	10	8,031	899	5,460	634	2,629	294
Buildings, land, machinery and equipment	11	51,803	5,799	46,702	5,425	42,599	4,766
Biological assets	12	28,767	3,220	27,503	3,195	26,729	2,991
Participations in associates and joint ventures recognized in accordance with the equity method	13	1,258	141	2,457	285	1,067	119
Shares and participations	14	52	6	60	7	69	8
Surplus in funded pension plans	26	442	49	682	79	2	0
Non-current financial assets	17	2,779	311	2,932	341	2,081	233
Deferred tax assets	9	867	97	818	95	715	80
Other non-current assets		853	95	87	10	187	21
Total non-current assets		108,482	12,143	98,870	11,485	85,511	9,567
Current assets							
Inventories	19	12,071	1,351	11,264	1,308	11,009	1,232
Trade receivables	20	14,941	1,672	14,105	1,639	11,548	1,292
Current tax assets	9	417	47	517	60	377	42
Other current receivables	21	2,453	275	2,653	308	2,643	295
Current financial assets	22	227	25	168	20	292	33
Non-current assets held for sale	23	32	4	1,937	225	3,379	378
Cash and cash equivalents	22	3,649	408	2,017	234	2,644	296
Total current assets		33,790	3,782	32,661	3,794	31,892	3,568
Assets in disposal group held for sale		–	–	–	–	21,601	2,417
Total assets		142,272	15,925	131,531	15,279	139,004	15,552
EQUITY AND LIABILITIES							
Equity							
	24						
<i>Owners of the Parent</i>							
Share capital		2,350	263	2,350	273	2,350	263
Other capital provided		6,830	764	6,830	793	6,830	764
Reserves		–3,281	–367	–3,691	–429	–2,170	–243
Retained earnings		57,372	6,422	54,217	6,299	53,742	6,013
		63,271	7,082	59,706	6,936	60,752	6,797
Non-controlling interests		3,033	340	458	53	539	60
Total equity		66,304	7,422	60,164	6,989	61,291	6,857
Non-current liabilities							
Non-current financial liabilities	25	28,444	3,184	23,759	2,760	27,711	3,100
Provisions for pensions	26	2,546	285	4,861	565	3,301	370
Deferred tax liabilities	9	10,432	1,168	9,107	1,058	9,350	1,046
Other non-current provisions	27	414	46	814	94	640	72
Other non-current liabilities	28	172	19	199	23	217	24
Total non-current liabilities		42,008	4,702	38,740	4,500	41,219	4,612
Current liabilities							
Current financial liabilities	25	9,828	1,100	9,955	1,156	9,266	1,037
Trade payables		12,504	1,400	12,325	1,432	10,866	1,216
Current tax liabilities	9	745	83	378	44	247	28
Current provisions	27	1,158	130	937	109	629	70
Other current liabilities	29	9,725	1,088	9,032	1,049	7,885	882
Total current liabilities		33,960	3,801	32,627	3,790	28,893	3,233
Liabilities in disposal group held for sale		–	–	–	–	7,601	850
Total liabilities		75,968	8,503	71,367	8,290	77,713	8,695
Total equity and liabilities		142,272	15,925	131,531	15,279	139,004	15,552

Contingent liabilities and pledged assets, see Notes 33 and 34.

Capital employed	100,190	11,215	93,091	10,814	97,939 ²⁾	10,957 ²⁾
Net debt	33,886	3,793	32,927	3,825	36,648 ³⁾	4,100 ³⁾

¹⁾ Closing exchange rate of 8.93 (8.61; 8.94) was applied in translation to EUR.

²⁾ Including capital employed in the packaging operations divested on June 30, 2012.

³⁾ Including net debt in the packaging operations divested on June 30, 2012.

Financial statements, Parent Company

Income statement

SEKm	Note	2013	2012
Administrative expenses		-838	-493
Other operating income		457	98
Other operating expenses		-212	-95
Operating loss	35, 36, 37	-593	-490
Financial items	38		
Result from participations in Group companies		8,533	7,517
Result from participations in other companies		16	43
Interest income and similar profit items		1,028	939
Interest expenses and similar loss items		-3,114	-3,718
Total financial items		6,463	4,781
Profit after financial items		5,870	4,291
Appropriations	39	-15	-12
Tax on profit for the year	40	-30	-226
Profit for the year		5,825	4,053

Statement of comprehensive income

SEKm	2013	2012
Profit for the year	5,825	4,053
Other comprehensive income	-	-
Total comprehensive income	5,825	4,053

Cash flow statement

SEKm	2013	2012
Operating activities		
Profit after financial items	5,870	4,291
Adjustment for non-cash items ¹⁾	-5,554	-345
	316	3,946
Income taxes paid	0	0
Cash flow from operating activities before changes in working capital	316	3,946
Cash flow from changes in working capital		
Change in operating receivables ²⁾	1,674	-1,978
Change in operating liabilities ²⁾	693	-359
Cash flow from operating activities	2,683	1,609
Investing activities		
Acquisition of subsidiaries	218	-474
Repayment of equity from subsidiaries	64	860
Acquisition of non-current assets	-584	-299
Divestment of financial assets	181	-
Sale of tangible fixed assets	504	52
Cash flow from investing activities	383	139
Financing activities		
Loans raised	95	1,201
Dividend paid	-3,161	-2,949
Cash flow from financing activities	-3,066	-1,748
Cash flow for the year	0	0
Cash and cash equivalents at the beginning of the year	0	0
Cash and cash equivalents at the end of the year ³⁾	0	0

	2013	2012
1) Adjustment for non-cash items		
Depreciation/amortization of non-current assets	62	58
Change in accrued items	444	-290
Dividend income in the form of shares received in subsidiaries	-5,376	-
Other	-684	-113
Total	-5,554	-345

²⁾ Dealings of the Parent Company with the Swedish subsidiaries relating to tax are recognized as Change in operating receivables or Change in operating liabilities, respectively.

³⁾ The company's current account is a subsidiary account and is recognized in the balance sheet as Liabilities to subsidiaries.

Supplementary disclosures

Interest and dividends paid and received	2013	2012
Dividends received	7,267	3,643
Group contribution received	3,730	2,364
Group contribution paid	-219	-623
Interest paid	-2,439	-3,215
Interest received	368	472
Total	8,707	2,641

Balance sheet

SEKm	Note	Dec. 31, 2013	Dec. 31, 2012
ASSETS			
Fixed assets			
Capitalized development costs		1	1
Intangible fixed assets	41	1	1
Land and buildings		7,633	6,711
Machinery and equipment		11	13
Tangible fixed assets	42	7,644	6,724
Participations	43	129,174	124,253
Receivables from subsidiaries	44	354	427
Other long-term receivables		123	124
Financial fixed assets		129,651	124,804
Total fixed assets		137,296	131,529
Current assets			
Receivables from subsidiaries	44	1,740	3,297
Current income taxes	40	18	18
Other current receivables	45	137	165
Cash and cash equivalents		0	0
Total current assets		1,895	3,480
Total assets		139,191	135,009

SEKm	Note	Dec. 31, 2013	Dec. 31, 2012
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
	46		
Share capital		2,350	2,350
Revaluation reserve		1,363	1,363
Statutory reserve		7,283	7,283
Total restricted equity		10,996	10,996
Retained earnings		36,181	35,289
Profit for the year		5,825	4,053
Total non-restricted equity		42,006	39,342
Total equity		53,002	50,338
Untaxed reserves			
	39	197	181
Provisions			
Provisions for pensions	47	598	536
Provisions for taxes	40	679	649
Other provisions		3	9
Total provisions		1,280	1,194
Non-current liabilities			
Liabilities to subsidiaries	44	2,180	2,100
Non-current interest-bearing liabilities	48	19,187	13,493
Other non-current liabilities		0	0
Total non-current liabilities		21,367	15,593
Current liabilities			
Liabilities to subsidiaries	44	62,293	67,303
Current interest-bearing liabilities		581	–
Accounts payable		38	24
Other current liabilities	49	433	376
Total current liabilities		63,345	67,703
Total equity, provisions and liabilities		139,191	135,009
Contingent liabilities	50	20,175	19,972
Pledged assets	51	157	156

Change in equity (Refer also to Note 46)

SEKm	Share capital	Revaluation reserve	Statutory reserve	Retained earnings and profit for the year	Total equity
Equity at December 31, 2011	2,350	1,363	7,283	38,238	49,234
Profit for the year				4,053	4,053
Dividend, SEK 4.20 per share				–2,949	–2,949
Equity at December 31, 2012	2,350	1,363	7,283	39,342	50,338
Profit for the year				5,825	5,825
Dividend, SEK 4.50 per share				–3,161	–3,161
Equity at December 31, 2013	2,350	1,363	7,283	42,006	53,002

Notes

1 Accounting principles

The most important accounting principles applied in the preparation of this annual report are set out below. The same principles are usually applied in both the Parent Company and the Group. In some cases, the Parent Company applies principles other than those used by the Group and, in such cases, these principles are specified under a separate heading.

BASIS FOR PREPARATION

The SCA Group's financial statements are prepared in accordance with the Annual Accounts Act and International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS), as adopted within the EU, and the Swedish Financial Reporting Board, Recommendation RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company's financial statements are prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2, Reporting by Legal Entities, and the Annual Accounts Act. The accounts for both the Group and the Parent Company pertain to the fiscal year that ended on December 31, 2013. SCA applies the historical cost method for measurement of assets and liabilities except for biological assets (standing timber), available-for-sale financial assets and financial assets and liabilities, including derivative instruments, measured at fair value through profit or loss, which are measured at fair value either in profit/loss or in other comprehensive income. In the Parent Company, biological assets or financial assets and liabilities are not measured at fair value.

INTRODUCTION OF NEW AND REVISED IAS/IFRS

New IAS/IFRS standards and amendments (IAS/IFRS) and interpretations (IFRIC) that came into effect in 2013 and were adopted by the EU:

The following amendments of standards (IAS/IFRS) and new and amended interpretations (IFRIC) came into effect in 2013 and were adopted by the EU.

- IAS 19 Employee Benefits
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
- IFRS 1 Government Loans – amendments to IAS 1
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 19 Employee Benefits mainly comprise the removal of the corridor approach and the replacement of interest expenses and expected return on plan assets by a net interest figure calculated using the discount rate, based on the net surplus or deficit in the defined benefit plan. For SCA, which already applies immediate recognition of actuarial gains and losses, this amendment imposes a restriction insofar as the return on plan assets in profit or loss is limited to a predetermined discount rate instead of the company's long-term expectation of the actual return on plan assets, which applied up to and including 2012. SCA deems the impact on the consolidated income statement to be immaterial. IFRS 13 Fair Value Measurement aims to improve consistency and reduce complexity in the application of fair value measurement by providing a precise definition and shared source for the application of fair value measurement, as well as guidance on how it should be applied when other IFRSs already require or permit fair value measurement. The standard has not had a material impact on the Group. As of 2013, the disclosure requirements for financial instruments specified in IFRS 7 and IAS 32 have been expanded to include disclosures pertaining to the offsetting of financial assets and liabilities. For SCA, this entailed that legally binding framework agreements – known as ISDA agreements – recognized in a gross amount in the balance sheet are to be recognized in a net amount. None of the other changes introduced are deemed to have a material impact on the earnings, financial position or disclosures of the Group or the Parent Company.

New standards, amendments and interpretations published by IASB, but either not yet effective or not yet adopted by the EU:

- IFRS 9 Financial Instruments (2013) relates to the classification, measurement and recognition of financial liabilities and assets as well as hedge accounting. IFRS 9 was issued in November 2009 for financial assets and October 2010 for financial liabilities and replaces those parts of IAS 39 related to classification and measurement of financial instruments. IFRS 9 states that financial assets must be classified in two categories: financial assets measured at fair value and financial assets measured at amortized cost. The classification is determined at initial recognition based on the company's business model and the characteristic conditions in the contractual cash flows. For financial liabilities, no major changes take place compared with IAS 39. The most significant change relates to liabilities identified at fair value. For these, the portion of the fair value change arising from own credit risk is to be recognized in other comprehensive income instead of profit or loss provided that this does not give rise to an accounting mismatch. The most recent edition of IFRS 9 includes new hedge accounting rules. The new standard entails that more hedging strategies will qualify for hedge accounting, for example, since more risk components in a product may be hedged, provided that such

components are separately identifiable, and since hedging of risk components in non-financial items are permitted. The new standard also allows groups or "layers" of forecast flows of items to be identified as hedged items as well as the hedging of net positions, provided that the items in the group individually qualify for hedge accounting. The time value of options and the interest portion of a hedged item may be excluded from the identification of hedging instruments and instead be recognized as a hedging cost. The cost is recognized on a continuous basis in other comprehensive income and is accumulated in a separate component in equity. The assessment of effectiveness will continue to be carried out prospectively and be based on qualitative assessments, depending on the complexity of the hedging relationship. The 80–125 hedge effectiveness threshold has been eliminated and replaced by an objective-based hedge effectiveness assessment, which focuses on the economic relationship between the hedged item and the hedging instrument.

Until the impairment phase is completed, the IASB has decided not to set a mandatory date for the application of IFRS 9. However, the standard may be applied in advance. The standard has not yet been adopted by the EU. SCA will not apply the new standard in advance.

- IFRS 10 Consolidated Financial Statements is based on already existing principles defining control as the decisive factor in determining whether a company is to be included in the consolidated accounts. The definition of control is based upon the premise that the owner has the ability to control the company, is entitled to a return and has the power to influence the activities that impact return. The standard provides further guidance should it not be clear whether there is a controlling influence. In light of the new standard, an analysis of shareholders' agreements was carried out. For some joint ventures, the assessment is that SCA has a controlling influence in accordance with IFRS 10. The Group intends to apply IFRS 10 for the fiscal year commencing January 1, 2014.
- IFRS 11 Joint Arrangements is a new standard for classification of joint arrangements as joint ventures or joint operations. Decisive for the classification is how the rights and obligations are shared by the parties in a joint arrangement. In joint operations, parties to the agreement have rights to the assets and obligations for the liabilities associated with the investment, meaning that the operator must account for its share of the assets, liabilities, revenues and costs according to the proportional method. A joint venture entitles the joint owners to the net assets of the investment. In the future, joint ventures will be recognized in accordance with the equity method. SCA previously applied the proportional method for most of its joint ventures. For those companies that will continue to be classified as joint ventures, the proportional method will be replaced by the equity method, which entails that assets and liabilities will no longer be recognized in the balance sheet but rather will be replaced by a net item including the goodwill for each joint venture. The same applies for the income statement, where income and expenses will be replaced by the recognition of the share in profits in the income statement as "Profit from holdings in joint ventures and associates." However, joint arrangements classified as joint operations will still be recognized in accordance with the proportional method. For SCA, an analysis of the new standard has shown that most of the joint arrangements not reclassified as subsidiaries (refer to IFRS 10) will be classified as joint ventures and be restated in accordance with the equity method. A small number of individual arrangements will be classified as joint operations and will continue to be recognized in accordance with the proportional method. The Group intends to apply IFRS 11 for the fiscal year commencing January 1, 2014. To reflect the amendments in the new accounting standards IFRS 10 and 11, the income statement and balance sheet have been restated. This will result in an increase in net sales of approximately 4% and an increase in EBIT of about 5% for 2013.
- IFRS 12 Disclosures of Interests in Other Entities includes the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group intends to apply IFRS 12 for the fiscal year commencing January 1, 2014. The standard will increase the number of disclosures in the Group's 2014 Annual Report.

None of the following IFRS or IFRIC interpretations that have not yet come into effect are expected to have any material impact on the Group.

- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- Amendments to IAS 36: Recoverable Amount Disclosure for Non-Financial Assets
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
- IFRIC 21 Levies

USE OF ASSESSMENTS

The preparation of financial statements in conformity with IFRS and generally accepted Swedish accounting principles requires assessments and assumptions to be made that affect recognized asset and liability items and income and expense items, respectively, as well as other information disclosed. The actual results may differ from these assessments.

CONSOLIDATED ACCOUNTS

The consolidated accounts are prepared in accordance with the Group's accounting principles and include the accounts of the Parent Company and all Group companies in accordance with the definitions below. Group companies are consolidated from the date the Group exercises control or influence over the company according to the definitions provided under the respective category of Group company below. Divested Group companies are included in the consolidated accounts until the date the Group ceases to control or exercise influence over the companies. Intra-Group transactions have been eliminated.

Parent Company:

The Parent Company recognizes all holdings in Group companies at cost after deduction for any accumulated impairment losses.

Subsidiaries

All companies in which the Group holds or controls more than 50% of the votes or where the Group alone, through agreement or in another manner, exercises control, are consolidated as subsidiaries. The consolidated financial statements are prepared in accordance with the purchase method. In business combinations, acquired assets and assumed liabilities are identified and classified, and measured at fair value on the date of acquisition (also known as a purchase price allocation). In step acquisitions when a controlling interest is achieved, any net assets acquired earlier in the acquired units are remeasured at fair value and the result of the remeasurement is recognized in profit or loss. The effects of the remeasurement upon payment of the liability related to a contingent consideration are recognized in profit for the period. If the controlling influence is lost upon divestment, the result is recognized in profit or loss; any residual holding in the divested business is then measured at fair value on the date of divestment and the effect is also recognized in profit or loss. Transaction costs in conjunction with acquisitions are not included in cost, but rather expensed directly.

Joint ventures

Joint ventures are defined as companies in which SCA together with other parties through an agreement, has shared control over operations. Most joint ventures are recognized according to the proportional method, while a small number are recognized in accordance with the equity method.

Measurement of acquired assets and liabilities according to the proportional method is carried out in the same way as for subsidiaries. SCA recognizes its proportional share of the joint venture's assets, liabilities, income and expenses in its financial statements.

Joint ventures recognized in accordance with the equity method are initially measured at cost, after which the valuation of acquired assets and liabilities is performed in the same manner as for subsidiaries. According to the equity method, the carrying amount for joint ventures also includes goodwill and other Group adjustments. The Group's share of profit after tax arising in the joint venture after the acquisition is recognized on one line in the consolidated income statement. Share in profits is calculated on the basis of SCA's share of equity in the respective joint venture.

Associates

Associates are companies in which the Group exercises a significant influence without the partly owned company being a subsidiary or a joint venture. Normally, this means that the Group owns between 20% and 50% of the votes. Accounting for associates is carried out according to the equity method and they are initially measured at cost. Valuation of acquired assets and liabilities is performed in the same manner as for subsidiaries and the carrying amount for associates includes any goodwill and other Group adjustments.

The Group's share of profit after tax arising in the associate after the acquisition is recognized on one line in the consolidated income statement. Share in profits is calculated on the basis of SCA's share of equity in the respective associate.

Non-controlling interests

Non-controlling interests are recognized as a separate item in the Group's equity. Profit or loss and every component of other comprehensive income are attributable to the owners of the Parent and to non-controlling interests. Losses attributable to non-controlling interests are recognized even if this results in a negative balance for the interest. In connection with acquisitions of less than 100% when a controlling influence is achieved, non-controlling interests are determined either as a proportional share of the fair value of identifiable net assets excluding goodwill or at fair value. Subsequent acquisitions up to 100% and divestments of participations in a subsidiary that do not lead to a loss of controlling influence are recognized as an equity transaction.

TRANSLATION OF FOREIGN CURRENCY

Functional currency and presentation currency

The companies in the Group prepare their financial statements in the currency used in the primary economic environment in which they operate. This is known as the functional currency. These reports provide the basis for the consolidated financial statements.

The consolidated financial statements are prepared in Swedish kronor (SEK), which is the Parent Company's functional currency and therefore the presentation currency.

Translation of foreign Group companies

Balance sheets and income statements for all Group companies whose functional currency is not the presentation currency are translated into the Group's presentation currency using the following procedures:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet,
- income and expenses for each income statement presented are translated at the average exchange rate for the respective year,
- all translation differences that arise are recognized as a separate item directly in consolidated equity under other comprehensive income.

Exchange differences arising on the financial instruments held to hedge these net assets are also taken directly to consolidated equity under other comprehensive income. When a foreign operation is divested, both translation differences and exchange differences in financial instruments held for the currency hedging of net assets are recognized in the income statement as part of the gain or loss on disposal. Goodwill and fair value adjustments that arise on acquisition are treated as assets and liabilities of the operation and translated according to the same principles as the foreign operation. The financial statements of a subsidiary in a hyperinflationary country are adjusted for inflation using the price index for the country in question before these statements are included in the consolidated financial statements.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCY

Transactions in foreign currency are translated to a functional currency using the exchange rate prevailing on the transaction date. Monetary receivables and liabilities in foreign currency are remeasured at closing date rates at each balance sheet date. Exchange gains or losses that arise from such remeasurement and on payment of the transaction are recognized in profit or loss, except for – as stated in IAS 39 – approved hedging transactions relating to cash flows or net investments where the gain or loss is recognized in equity under other comprehensive income. Gains and losses on operating receivables and liabilities are recognized net and reported within operating profit. Gains and losses on borrowing and financial investments are recognized as other financial items. Change in the fair value of monetary securities issued in foreign currency and classified as available-for-sale financial assets is analyzed and the change attributable to changed exchange rates is recognized in profit or loss, while other unrealized change is recognized in equity under other comprehensive income. Translation differences for non-monetary financial assets and liabilities valued at fair value through profit or loss are recognized as part of the fair value gain or loss. Translation differences for non-monetary financial assets, classified as held for sale assets are taken directly to equity under other comprehensive income. Non-monetary assets and liabilities recognized at historical cost are translated at the exchange rate prevailing on the transaction date.

REVENUE RECOGNITION

Sales revenue, synonymous with net sales, comprises the fair value of the consideration received or receivable for sold goods and services within the Group's ordinary activities. Revenue is recognized when delivery to the customer has taken place according to the terms of the sale. Other income includes compensation for sales that are not included in the Group's ordinary activities and includes rental revenue, which is recognized in the period covered by the rental contract, royalties and similar items, which are recognized in accordance with the implied financial effect of the contract. Interest income is recognized in accordance with the effective interest method. Dividends received are recognized when the right to receive a dividend has been established.

SEGMENT REPORTING

Operating segments are recognized in a manner that complies with the internal reporting submitted to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the result of the operating segments. At SCA, this function has been identified as the company's President, who is responsible for and manages the day-to-day administration of the Group in accordance with the Board's guidelines and terms of reference. The two Executive Vice Presidents and Corporate Senior Management support him in his work; see the section Responsibility and governance, Corporate governance on pages 50–51. SCA's three business areas, Personal Care, Tissue and Forest Products, comprise the operating segments.

LEASING

Leases for non-current assets in which the Group essentially carries all the risks and rewards incidental to ownership of an asset are classified as finance leases. The leased asset is recognized as a non-current asset and a corresponding financial liability is recognized among interest-bearing liabilities. The initial value of both these items comprises the lower of the fair value of the assets or the present value of the minimum lease payments. Future lease payments are divided between amortization of the liability and financial expenses, so that each reporting period is charged with an interest amount that corresponds to a fixed interest rate on the recognized liability for the respective period. The leased asset is depreciated according to the same principles that apply to other assets of the same nature. If it is uncertain whether the asset will be taken over at the end of the leasing period, the asset is depreciated over the lease term if this is shorter than the useful life that applies to other assets of the same nature. Leases for assets in which the risks and rewards incidental to ownership are essentially carried by the lessor are classified as operating leases. The lease payments are recognized as an expense on a straight-line basis over the lease term.

Parent Company:

The Parent Company reports all leases as operating leases.

► **Note 1** – Accounting principles, cont.

IMPAIRMENT LOSSES

Assets that have an indefinite useful life are not depreciated, but are annually tested for impairment. The value of depreciated assets is tested for impairment whenever there are indications that the carrying amount might not be recoverable. In cases in which the carrying amount of an asset exceeds its estimated recoverable amount, an impairment loss is recognized on the asset down to the recoverable amount. An impairment loss recognized earlier is reversed, if the reasons for the earlier impairment no longer exist. However, a reversal is not higher than the carrying amount would have been if an impairment loss had not been recognized in previous years. When testing for impairment of goodwill, the assets are grouped in cash-generating units and assessments are made on the basis of these units' future cash flows. Impairment losses on goodwill are never reversed.

TAXES

The Group's tax expense comprises deferred tax and current tax on Group companies' recognized profits during the accounting period, adjustments relating to tax for prior periods as well as other changes in deferred taxes for the period. Interest items attributable to income tax and withholding taxes deducted at source on intra-Group transactions are also recognized as income tax. Deferred tax is calculated and recognized on all temporary differences between the tax base and the carrying amount. Deferred tax assets relating to deductible temporary differences, loss carryforwards and tax credits are recognized to the extent it is probable that deductions can be made against future profits.

Deferred tax is not recognized for non-deductible goodwill, or for temporary differences that arise on initial recognition of an asset or liability, and which are not attributable to a business combination and do not affect either recognized profit or taxable profit.

Deferred taxes are measured at their nominal amount and based on the tax rates enacted or substantively enacted on the balance sheet date. For items recognized in profit or loss, related tax effects are also recognized in profit or loss. For items recognized in equity under other comprehensive income, related tax effects are also recognized in equity under other comprehensive income. Deferred taxes relating to temporary differences attributable to investments in subsidiaries and participations in joint ventures are not recognized in SCA's consolidated financial statements since SCA AB, in all cases, can control the time of reversal of the temporary differences and it is not considered probable that such reversal will occur in the near future.

Parent Company:

Due to the links between accounting and taxation, the deferred tax liability on untaxed reserves in the Parent Company is recognized in the Parent Company's annual accounts as a component of untaxed reserves.

INTANGIBLE ASSETS

Goodwill

The compensation transferred in a business combination is measured at fair value. In connection with a business combination when the consideration transferred, any non-controlling interests and the fair value of previous shares of equity (for step acquisitions) exceeds the fair value of the acquired net assets, the difference is recognized as goodwill. When this difference is negative, the amount is recognized in profit or loss. Acquisitions of non-controlling interests are measured on an acquisition-by-acquisition basis, either as a proportional share of the fair value of identifiable net assets excluding goodwill (partial goodwill) or at fair value, which means that goodwill is also recognized on non-controlling interests (full goodwill). Goodwill that arises in acquisitions of associates is included in the carrying amount of the associate. Goodwill is distributed to the cash-generating units within each operating segment that is expected to benefit from the business combination for which the goodwill arose. Goodwill is tested annually for any impairment requirement. Goodwill is recognized at cost reduced by accumulated impairment losses. Impairment losses on goodwill are not reversed. Net gains or losses from the sale of Group companies include the remaining carrying amount of the goodwill attributable to the divested unit.

Trademarks

Trademarks are recognized at cost after any accumulated amortization and accumulated impairments. Trademarks that are found to have an indefinite useful life are not amortized, but instead tested annually for impairment in the same manner as goodwill. Cash-generating units identified for these trademarks comprise the geographical market where the trademark exists. Trademarks with a limited useful life are amortized on a straight-line basis during their anticipated useful life, which varies between three and seven years.

Research and development

Research expenditure is recognized as an expense as incurred. In cases in which it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately. Identifiable expenditure for development of new products and processes is capitalized to the extent it is expected to provide future economic benefits. In other cases, development costs are expensed as incurred. Capitalized expenditure is depreciated in a straight line from the date when the asset starts to be used or produces commercially and during the estimated useful life of the asset. The depreciation period is between five and ten years.

Emission allowances and costs for carbon dioxide emissions

Emission allowances relating to carbon dioxide emissions are recognized as an intangible asset and as deferred income (liability) when they are received. Allowances are received free of charge and measured and recognized at market value as of the date to which the allocation pertains. For allocated emission allowances, the recognized cost and provisions for emissions amount to the market value as of the date to which the allocation pertains. For purchased emission allowances, the recognized cost and provisions for emissions amount to the purchase price. During the year, the initial liability for emission allowances received is dissolved over profit or loss as income in pace with carbon dioxide emissions made. If the market price of emission allowances on the balance sheet date is less than recognized cost, any surplus emission allowances that are not required to cover emissions made are impaired to the market price applying on the balance sheet date. In conjunction with this, the remaining part of the deferred income is recognized as income by a corresponding amount and therefore no net effect occurs in profit or loss. The emission allowances are used as payment in the settlement with the state regarding liabilities for emissions. If the emission allowances received do not cover emissions made, SCA makes a provision for the deficit valued at the market value on the balance sheet date. Sales of surplus emission allowances are recognized as income on the settlement date.

Other intangible assets

Intangible assets also include patents, licenses and other rights. At acquisition of such assets, the cost of the acquisition is recognized as an asset and amortized on a straight-line basis over the anticipated useful life, which varies between 3 and 20 years.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at cost after deduction for accumulated depreciation and any accumulated impairment. Cost includes expenditure that can be directly attributed to the acquisition of the asset as well as transfer from equity of the gains and losses from approved cash flow hedges relating to purchases in foreign currency of property, plant and equipment. The cost of properties and production facilities included in major projects includes, unlike costs for other investments, expenditure for running-in and start-up. Expenditure for interest during the construction and assembly period is included in cost for qualifying investment projects. All expenditure for new investments in progress is capitalized. All other forms of repair and maintenance are recognized as expenses in profit or loss in the period in which they are incurred. Land is regarded as having an indefinite useful life and is therefore not depreciated. Depreciation of other property, plant and equipment is performed on a straight-line basis down to the estimated residual value of the asset and during the anticipated useful life of the asset. Useful lives are assessed as:

	Number of years
Pulp and paper mills, sawmills	10–25
Converting machines, other machinery	7–18
Tools	3–10
Vehicles	4–5
Buildings	15–50
Energy plants	15–30
Computers	3–5
Office equipment	5–10
Harbors, railways	20–30
Land improvements, forest roads	10–20

The residual values and useful lives of assets are tested on a continuous basis and adjusted when required.

Parent Company:

The Parent Company's property, plant and equipment, which are recognized in accordance with the Group's accounting principles, include standing timber, which in the Group is classified as a biological asset. No systematic depreciation or changes in value in conjunction with felling is carried out in the Parent Company. Collective revaluation of forest assets has occurred. The revaluation amount was placed in a revaluation reserve in equity.

BIOLOGICAL ASSETS

The Group's standing timber is defined and recognized as a biological asset. Forest land and forest roads are classified as land and land improvements. The biological assets are measured and recognized at fair value after deduction for estimated selling costs. The change in value is recognized in profit or loss. The fair value of the Group's standing timber is calculated as the present value of anticipated future cash flow from the assets before tax. The calculation is based on existing, sustainable felling plans and assessments regarding growth, timber prices, felling costs and silviculture costs, including costs for statutory replanting. Environmental restrictions and other limitations are taken into account and the calculation is performed for a production cycle that SCA estimates at an average of 100 years. The discount factor is based on a normal forest company's weighted average cost of capital (WACC).

Parent Company:

The Parent Company reports standing timber as property, plant and equipment at historical cost.

FINANCIAL INSTRUMENTS

Financial instruments recognized in the balance sheet include cash and cash equivalents, securities, other financial receivables, trade receivables, trade payables, loans and derivatives.

Recognition in and derecognition from the balance sheet

Purchases and sales of financial instruments are recognized in the financial statements on the trade date, with the exception of loan receivables, available-for-sale financial assets and other financial liabilities, all of which are recorded on the settlement date. Financial instruments are initially recognized at cost, which corresponds to the fair value of the instrument including transaction costs. Financial assets are derecognized from the balance sheet when the risk and the right to receive cash flows from the instrument have ceased or been transferred to another counterparty. Financial liabilities are derecognized from the balance sheet when SCA has met its commitments or they have been otherwise extinguished. SCA reports financial instruments with a remaining maturity of less than 12 months as current assets and liabilities and those that exceed 12 months as non-current assets and liabilities. The duration of utilized loans under syndicated lines of credit are recognized with the same duration as the line of credit. Recognition takes place on the basis of the categories specified below.

Measurement

The fair value of financial instruments is calculated on the basis of prevailing market listings on the balance sheet date. For financial assets and listed securities, the actual prices on the balance sheet date are used. In the absence of market listings, SCA determines fair values with the aid of common valuation models, such as discounting of future cash flows to listed market rates for each duration. These calculated cash flows are established based on available market information. Impairment of financial assets takes place when there is objective proof of impairment, such as cessation of an active market or where it is probable that the debtors cannot meet their commitments. For disclosures in a note relating to non-current loans, current market interest rates are taken into account in fair value calculations. The fair value of short-term loans and investments is considered to correspond to the carrying amount, since a change in market interest rates does not have a significant effect on market value.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and bank balances as well as short-term investments with a maturity of less than three months from the acquisition date. Restricted deposits are not included in cash and cash equivalents.

Classification and subsequent recognition

Classification of financial instruments is determined on the original acquisition date, and the purpose of the transaction determines the choice of category. SCA classifies its financial instruments in the categories below.

Financial assets at fair value through profit or loss

Assets are classified in this category when the intention is to sell in the short term. Derivatives with a positive market value are classified in this category if they are not identified as hedges and meet the requirements for hedge accounting. Assets in this category are recognized continuously at fair value and changes in value are recognized in profit or loss. Only financial derivatives were classified in this category during the year.

Held-to-maturity investments

Held-to-maturity investments are defined as financial assets that are not derivatives and that have fixed or determinable payments and that SCA intends and is able to hold to maturity. Assets in this category are measured at amortized cost applying the effective interest method, which means they are accrued so that a constant return is obtained.

Loans and trade receivables

Loans and trade receivables, which are not derivatives, are financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arise when SCA provides money, goods or services directly to another party without any intention of conducting trading in the receivables. Assets in this category are measured at amortized cost less a potential provision for impairment. Trade receivables are recognized in the amount at which they are expected to be paid, based on an individual assessment of bad debts. Any impairment of trade receivables affects SCA's operating profit.

Available-for-sale financial assets

This category includes financial assets that are not derivatives and that are designated in this category at initial recognition or that have not been classified in any other category. Assets in this category are measured continuously at fair value. Changes in value are recognized in equity under other comprehensive income. A change attributable to exchange rate movements, however, is recognized in profit or loss. When the asset is sold, the cumulative gain or loss that was recognized in equity is recognized in profit or loss.

Financial liabilities at fair value through profit or loss

This category includes derivatives with negative fair values that are not used for hedge accounting and financial liabilities held for trading. Liabilities in this category are continu-

ously measured at fair value and changes in value are recognized in profit or loss. Only derivatives were classified in this category during the year.

Financial liabilities measured at amortized cost

This category includes financial liabilities that are not held for trading. These are recognized initially at fair value, net after transaction costs, and subsequently at amortized cost according to the effective interest method.

Accounting for derivatives used for hedging purposes

All derivatives are initially and continuously recognized at fair value in the balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized as described below. In hedge accounting, the relationship between the hedge instrument and the hedged item is documented. Assessment of the effectiveness of the hedge is also documented, both when the transaction is initially executed and on an ongoing basis. Hedge effectiveness is the extent to which the hedging instrument offsets changes in value in a hedged item's fair value or cash flow.

Cash flow hedges

Gains and losses on remeasurement of derivatives intended for cash flow hedging are recognized in equity under other comprehensive income and reversed to profit or loss at the rate at which the hedged cash flow affects profit or loss. Any ineffective part of the change in value is recognized directly in profit or loss. If a hedge relationship is interrupted and cash flow is still expected, the result is recognized in equity under other comprehensive income until the cash flow affects the result. If the hedge pertains to a balance sheet item, the result is transferred from equity to the asset or liability to which the hedge relates when the value of the asset or liability is determined for the first time. In cases in which the forecast cash flow that forms the basis of the hedging transaction is no longer assessed as probable, the cumulative gain or loss that is recognized in equity under other comprehensive income is transferred directly to profit or loss. Cash flow hedges relating to energy affect the energy costs, that is, cost of goods sold. Transaction exposure's cash flow hedges affect consolidated net sales and expenses. Cash flow hedges relating to interest expenses affect net financial items.

Hedges of net investments in foreign operations

Gains and losses on remeasurement of derivatives intended to hedge SCA's net investments in foreign operations are recognized in equity under other comprehensive income. The cumulative gain or loss in equity is recognized in profit or loss in the event of divestment of the foreign operation.

Fair value hedges

The gain or loss from remeasurement of a derivative relating to fair value hedges is recognized in profit or loss with changes in fair value of the asset or liability exposed to the hedged risk. For SCA, this means that non-current loans that are subject to hedge accounting are discounted without a credit spread, since the credit spread is deemed to have a marginal impact on the calculation, to market interest rates and meet inherent interest rate derivatives' discounted cash flows at the same rate. Since the entire change in value from the derivative is recognized directly in profit or loss, any ineffectiveness is recognized on an ongoing basis in profit or loss.

Financial hedges

When SCA conducts hedges and the transactions do not meet requirements for hedge accounting according to IAS 39, changes in fair value of the hedging instrument are recognized directly in profit or loss.

INVENTORIES

Inventories are recognized at the lower of cost and net realizable value on the balance sheet date. Cost is calculated using the first-in, first-out (FIFO) or weighted average cost formula. However, the cost of goods produced and segregated for specific projects is assigned by using specific identification of their individual costs. The cost of finished goods and work in progress includes raw materials, direct labor, other direct expenses and production-related overheads, based on a normal production level. Interest expenses are not included in measurement of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and sale of the item. The holding of felling rights for standing timber is valued at contract prices, which on average do not exceed the lower of net realizable value and cost.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (and disposal groups) are classified as Non-current assets held for sale if their value, within one year, will be recovered through a sale and not through continued utilization in operations. On the reclassification date, the assets and liabilities are measured at the lower of fair value minus selling costs and the carrying amount. Following reclassification, no depreciation is carried out on these assets.

If there is an increase of the fair value less a deduction for selling expenses, a gain is recognized. The gain is limited to the amount equivalent to previously made impairment charges. Both gains and losses on subsequent value changes are recognized in profit or loss for the year.

► **Note 1** – Accounting principles, cont.

Classification as a discontinued operation occurs either when an independent business segment or a significant operation within a geographic area is divested. The divestment date, or the point in time when the operation fulfils the criteria for classification as held for sale, determines when the operation should be classified as a discontinued operation.

Profit/loss after tax from discontinued operations is recognized on a separate line in the income statement. Comparative figures in the income statement are adjusted as though the discontinued operation had been disposed of at the start of the comparative year.

Parent Company:

Non-current assets held for sale are not reclassified and depreciation does not cease. Instead, if such assets exist, the information is disclosed.

EQUITY

Transaction costs directly relating to the issue of new shares or options are recognized, net after tax, in equity as a reduction in the issue proceeds. Expenditure for the purchase of SCA's treasury shares reduces retained earnings in equity in the Parent Company and the portion of consolidated equity that pertains to owners of the Parent. When these are sold, the sales proceeds are included in retained earnings in the equity pertaining to owners of the Parent.

EMPLOYEE BENEFITS**Pensions**

There are many defined contribution and defined benefit pension plans within the Group, part of these are funded with plan assets. The liability recognized in the balance sheet for defined benefit pension plans is the present value of the obligation on the balance sheet date minus the fair value of the plan assets. Funded plans with net assets, that is, plans with assets exceeding obligations, are recognized as a financial asset. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The obligation is valued at the present value of anticipated future cash flows using a discount rate that corresponds to the interest on first-class corporate bonds or, where these do not exist, government bonds or mortgage bonds issued in the currency in which the benefits will be paid and with a remaining maturity that is comparable to the actual pension liability. Actuarial gains and losses are recognized directly in equity under other comprehensive income in the period in which they arise. The total cost for the defined benefit plans includes personnel costs as well as net interest items comprising the discount rate calculated on the average net pension liability for the year, taking fee and remuneration payments into consideration. The difference between the interest income on the plan assets and SCA's return on the plan assets is included in the remeasurement of the defined benefit net liability (net asset) recognized in equity under other comprehensive income. The Group's payments relating to defined contribution plans are recognized as an expense during the period the employees carry out the service to which the payment relates. Pre-paid contributions are only recognized as an asset to the extent the Group is entitled to a repayment or reduction of future payments. Past service costs are recognized directly in profit or loss. A special payroll tax (corresponding to contributions) is calculated on the difference between the pension liability determined according to IAS 19 and the pension liability determined according to the rules applied in the legal entity. Payroll tax is recognized as an expense in profit or loss except with regard to actuarial gains and losses where the payroll tax, like the actuarial gains and losses, is recognized directly in equity under other comprehensive income.

Parent Company:

The Parent Company applies the regulations in the Pension Obligations Vesting Act (Trygandlagen). Accounting complies with FAR SRS's (the institute for the accountancy profession in Sweden) accounting recommendation No. 4, Accounting for pension liabilities and pension costs. The main difference compared with IAS 19 is that Swedish practice disregards future increases in salaries and pensions when calculating the present value of the pension obligation. This present value includes, however, a special reserve for future payments of pension supplements indexed for inflation. Both defined contribution and defined benefit plans exist in the Parent Company.

Other post-retirement benefits

Some Group companies provide post-retirement healthcare benefits. The obligation and anticipated costs for these benefits has been calculated and recognized in a similar manner to that applying to defined benefit pension plans.

Severance pay

Severance pay is paid when the Group issues notice to an employee prior to the retirement date or when an employee voluntarily accepts retirement in exchange for such compensation. Severance pay is recognized as an expense when the Group has an obligation to compensate employees whose employment was terminated early.

PROVISIONS

Provisions for clean-up costs, restructuring or legal disputes are recognized when the Group has, or can be considered to have, an obligation as the result of events that have occurred and it is probable that payments will be required to fulfill the obligation. In addition, it must be possible to make a reliable estimate of the amount to be paid. The provision is valued at the present value of the anticipated future expenditure to settle the obligation. If

the impact of time is material, discounting is applied with an interest rate before taxes. Increases in provisions due to time are recognized on an ongoing basis as an interest expense in profit or loss.

GOVERNMENT GRANTS

Government grants are recognized at fair value when there is reasonable assurance the grants will be received and that the Group will comply with the conditions attached to them. Government grants related to acquisition of assets are recognized in the balance sheet by the grant reducing the carrying amount of the asset. Government grants received as compensation for costs are accrued and recognized in profit or loss during the same period as the costs. If the government grant or assistance is neither related to the acquisition of assets nor to compensation for costs, the grant is recognized as other income.

2 Key assessments and assumptions

Preparation of annual accounts and application of different accounting standards are often based on management assessments or on assumptions and estimates that are regarded as reasonable under the prevailing circumstances. These assumptions and estimates are often based on historical experience, but also on other factors, including expectations of future events. With other assumptions and estimates, the result may be different and the actual result will, by definition, seldom concur with the estimated result.

The assumptions and estimates that SCA considers to have the greatest impact on earnings, as well as assets and liabilities, are discussed below.

VALUATION OF BIOLOGICAL ASSETS

Since a market price or other comparable value does not exist for assets of the scope owned by SCA, biological assets – that is, standing forest – are measured at the value of anticipated future cash flows.

Calculation of these cash flows is based on the felling plan from the most recent forest survey that is available. Forest surveys are updated every ten years. The calculation is also based on assumptions with regard to growth, selling prices, costs for felling and silviculture as well as costs for replanting, which is a prerequisite for felling. These assumptions are mainly based on experience and are only changed when a change in price and cost levels is assessed as being long term. The cash flow covers a production cycle which SCA estimates to amount to an average of 100 years. The discount factor used is the weighted average cost of capital (WACC) that is normally used in valuations of similar assets.

The consolidated value of biological assets at December 31, 2013 amounted to SEK 28,767m. For further information see Note 12.

GOODWILL

Each year, the Group examines whether there is any impairment requirement relating to goodwill. Goodwill is divided among cash-generating units and these concur with the Group's operating segments.

The recoverable amount for the cash-generating units is determined by calculating value in use. This calculation is based on the Group's existing strategic plans. These plans rest on market-based assumptions and include anticipated future cash flows for the existing operations during the next ten-year period. Cash flows beyond the ten-year period are taken into account by applying an operating surplus multiple to sustained cash flow. This multiple concurs with current market multiples for similar operations.

The discount factors used in the present value calculation of the anticipated future cash flows is the current weighted average cost of capital (WACC) established within the Group for the markets in which the cash-generating units conduct operations. Impairment testing for the year did not indicate any impairment requirement. Goodwill for the Group at December 31, 2013 amounted to SEK 13,630m. For further information see Note 10.

PENSIONS

Costs, as well as the value of pension obligations for defined benefit pension plans, are based on actuarial calculations that apply assumptions on discount rate, future salary increases, inflation and demographic conditions.

The Group's net defined benefit obligations and the fair value of plan assets amounted to SEK 2,104m at December 31, 2013. For further information, see Note 26.

TAXES

Deferred tax is calculated on temporary differences between the carrying amounts and the tax values of assets and liabilities. There are primarily two areas where assumptions and assessments affect recognized deferred tax. One is assumptions and assessments used to determine the carrying amounts of the different assets and liabilities. The other is assumptions and assessments related to future taxable profits, where future utilization of deferred tax assets depends on this. As at December 31, 2013, SEK 867m was recognized as deferred tax assets based on assumptions regarding future taxable. For further information see Note 9. Significant assessments and assumptions are also made regarding recognition of provisions and contingent liabilities relating to tax risks. For further information see Note 27 and Note 33.

3 Acquisitions and divestments

ACQUISITIONS

Acquisitions made during the year totaled SEK 5,466m, including assumed net debt. The acquisitions mainly relate to:

Company	Operations	Acquisition date	Acquisition price ¹⁾ , SEKm	Goodwill, SEKm	Acquired %	Total holding after acquisition %
Vinda, Hong Kong	Tissue	December, 2013	4,506	1,743	29.7	51.4
Other			960	10		
Total			5,466	1,753		

¹⁾ Acquisition price pertains to purchase price including assumed net debt.

The acquisitions above are reported in the Board of Directors' Report on page 25 under the section Acquisitions, investments and divestments. In September 2013, SCA decided to make a cash offer of HKD 11.00 per share for the Chinese tissue company Vinda. The offer was conditional on SCA achieving 50% ownership of Vinda. SCA already owned a 21.7% stake in Vinda, which was recognized as an associated company in the Group. At the close of the acceptance period on November 11, SCA became the majority owner with 59.95% of the shares in the company. A total of 8.55% of the shares has since been sold and SCA currently owns 51.4% of the shares in the company. The consideration transferred amounted to SEK 2,687m. During the year, SCA Hygiene Products SE (Societas Europaeas), formerly PWA, became a wholly owned subsidiary of SCA. Outstanding shares were acquired through two compulsory redemptions from non-controlling interests (minority shareholdings). The consideration transferred amounted to SEK 1,028m.

Of the acquisitions for the year totaling SEK 5,466m, SEK 3,004m was paid in cash including assumed cash and cash equivalents, and the remaining SEK 2,462m comprises assumed net debt. Acquisition costs of approximately SEK 47m relating to acquisitions in 2013 are included in operating profit.

Vinda is a listed company on the Hong Kong Stock Exchange and must thus follow the regulations issued by the exchange. The rules governing inside information stipulate that all information is to be provided to all shareholders simultaneously, which means that SCA only has access to the information that Vinda has publically disclosed. The preliminary acquisition analysis was thus based on published information from Vinda. This, in turn, means that the calculations of fair value adjustments, intangible assets and goodwill are preliminary. Due to a lack of detailed information, SCA has chosen to recognize Vinda on a separate line in its notes in accordance with the preliminary acquisition analysis. Earlier holdings in Vinda have been restated in accordance with IFRS and had a positive remeasurement effect of SEK 564m, which was recognized under items affecting comparability in the income statement. Goodwill was calculated according to the partial goodwill method and the non-controlling interest was thus valued at 48.6% of the identified net assets. Goodwill is attributable to the company's strong market positions in the tissue market in China.

Effect on sales and earnings of acquisitions for the year

According to the interim report for the first six months of 2013, Vinda's net sales for the first half of 2013 amounted to SEK 2,773m and its net profit for the period totaled SEK 238m.

Since the acquisition date, other acquisitions have had an impact of SEK 23m on consolidated net sales and a negative impact of SEK 13m on net profit for the period. Had the other acquisitions been consolidated as of January 1, 2013, the acquired net sales would have amounted to SEK 58m and a net loss of SEK 69m would have been posted.

Acquired operations

The table to the right shows the fair value of acquired net assets recognized on the acquisition date, recognized goodwill and the effect on the Group's cash flow statements.

Acquisition balance sheet

SEKm	2013 ¹⁾	2012	2011
Intangible assets	2,901	3,077	100
Non-current assets	4,420	7,357	719
Operating assets	2,478	4,987	125
Cash and cash equivalents	654	941	11
Provisions and other non-current liabilities	-732	-1,447	-27
Net debt excl. cash and cash equivalents	-2,462	-728	-51
Operating liabilities	-1,432	-3,263	-90
Non-current assets held for sale	-	911	-
Fair value of net assets	5,827	11,835	787
Goodwill	1,753	3,353	314
Consolidated value of share in associates	-1,467	-88	-
Revaluation of previously owned share	-564	-15	-
Non-controlling interests	-2,816	-	-3
Consideration transferred	2,733	15,085	1,098
Consideration transferred	-2,733	-15,085	-1,098
Unpaid purchase price related to acquisition	-	-	155
Settled debt pertaining to acquisitions in earlier years	103	-	-
Cash and cash equivalents in acquired companies	654	941	11
Effect on Group's cash and cash equivalents, acquisition of operations (Consolidated cash flow statement)	-1,976	-14,144	-932
Acquisition of non-controlling interests	-1,028	-	-
Acquired net debt excl. cash and cash equivalents	-2,462	-728	-51
Acquisition of operations during the year incl. net debt assumed (Consolidated operating cash flow statement)	-5,466	-14,872	-983

Specification of acquisition balance sheets for 2013¹⁾

SEKm	Vinda	Other	Total
Intangible assets	2,895	6	2,901
Non-current assets	4,393	27	4,420
Operating assets	2,455	23	2,478
Cash and cash equivalents	642	12	654
Provisions and other non-current liabilities	-726	-6	-732
Net debt excl. cash and cash equivalents	-2,461	-1	-2,462
Operating liabilities	-1,411	-21	-1,432
Fair value of net assets	5,787	40	5,827
Goodwill	1,743	10	1,753
Consolidated value of share in associates	-1,467	-	-1,467
Revaluation of previously owned share	-564	-	-564
Non-controlling interests	-2,812	-4	-2,816
Consideration transferred	2,687	46	2,733
Consideration transferred	-2,687	-46	-2,733
Settled debt pertaining to acquisitions in earlier years	-	103	103
Cash and cash equivalents in acquired companies	642	12	654
Effect on Group's cash and cash equivalents, acquisition of operations (Consolidated cash flow statement)	-2,045	69	-1,976
Acquisition of non-controlling interests	-	-1,028	-1,028
Acquired net debt excl. cash and cash equivalents	-2,461	-1	-2,462
Acquisition of operations during the year incl. net debt assumed (Consolidated operating cash flow statement)	-4,506	-960	-5,466

¹⁾ The acquisition balance sheets for 2013 are preliminary.

► **Note 3** – Acquisitions and divestments, cont.**ADJUSTMENT OF PRELIMINARY ACQUISITION BALANCE SHEETS FOR 2013**

An acquisition analysis is considered preliminary until 12 months after the acquisition, at which point it becomes confirmed. Adjustments to the acquisition analysis result in changes to the income statement and balance sheet for the comparative period. The acquisition balance sheet for Everbeauty, which was acquired on June 1, 2012, has been confirmed in accordance with the preliminary acquisition analysis. Upon adoption of the balance sheets for other acquisitions, goodwill totaling SEK 135m was reclassified to property, plant and equipment and deferred tax. The preliminary acquisition analysis previously recognized for Georgia-Pacific was confirmed in 2013. In the final acquisition analysis, the value of non-current assets and related deferred taxes was adjusted and it was determined that previously uncapitalized loss carryforwards could be capitalized, which reduced goodwill recognized earlier. The final acquisition analysis, including adjustments, is shown below.

Final acquisition analysis for Georgia Pacific

SEKm	Preliminary	New assumptions	Final
Intangible assets	2,493	–	2,493
Non-current assets	5,830	321	6,151
Operating assets	4,292	–1	4,291
Cash and cash equivalents	633	–	633
Provisions and other non-current liabilities	–1,193	–47	–1,240
Net debt excl. cash and cash equivalents	–476	–	–476
Operating liabilities	–2,775	–21	–2,796
Non-current assets held for sale	750	–	750
Fair value of net assets	9,554	252	9,806
Goodwill	1,960	–252	1,708
Consideration transferred	11,514	0	11,514
Consideration transferred	–11,514	–	–11,514
Cash and cash equivalents in acquired companies	633	–	633
Effect on Group's cash and cash equivalents (Consolidated cash flow statement)	–10,881	–	–10,881
Acquired net debt excl. cash and cash equivalents	–476	–	–476
Acquisition of operations incl. net debt assumed (Consolidated operating cash flow statement)	–11,357	–	–11,357

DIVESTMENTS

On April 2, the divestment of SCA's Austrian publication paper mill in Laakirchen was completed. The initial purchase consideration amounted to EUR 100m, with a possible additional purchase price amounting to a maximum of EUR 100m based on a two-year profit-sharing model. During the fourth quarter of 2012, earnings were charged with an impairment loss for accounting purposes of SEK 435m pertaining to non-current assets in Laakirchen. Laakirchen's annual sales for 2012 amounted to SEK 2,759m (EUR 316m).

In conjunction with SCA's acquisition of Georgia-Pacific's European tissue operations in 2012, the European Commission demanded that certain divestments be made in the consumer tissue segment. These divestments, which primarily comprised operations acquired from Georgia-Pacific, were carried out by SCA and approved by the European Commission in 2013. The purchase consideration amounted to SEK 948m and the divestments generated a loss of SEK 156m.

Assets and liabilities included in divestments

SEKm	2013	2012	2011
Intangible assets	37	14	–
Non-current assets	84	370	47
Operating assets	1,175	1,417	–
Non-current assets held for sale	1,855	3,378	–
Operating assets in disposal group	–	21,096	580
Cash and cash equivalents	306	153	–
Cash and cash equivalents in disposal group	–	200	22
Net debt excl. cash and cash equivalents	–345	8	–
Net debt in disposal group excl. cash and cash equivalents	–	–617	–56
Provisions	–120	–583	–
Operating liabilities	–413	–767	–48
Operating liabilities in disposal group	–	–6,377	–261
Gain/loss on sale ¹⁾	–156	–866	–14
Loss in disposal group on sale ¹⁾	–	–5	–19
Purchase price received after divestment costs	2,423	17,421	251
<i>Less:</i>			
Unpaid purchase consideration	–746	–	–
Unpaid purchase consideration in disposal group	–	–	–109
Cash and cash equivalents in divested companies	–306	–153	0
Cash and cash equivalents in disposal group	–	–200	–22
Cash and cash equivalents in disposal group upon reclassification of joint ventures to associates	–	–	–11
Effect on the Group's cash and cash equivalents, divested operations (Consolidated cash flow statement)	1,371	17,068	109
<i>Less:</i>			
Divested net debt excl. cash and cash equivalents	345	–8	–
Cash flow from divestments in disposal group	–	5	–322
<i>Add:</i>			
Cash and cash equivalents in disposal group	–	–	22
Cash and cash equivalents in disposal group upon reclassification of joint ventures to associates	–	–	11
Divested net debt in disposal group excl. cash and cash equivalents	–	617	56
Unpaid purchase consideration in disposal group	–	–	109
Divestment of operations during the year incl. net debt transferred (Consolidated operating cash flow statement)	1,716	17,682	–15

¹⁾ Excluding reversal of realized translation differences in divested companies to profit or loss. Gain/loss on sale is included in items affecting comparability in profit or loss.

4 Operating expenses by type of costs

Operating expenses by function

SEKm	2013	2012	2011
Cost of goods sold	-67,006	-64,449	-61,701
Sales and administration expenses	-12,285	-12,472	-11,981
Items affecting comparability	-1,251	-2,634	-5,439
Total	-80,542	-79,555	-79,121
Disposal group	-	-	-23,165
Total including disposal group	-80,542	-79,555	-102,286

See also page 114 for description of costs.

Operating expenses by type of cost

SEKm	Note	2013	2012	2011
Other income		2,630	1,711	5,053
Change in net value of biological assets	12	574	643	623
Change in inventory of finished products and products in progress ¹⁾		-338	-192	512
Raw materials and consumables ¹⁾		-28,436	-28,310	-39,327
Personnel expenses ¹⁾	6	-16,610	-15,687	-20,228
Other operating expenses ¹⁾		-33,729	-31,349	-37,684
Depreciation	7	-4,930	-4,926	-5,927
Impairments ¹⁾	7	-223	-623	-5,308
Revaluation of acquisitions		564 ²⁾	24	-
Loss on divestment	3	-44 ³⁾	-846	-
Total		-80,542	-79,555	-102,286

¹⁾ Including items affecting comparability.

²⁾ Remeasurement of previous equity portion at fair value in conjunction with acquisition of up to 51.4% of Vinda, Hong Kong.

³⁾ Loss on divestment of publication paper mill in Laakirchen, Austria.

ITEMS AFFECTING COMPARABILITY

Items affecting comparability in 2013 totaled SEK -1,251m. Of the total items affecting comparability, SEK -223m pertains to impairment and SEK -1,028m to other items. Items affecting comparability include restructuring costs totaling SEK 963m (791; 775), of which SEK 51m (205; 396) related to Personal Care, SEK 710m (332; 291) to Tissue, SEK 158m (179; 88) to Forest Products and SEK 44m (75; -) to other operations. Of these restructuring costs, SEK 939m (683; 595) pertains to restructuring costs being paid, SEK 119m (83; 324) to impairment of non-current assets, SEK -m (12; -) to impairment of goodwill and SEK 24m (13; 36) to impairment of working capital, mainly inventory. For 2013, the item Remeasurement of previous equity portion at fair value in conjunction with acquisition, totaling a positive of SEK 564m, pertains to Vinda. Restructuring costs being paid comprise personnel costs in the amount of SEK 765m (528; 517) and other operating expenses of SEK 174m (155; 78).

OTHER INCOME

Other income includes income from activities or sales of goods and services outside SCA's core business. The income can be of a recurring or occasional nature. During 2013, sales of goods and services outside SCA's core business amounted to SEK 1,197m, revenue from SCA's transport business amounted to SEK 727m and rental income amounted to SEK 89m. Income of a more occasional nature amounted to SEK 882m, of which SEK 880m pertains to gains from the sale/exchange of non-current assets.

OTHER OPERATING EXPENSES

SEKm	2013	2012	2011
Transport expenses	-7,085	-7,053	-8,614
Energy expenses ¹⁾	-4,966	-4,828	-6,154
Purchased finished goods for onward sale	-4,601	-3,034	-5,025
Marketing costs	-3,924	-3,807	-3,696
Repairs and maintenance	-2,667	-2,497	-3,160
IT, telephony and lease of premises	-1,293	-1,330	-2,153
Other operating expenses, production	-3,468	-3,571	-3,591
Other operating expenses, distribution, sales and administration	-4,460	-4,207	-4,245
Other	-1,265	-1,022	-1,046
Total	-33,729	-31,349	-37,684
Disposal group	-	-	7,396
Total excluding disposal group	-33,729	-31,349	-30,288

¹⁾ After deduction for revenues from energy in the amount of SEK 800m (913; 929).

OTHER DISCLOSURES

Exchange rate differences totaling SEK 54m (95; 252) are included in operating profit. Government grants received reduced operating expenses by SEK 49m (38; 78). Costs for research and development amounted to SEK 998m (845; 832).

OPERATING LEASES

Future payment obligations in the Group of minimum leasing fees for non-cancellable operating leases are distributed as follows:

SEKm	2013	2012	2011
Within 1 year	557	570	1,452
Between 2 and 5 years	1,186	1,250	2,967
Later than 5 years	536	419	1,908
Total	2,279	2,239	6,327
Disposal group	-	-	-1,143
Total excluding disposal group	2,279	2,239	5,184

Cost for the year related to operating leasing of assets amounted to SEK 692m (633; 1,214). Leasing objects comprise a large number of objects, including energy plants, warehouses, offices, other buildings, machinery and equipment, IT equipment, office fixtures and various transport vehicles. The assessment for a number of the objects is that, in reality, it is possible to terminate contracts early.

FINANCE LEASES

Future payment obligations in the Group of minimum leasing fees for finance leases are distributed as follows:

SEKm	2013	2012	2011
Within 1 year	16	54	49
Between 2 and 5 years	45	57	118
Later than 5 years	-	26	-
Total	61	137	167
Future expenses for finance leases	-5	-21	-22
Present value of liabilities relating to finance leases	56	116	145

Disposal group

Within 1 year	-	-	-25
Between 2 and 5 years	-	-	-30
Later than 5 years	-	-	-
Total	-	-	-55
Future financial expenses for finance leases	-	-	7
Present value of liabilities relating to finance leases, disposal group	-	-	-48
Total present value of liabilities relating to finance leases, excluding disposal group	56	116	97

Total payments for finance leases during the year amounted to SEK 55m (35; 35). During the year, SEK 4m (4; 7) was recognized as an interest expense and SEK 51m (24; 18) as amortization of debt. Depreciation of finance lease assets during the year amounted to SEK 18m (12; 16). The carrying amount of finance lease assets at year-end amounted to SEK 138m (165; 120) relating to buildings/land and SEK 13m (5; 9) relating to machinery.

For information about significant leasing contracts, refer to Note 33 Contingent liabilities.

AUDITING EXPENSES

Remuneration to auditors can be specified as follows:

SEKm	2013	2012	2011
PwC			
Audit assignments	-46	-57	-80
Auditing activities other than the audit assignment	-2	-2	-3
Tax consultancy services	-19	-19	-20
Other assignments	-34	-52	-36
Total PwC	-101	-130	-139
Other auditors			
Audit assignments	-4	-4	-1
Tax consultancy services	-3	-2	-8
Other assignments	-8	-9	-5
Total other auditors	-15	-15	-14
Total	-116	-145	-153
Disposal group	-	-	-28
Total excluding disposal group	-116	-145	-125

5 Segment reporting

SEKm	Personal Care	Tissue	Forest Products	Other operations	Eliminations	Total Group
2013 fiscal year						
REVENUES						
External sales	26,513	47,122	15,158	226	–	89,019
Internal sales	401	–135	367	–101	–532	0
Total revenues	26,914	46,987	15,525	125	–532	89,019
RESULT						
Segment result	3,201	5,595	1,843	–705	–	9,934
Items affecting comparability	–71	–656	–236	–288	–	–1,251
Operating profit/loss	3,130	4,939	1,607	–993	–	8,683
Financial income						120
Financial expenses						–1,120
Tax expense for the year						–2,119
Net profit for the year						5,564
OTHER DISCLOSURES						
Assets	17,326	68,331	49,733	3,042	–4,516	133,916
Holdings in associates	262	181	54	761	–	1,258
Unallocated financial assets						7,098
Total assets	17,588	68,512	49,787	3,803	–4,516	142,272
Investments/acquisitions	–1,046	–7,968	–1,939	–63	–	–11,016
Depreciation	–988	–2,630	–1,253	–59	–	–4,930
Expenses, in addition to depreciation, not matched by payments	–1	–3	–1,164	2	–	–1,166
2012 fiscal year						
REVENUES						
External sales	25,955	42,186	17,011	256	–	85,408
Internal sales	339	189	1,272	1,012	–2,812	0
Total revenues	26,294	42,375	18,283	1,268	–2,812	85,408
RESULT						
Segment result	3,180	4,640	1,363	–537	–	8,646
Items affecting comparability	–205	–678	–1,462	–289	–	–2,634
Operating profit/loss	2,975	3,962	–99	–826	–	6,012
Financial income						91
Financial expenses						–1,355
Tax expense for the year						–251
Profit from disposal group						503
Net profit/loss for the year						5,000
OTHER DISCLOSURES						
Assets	17,375	57,664	48,416	3,385	–3,565	123,275
Holdings in associates	257	1,358	56	786	–	2,457
Unallocated financial assets						5,799
Total assets	17,632	59,022	48,472	4,171	–3,565	131,531
Investments/acquisitions	–2,680	–15,268	–2,112	–178	–	–20,238
Depreciation	–983	–2,357	–1,526	–60	–	–4,926
Expenses, in addition to depreciation, not matched by payments	–67	74	–572	–224	–	–789

SEKm	Personal Care	Tissue	Forest Products	Other operations	Eliminations	Total Group
2011 fiscal year						
REVENUES						
External sales	24,436	38,885	17,775	241	–	81,337
Internal sales	339	233	2,228	1,640	–4,440	0
Total revenues	24,775	39,118	20,003	1,881	–4,440	81,337
RESULT						
Segment result	2,645	3,150	2,423	–480	–	7,738
Items affecting comparability	–744	–597	–4,003	–95	–	–5,439
Operating profit/loss	1,901	2,553	–1,580	–575	–	2,299
Financial income						129
Financial expenses						–1,454
Tax expense for the year						–1,267
Profit from disposal group						900
Net profit for the year						607
OTHER DISCLOSURES						
Assets	17,399	45,880	49,280	7,940	–9,445	111,054
Allocated to disposal group	–	–	–	–	–	21,601
Holdings in associates	252	653	54	108	–	1,067
Unallocated financial assets						5,282
Total assets	17,651	46,533	49,334	8,048	–9,445	139,004
Investments/acquisitions	–1,584	–2,366	–1,530	–1,425 ¹⁾	–	–6,905
Depreciation	–1,101	–2,210	–1,292	–1,324 ¹⁾	–	–5,927
Expenses, in addition to depreciation, not matched by payments	–14	91	–585	–93 ¹⁾	–	–601

¹⁾ Including the packaging operations divested on June 30, 2012.

Items affecting comparability

SEKm	2013		2012		2011	
	Expenses	Impairments	Expenses	Impairments	Expenses	Impairments
Personal Care	–51	–20	–168	–37	–107	–637
Tissue	–531	–125	–570	–108	51	–648
Forest Products	–156	–80	–990	–472	–66	–3,937
Other	–290	2	–283	–6	–93	–2
Total	–1,028	–223	–2,011	–623	–215	–5,224
Net		–1,251		–2,634		–5,439

Business Segments: SCA is a global leading hygiene and forest products company that develops and produces sustainable personal care, tissue and forest products. These product groups are the primary lines of business. Personal Care comprises three product segments and offers incontinence products, baby diapers and feminine care products. Tissue comprises consumer tissue and Away-from-Home (AfH) tissue encompassing hospitals, large workplaces, restaurants and hotels. Consumer tissue comprises toilet paper, kitchen paper, facial tissues, handkerchiefs and napkins. In AfH tissue, SCA develops and sells complete hygiene solutions comprising dispensers, tissue, soap, service and maintenance. Forest Products sells publication papers, packaging papers, pulp, solid-wood products and renewable energy. SCA has a well-integrated value chain in Sweden between its forest assets and production facilities. Pulp production contributes to the Group's raw material integration, since the Group's pulp is mainly delivered internally. In addition, the Group's pulp is mainly produced from timber from the Group's own forests, which also, to a large extent, supply the sawmills.

Assets and liabilities: The assets included in each business segment comprise all operating assets used in the business segment, primarily trade receivables, inventories and non-current assets after deduction for operating liabilities and provisions. Most of the assets are directly attributable to each business segment. In addition, some assets that are common to two or more business segments are allocated among the business segments.

Intra-Group deliveries: Revenues, expenses and results for the various business segments were affected by intra-Group deliveries. Internal prices are market-based. Intra-Group deliveries are eliminated when preparing the consolidated financial statements.

Customers: SCA has no customers from which it generates income that accounts for more than 10% of the company's net sales. SCA's ten largest customers account for 21% of of the company's sales.

► Note 5 – Segment reporting, cont.

Group by country

	Net sales				Average number of employees				Non-current assets ¹⁾	
	2013		2012		2013	Of whom women, %	2012	Of whom women, %	2013	2012
	SEKm	%	SEKm	%					SEKm	SEKm
Sweden	5,691	6	5,587	7	5,688	26	5,812	26	43,929	42,272
EU excl. Sweden										
Germany	10,632	12	10,438	12	3,390	18	3,455	18	5,998	5,530
France	9,489	11	7,085	8	2,867	23	2,013	26	5,781	6,166
United Kingdom	9,036	10	9,084	11	1,857	18	1,846	19	4,569	4,591
Spain	5,316	6	4,817	6	1,173	24	1,042	25	3,589	3,602
Netherlands	3,173	4	2,976	3	1,386	15	1,268	16	2,897	2,239
Italy	3,082	3	3,573	4	787	22	775	22	2,067	2,616
Belgium	1,770	2	1,640	2	396	24	379	23	2,751	2,325
Finland	1,623	2	1,273	1	379	28	223	35	737	731
Austria	1,461	2	1,710	2	805	17	1,332	14	731	839
Denmark	1,395	2	1,188	1	89	63	87	65	1	2
Poland	810	1	811	1	596	24	591	25	869	813
Greece	791	1	780	1	76	37	117	32	76	232
Hungary	604	1	657	1	141	56	145	56	3	3
Portugal	560	1	409	1	27	63	31	58	67	65
Czech Republic	535	0	560	1	71	59	69	61	0	1
Ireland	447	0	411	1	32	25	25	25	26	64
Romania	264	0	260	0	24	75	25	72	2	2
Slovakia	228	0	243	0	783	33	759	32	572	580
Lithuania	176	0	161	0	19	37	19	37	1	0
Rest of EU	614	1	608	1	14	79	13	85	1	1
Total EU excl. Sweden	52,006	59	48,684	57	14,912	22	14,214	22	30,738	30,402
Rest of Europe										
Russia	3,037	3	2,935	3	1,201	43	1,166	45	2,425	2,178
Norway	1,770	2	1,825	2	161	61	220	50	1	84
Switzerland	1,231	1	1,202	1	28	46	24	50	82	83
Ukraine	263	0	276	1	77	48	72	53	5	5
Turkey	245	0	270	0	82	28	62	26	75	94
Other	468	2	436	1	6	33	8	38	–	0
Total, rest of Europe	7,014	8	6,944	8	1,555	44	1,552	45	2,588	2,444
Rest of world										
US	8,253	9	8,868	10	2,539	25	2,651	25	6,695	6,864
Mexico	3,191	4	3,011	4	2,329	26	2,370	27	3,883	4,008
Colombia	1,722	2	1,811	2	1,492	31	1,388	35	1,192	1,271
Canada	1,321	1	1,097	1	269	34	301	39	277	330
Japan	1,240	1	1,537	2	57	77	57	74	2	3
Malaysia	1,022	1	1,013	1	1,268	59	1,330	58	786	877
Chile	904	1	762	1	590	16	475	13	862	939
China	684	1	399	1	794	60	614	59	9,368	372
Ecuador	550	1	477	1	522	35	481	35	95	83
Brazil	425	1	441	1	469	43	468	43	216	242
Costa Rica	397	1	392	1	80	45	81	46	2	2
Hong Kong	350	0	309	0	22	73	20	75	12	14
Taiwan	347	0	224	0	294	41	227	68	1,283	1,421
Singapore	252	0	183	0	30	70	34	68	8	8
Morocco	250	0	284	0	–	–	–	–	–	–
Philippines	250	0	244	0	36	53	37	51	7	8
South Africa	213	0	247	0	64	45	95	58	33	43
Other	2,937	4	2,894	3	994	36	1,568	46	255	231
Total, rest of world	24,308	27	24,193	28	11,849	35	12,197	36	24,976	16,716
Total Group	89,019	100	85,408	100	34,004	28	33,775	29	102,231	91,834

¹⁾ Non-current assets include Goodwill, Other intangible assets, Buildings, land, machinery and equipment and Biological assets.

6 Personnel and Board costs

Personnel costs

SEKm	2013	2012	2011
Salaries and remuneration	11,767	11,365	15,046
of which Group management	143	134	101
of which Board	6	6	5
Pension costs	1,140	970	958
of which defined benefit pension plans ¹⁾	562	257	261
of which defined contribution pension plans	578	713	697
Other social security costs	2,663	2,476	3,114
Other personnel costs	1,040	876	1,110
Total²⁾	16,610	15,687	20,228
Disposal group	–	–	–5,682
Total excluding disposal group	16,610	15,687	14,546

¹⁾ The increase in costs for 2013 is mainly attributable to the new accounting rules in IAS 19, which have been applied as of 2013.

²⁾ Total personnel costs include SEK 765m (528; 517) attributable to costs for implemented efficiency-enhancement measures.

Average number of employees

	2013	2012	2011
Average number of employees	34,004	33,775	43,697
of whom women	28%	29%	27%
Number of countries	61	62	58

Women comprised 21% (21; 18) of the total number of Board members and senior executives.

Breakdown of employees by age groups, %

2013	21–30 yrs	31–40 yrs	41–50 yrs	51–60 yrs
	18%	28%	29%	20%

2% (2; 2) of the employees are under the age of 20, and 3% (2; 3) are over the age of 60.

During 2013, SCA invested approximately SEK 103m (100; 151) or SEK 3,000 (3,000; 3,500) per employee in skills-enhancement activities.

The added value per employee in 2013 amounted to SEK 713,000 (617,000; 519,000). The proportion of university graduates amounts to about 20% (18; 16).

In 2013, 5,143 (3,993; 5,207) people left SCA while 4,426 (6,344; 4,809) joined the Group. These figures include both voluntary retirement and the effects of rationalization activities and retirements. In addition, a significant portion relates to summer jobs for students and seasonal work.

FEES TO BOARD MEMBERS IN THE PARENT COMPANY DURING THE YEAR

Members of the Board elected by the AGM who are not employees in the company received the following remuneration in 2013 in accordance with the AGM resolution.

SEK	Board fee	Audit Committee fee	Remuneration Committee fee	Total
Sverker Martin-Löf (Chairman)	1,650,000	130,000	135,000	1,915,000
Pär Boman	550,000			550,000
Rolf Börjesson	550,000		105,000	655,000
Jan Johansson	–			–
Leif Johansson	550,000		105,000	655,000
Louise Julian Svanberg	550,000			550,000
Bert Nordberg	550,000			550,000
Anders Nyrén	550,000	175,000		725,000
Barbara Milian Thoralfsson	550,000	130,000		680,000
Total	5,500,000	435,000	345,000	6,280,000

REMUNERATION OF SENIOR EXECUTIVES

Senior executives refer to the President, who is also the CEO, the Executive Vice Presidents, Business Unit Presidents and equivalents, and the Central Staff Managers. For the composition of this group, see pages 58–59.

AGM guidelines for remuneration of senior executives

The 2013 Annual General Meeting adopted the following guidelines for remuneration of senior executives.

“Remuneration of the CEO and other senior executives will be a fixed amount, possible variable remuneration, additional benefits and pension. Other senior executives include the Executive Vice Presidents, Business Unit Presidents and equivalents, and the Central Staff Managers. The total remuneration is to correspond to market practice and be competitive in the senior executive's field of profession. Fixed and variable remuneration are to be linked to the manager's responsibility and authority. For the CEO, as well as for other senior executives, the variable remuneration is to be limited and linked to the fixed remuneration. The variable remuneration is to be based on the outcome of predetermined objectives and, as far as possible, be linked to the increase of value of the SCA share, from which the shareholders benefit. Programs for variable remuneration should be formulated so that the Board, if exceptional circumstances prevail, has the possibility to limit, or refrain from, payment of variable remuneration if such an action is considered reasonable and in compliance with the company's responsibility to shareholders, employees and other stakeholders.

In the event of termination of employment, the notice period should normally be two years if termination is initiated by the company, and one year, when initiated by the senior executive. Severance pay should not exist.

Pension benefits are to be either defined benefit or defined contribution plans, or a combination of both, and entitle the senior executive to pension from the age of 60, at the earliest. To earn the pension benefits, the period of employment must be long-term, at present 20 years. When resigning before the age providing entitlement to pension, the senior executive will receive a paid-up pension policy from the age of 60. Variable remuneration is not pensionable income. Matters of remuneration of the senior management are to be dealt with by the Remuneration Committee and, as regards the President, be resolved by the Board of Directors.”

Company's application of guidelines

The company applied the guidelines approved by the AGM in the following manner.

Fixed salary

The fixed salary is to be in proportion to the individual's position and the authority and responsibilities this entails. It is set individually at a level that, combined with other remuneration, is assessed as a market rate and competitive in the labor market in which the executive works.

Variable remuneration

Variable remuneration of the CEO, Executive Vice Presidents and Business Unit Presidents and equivalents is maximized to a total of 100% of the fixed salary. For one Business Unit President, stationed in the US, the maximum outcome is 130%, while the corresponding limit for other senior executives is 90%.

The program for variable remuneration is divided into a short and long-term portion. The short-term portion (Short-term Incentive, or STI) for the CEO, Executive Vice Presidents and Business Unit Presidents and equivalents may amount to a maximum of 50% of fixed salary. For one Business Unit President, stationed in the US, the maximum outcome is 80%, while the corresponding limit for other senior executives is 40%. The STI goals set for the Business Unit Presidents are mainly based on operating cash flow, cost control, operating profit and growth for each business unit, while the goal for the CEO and others reporting directly to him is based primarily on the Group's profit before tax and operating cash flow. Furthermore, a non-financial goal also applies accounting for 20% of the variable remuneration.

The long-term portion (Long-Term Incentive, or LTI) may amount to a maximum of 50% of the fixed salary. In return, the senior executive must invest half of the variable LTI compensation, after tax withholdings, in SCA shares. The shares may then not be sold before the end of the third calendar year after entry into the relevant LTI program. The established LTI goal is based on the performance of the company's B share, measured as the TSR (Total Shareholder Return) index, compared with a weighted index of competitors' and consumer companies' shares performance (TSR) over a three-year period. The structure of the LTI was approved by the Board in 2003.

► **Note 6** – Personnel and Board costs, cont.*Outcome, variable remuneration*

For the CEO, Executive Vice Presidents and Central Staff Managers, STI resulted in 35–46% of fixed salary for 2013. STI resulted in variable remuneration corresponding to 12–53% of fixed salary for the Business Unit Presidents. The LTI target was achieved for 2011–2013, resulting in maximum outcome for the CEO and other senior executives.

Other benefits

Other benefits pertain, in some cases, to a company car, housing and school fees.

Pension

For the CEO, who is entitled to retire at the age of 60, the pension agreement provides a retirement pension (excluding national pension benefits and previously earned paid-up policies) between the age of 60 and 65 of approximately 40% of final salary (excluding variable remuneration) and thereafter of approximately 20% of final salary (excluding variable remuneration) for life. Upon termination of employment prior to retirement age, a paid-up policy is received for pension payments from age 60. In addition, beneficiaries' pension amounts to approximately 50% of retirement pension in the case of death before the age of 65 and thereafter to 30% of the retirement pension (including previously earned paid-up policies).

Most of the other senior executives in the Group have a combination of defined benefit and defined contribution pension plans that entitle the executives, on reaching the age of 60, to receive a retirement pension (including national pension benefits) of up to 45% of the average salary (excluding variable remuneration) for three years prior to retirement age. For full pension, the individual must have been employed for at least 20 years calculated from 40 years of age. Upon termination of employment prior to reaching retirement age, a paid-up policy is received for pension payments from age 60, on condition that the executive, after reaching the age of 40, has been employed in the Group for at least three years. In addition, beneficiaries' pension amounts to about 50% of retirement pension. In addition to the defined benefit pension, a pension is paid based on premiums paid by the company. The premiums paid for each year of service amount to 10% of the executive's base salary and are invested in a fund or traditional insurance chosen by the executive.

Some senior executives have a pension plan, which is closed to new entrants, that is a defined benefit pension plan, which grants the executive the right at the age of 65 to receive a pension (including national pension benefits) at up to 70% of the salary (excluding variable salary). However, they are entitled to retire at 60 with 70% of the final salary at retirement (excluding variable remuneration), between 60 and 65 and subsequently with 50% of the salary at retirement (excluding variable remuneration). Normally, full pension requires the executive to have been employed in the Group for 20 years. Upon termination of employment prior to reaching retirement age, a paid-up policy is received for pension payments from age 65 or 60, on condition that the executive, after reaching the age of 40, has been employed in the Group for at least three years. In addition, beneficiaries' pension amounts to about 50% of retirement pension.

Two senior executives have a defined contribution pension plan (in addition to national pension benefits) into which the company pays 30–40% of the executives' fixed salary, which is invested in funds or traditional insurance.

Two senior executives are employed in companies outside Sweden. One executive is encompassed by the defined contribution pension plan that applies to employees in the US. One executive is encompassed by the defined benefit pension plan that applies to employees in Belgium.

Notice period and severance pay

The agreement with the CEO stipulates a period of notice of termination of two years if such notice is given by the company. The CEO has a corresponding right with a period of termination of one year. If notice is given by the company, the CEO is not obligated to serve during the notice period. The agreement does not contain any stipulations with regard to severance pay. Between the company and other senior executives, a period of notice of termination of one to two years normally applies, if such notice is given by the company. The executive has a corresponding right with a period of notice of termination of six months to one year. The executive is normally expected to be available to the company during the notice period. The agreements have no stipulations with regard to severance pay.

Preparation and decision process for remuneration

During the year, the Remuneration Committee submitted recommendations to the Board regarding the principles for remuneration of senior executives. The recommendations encompassed the ratio between fixed and variable remuneration and the size of any salary increases. In addition, the Remuneration Committee proposed criteria for assessing variable remuneration and pension terms. The Board discussed the Remuneration Committee's proposal and decided on the basis of the Committee's recommendations. The remuneration of senior executives for the 2013 financial year was based on the Remuneration Committee's recommendation and, with regard to the CEO, decided by the Board. The executives concerned did not participate in remuneration matters pertaining to themselves. When it was deemed appropriate, the work of the Remuneration Committee was carried out with the support of external expertise. For information about the composition of the Remuneration Committee, see page 51.

The Board's proposal for new guidelines

The Board has decided to propose to the 2014 Annual General Meeting the unchanged guidelines for determining salaries and other remuneration for senior executives. With the salary situation prevailing in 2014 and an unchanged number of senior executives, the maximum outcome of variable remuneration could entail a cost for the Group, excluding social security costs, of approximately SEK 80m.

Remuneration and other benefits during the year

SEK	Fixed salary	Variable remuneration	Other benefits	Total salary and remuneration
CEO Jan Johansson	10,962,121	10,318,000	160,080	21,440,201
Other senior executives (16 people)	62,836,453	56,029,602	10,755,315	129,621,370
Total	73,798,574	66,347,602	10,915,395	151,061,571

SEK	Pension costs
CEO Jan Johansson	8,018,773
Other senior executives (16 people)	28,759,616
Total	36,778,389

Comments to the tables:

- Variable remuneration covers the 2013 fiscal year but is paid in 2014.
- Pension costs pertain to the costs that affected profit for the year, excluding special payroll tax.

7 Depreciation/amortization and impairment of property, plant and equipment, and intangible assets

SEKm	2013	2012	2011
Depreciation			
Buildings	643	608	835
Land	131	119	114
Machinery and equipment	3,870	3,920	4,675
Sub-total	4,644	4,647	5,624
Patents, trademarks and similar rights	268	259	272
Capitalized development costs	18	20	31
Sub-total	286	279	303
Total	4,930	4,926	5,927
Impairment losses			
Buildings	–	24	53
Land	1	9	40
Machinery and equipment ¹⁾	118	501	225
Construction in progress	–	0	6
Sub-total	119	534	324
Goodwill	–	89	4,910
Patents, trademarks and similar rights	–	–	74
Emission allowances	8	–	–
Capitalized development costs	32	–	–
Sub-total	40	89	4,984
Total¹⁾	159	623	5,308
Total			
Buildings	643	632	888
Land	132	128	154
Machinery and equipment	3,988	4,421	4,900
Construction in progress	–	0	6
Sub-total	4,763	5,181	5,948
Goodwill	–	89	4,910
Patents, trademarks and similar rights	268	259	346
Emission allowances	8	–	–
Capitalized development costs	50	20	31
Sub-total	326	368	5,287
Total	5,089	5,549	11,235
Disposal group	–	–	–915
Total excluding disposal group	5,089	5,549	10,320

¹⁾ The total Impairment losses includes reversal of impairment for machinery and equipment of SEK –m (–; 62).

Depreciation/amortization is based on the costs and estimated useful lives of the assets outlined in the accounting principle section on page 76.

8 Financial income and expenses

SEKm	2013	2012	2011
Results from shares and participations in other companies			
Dividend	63	48	44
Capital gains/losses, impairment losses	–	–	–
Interest income and similar profit/loss items			
Interest income, investments	57	39	72
Other financial income	0	4	20
Total financial income	120	91	136
Interest expenses and similar profit/loss items			
Interest expenses, borrowing	–1,238	–1,342	–1,370
Interest expenses, derivatives	191	37	14
Fair value hedges, unrealized	–3	6	–8
Other financial expenses	–70	–56	–62
Total financial expenses	–1,120	–1,355	–1,426
Total	–1,000	–1,264	–1,290
Disposal group	–	–	–35
Total excluding disposal group	–1,000	–1,264	–1,325

Other financial income and expenses include a negative exchange difference of SEK 7m (pos: 4; pos: 20).

If interest rate levels had been 1 percentage point higher/lower, with unchanged fixed-interest terms and volumes in the net debt, interest expenses for the year would have been SEK 59m (178; 177) higher/lower. Sensitivity analysis calculations have been performed on the risk to which SCA was exposed at December 31, 2013 using assumptions on market movements that are regarded as reasonably possible in one year's time.

For a description of how SCA manages its interest rate risk, refer to page 65 of the Board of Directors' Report.

9 Income taxes

TAX EXPENSE

SEKm	2013	2012	2011
Current tax expense	2,005	1,154	1,142
Deferred tax expense	114	-903	509
Total	2,119	251	1,651
Disposal group	-	-	-384
Total excluding disposal group	2,119	251	1,267

Tax expense amounted to 27.6% (5.3; 73.1) of the Group's profit before tax. The difference between the recognized tax expense and expected tax expense is explained below. The expected tax expense is calculated according to current profit levels in each country.

	2013		2012		2011	
	SEKm	%	SEKm	%	SEKm	%
Tax expense including disposal group	2,119	27.6	251	5.3	1,651	73.1
Expected tax expense	1,912	24.9	1,135	23.9	435	19.3
Difference	207	2.7	-884	-18.6	1,216	53.8
The difference is explained by:						
Permanent effects ¹⁾						
Effects of subsidiary financing	-27	-0.4	-82	-1.7	-139	-6.2
Goodwill impairment and currency impact ²⁾	-	-	-	-	1,231	54.5
Effects of acquisitions and divestments ³⁾	-124	-1.6	437	9.2	-	-
Other permanent effects ⁴⁾	210	2.8	-188	-4.0	-18	-0.8
Taxes related to prior years ⁵⁾	113	1.5	246	5.2	86	3.8
Changes in unrecognized deferred tax assets ⁶⁾	41	0.5	34	0.7	76	3.4
Changes in tax rates ⁷⁾	-6	-0.1	-1,331	-28.0	-20	-0.9
Total	207	2.7	-884	-18.6	1,216	53.8

- ¹⁾ Permanent effects are attributable to permanent differences between the accounting and taxable result.
- ²⁾ The effects of goodwill impairment and currency impact in 2011 pertain to the divestments of the packaging operations and 50% of the operation in Australasia.
- ³⁾ The effect for 2013 is related to acquisition of shares in Vinda. The effect for 2012 concerns capital losses on shares attributable to the divestment of the newsprint mill in Aylesford, UK and effects relating to the divestment of 50% of the operation in Australasia.
- ⁴⁾ The effects for the year include tax expenses of SEK 49m related to profit-taking within the Group. 2012 includes SEK 28m and 2011 includes SEK 35m in tax expenses for corresponding profit-taking.
- ⁵⁾ Income taxes related to prior years recognized in 2013 primarily pertain to effects in Germany and Mexico, which increased the tax expense by SEK 92m. The effect in 2012 relates essentially to a provision for tax risk in Denmark, which increased the tax expense by SEK 236m. 2011 primarily concerns impairment of tax assets belonging to the operation in Australia.
- ⁶⁾ Change in unrecognized deferred tax assets in 2011 includes SEK 43m relating to the operation in UK.
- ⁷⁾ The changes in tax rates in 2013 primarily relate to the revaluation of deferred taxes due to a corporate tax rate decrease in Finland. 2012 relates essentially to the effect of the corporate tax rate decrease in Sweden. The changed tax rates in 2011 primarily relate to a corporate tax rate decrease in the UK.

CURRENT TAX

Current tax expense (+), tax income (-)

SEKm	2013	2012	2011
Income tax for the year	1,904	1,177	1,125
Adjustments for prior years	101	-23	17
Total	2,005	1,154	1,142
Disposal group	-	-	-271
Total excluding disposal group	2,005	1,154	871

Current tax liability (+), tax asset (-)

The change during the year to the current tax liability is explained below:

SEKm	2013	2012	2011
Value at January 1	-139	-130	-159
Current tax expense	2,005	1,154	1,142
Paid tax	-1,634	-1,193	-961
Other changes	91	31	-3
Translation differences	5	-1	-3
Allocated to disposal group	-	-	-146
Value at December 31	328	-139	-130

Other changes relate to effects of acquisitions and divestments in the amount of SEK 91m (31; -3). The closing current tax liability comprises tax assets of SEK 417m (517; 377) and tax liabilities of SEK 745m (378; 247).

DEFERRED TAX

Deferred tax expense (+), tax income (-)

SEKm	2013	2012	2011
Changes in temporary differences	97	186	453
Adjustments for prior years	12	269	69
Other changes	5	-1,358	-13
Total	114	-903	509
Disposal group	-	-	-113
Total excluding disposal group	114	-903	396

Other changes include the effects of changed tax rates, which reduced the deferred tax expense by SEK -6m (-1 331; -20), revaluation of deferred tax assets, which increased the deferred tax expense by SEK 11m (0; 7) and capitalization of tax assets related to the right to future tax deductions of SEK 0m (-27; 0).

Deferred tax liability (+), tax asset (-)

The change during the year to the deferred tax liability is explained below:

SEKm	Value at January 1	Deferred tax expense	Other changes	Translation differences	Value at December 31
Intangible assets	969	-380	389	14	992
Land and buildings	7,243	396	30	44	7,713
Machinery and equipment	3,421	628	161	34	4,244
Financial non-current assets	-186	-52	51	-4	-191
Current assets	189	-453	359	4	99
Provisions for pensions	-943	-157	544	-12	-568
Other provisions	-139	-166	189	-8	-124
Liabilities	-541	115	-264	-2	-692
Tax credits and tax loss carryforwards	-1,653	203	-372	-10	-1,832
Other	-71	-20	17	-2	-76
Total	8,289	114	1,104	58	9,565

Other changes include deferred tax recognized directly in equity according to IAS19 of SEK 500m, IAS39 of SEK 131m, effects of acquisitions and divestments of SEK 283m and change in tax risk provisions of SEK 190m. The closing deferred tax liability comprises deferred tax assets of SEK 867m (818; 715) and deferred tax liabilities of SEK 10,432m (9,107; 9,350).

LOSS CARRYFORWARDS

Loss carryforwards for which deferred tax assets were recognized have been reported at the tax amount on the line Tax credits and tax loss carryforwards in the table Deferred tax liability, deferred tax asset above.

Loss carryforwards for which no deferred tax assets were recognized amounted to SEK 2,529m (3,378; 1,699) at December 31, 2013. Of these, SEK 163m have an indefinite life. The remainder expire as follows:

Year	SEKm
2014	16
2015	8
2016	10
2017	427
2018 and later	1,905
Total	2,366

During 2013, uncapitalized loss carryforwards amounting to SEK 8m expired and SEK 1,313m were either utilized or capitalized. The tax value of unrecognized tax loss carryforwards amounted to SEK 774m.

OTHER

SCA recognizes no deferred tax relating to temporary differences attributable to investments in subsidiaries, associated companies and joint ventures. Any future effects (tax deducted at source and other deferred tax on profit-taking within the Group) is reported when SCA can no longer control reversal of such differences or when, for other reasons, it is no longer improbable that reversal can take place in the foreseeable future.

10 Intangible assets

SEKm	Goodwill			Trademarks			Licenses, patents and similar rights			Capitalized development costs		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Accumulated costs	11,942	12,258	15,481	4,297	4,440	1,806	2,646	2,988	3,084	270	268	473
Accumulated amortization	–	–	–	–71	–35	–20	–1,903	–2,098	–2,252	–179	–171	–327
Accumulated impairment	–89	–89	–3,962	–57	–57	–56	–7	–13	–8	–34	–1	–21
Acquisition of Vinda, see Note 3	1,777	–	–	2,940	–	–	12	–	–	–	–	–
Total	13,630	12,169	11,519	7,109	4,348	1,730	748	877	824	57	96	125
Allocated to disposal group	–	–	–2,086	–	–	–	–	–	–112	–	–	–62
Total excluding disposal group	13,630	12,169	9,433	7,109	4,348	1,730	748	877	712	57	96	63
Value at January 1	12,169	9,433	17,688	4,348	1,730	1,992	877	712	894	96	63	164
Investments	–	–	–	–	–	–	90	75	115	12	10	11
Sales and disposals	–	–	–	–	–	–	–	–1	–	–	–	0
Business combinations	1,753	3,353	314	2,889	2,695	100	12	365	–	–	–	–
Company divestments	–8	–168	–53	–28	–	–	–	0	–1	–	–	–
Reclassifications	–387	–81	–1,408	–165	–52	–218	–3	–27	84	–	42	–20
Amortization for the year	–	–	–	–30	–20	–10	–238	–239	–263	–18	–20	–31
Impairment for the year	–	–89	–4,910	–	–	–74	–	–	–	–32	–	–
Translation differences	103	–279	–112	95	–5	–60	10	–8	–5	–1	1	1
Value at December 31	13,630	12,169	11,519	7,109	4,348	1,730	748	877	824	57	96	125
Allocated to disposal group	–	–	–2,086	–	–	–	–	–	–112	–	–	–62
Value at December 31 excluding disposal group	13,630	12,169	9,433	7,109	4,348	1,730	748	877	712	57	96	63

Business combinations for the year primarily comprise the acquisition of the Chinese tissue company Vinda (see Note 3).

IMPAIRMENT TESTING

Goodwill is tested for impairment every year. Goodwill is distributed among business segments as follows:

Goodwill by business segment

SEKm	Average WACC 2013, %	2013	2012	2011
Personal Care	7.1	2,849	2,804	508
Tissue	6.1	10,744	8,600	8,125
Forest Products	5.9	37	38	205
Other operations	5.9	–	727	595
Total		13,630	12,169	9,433

The recoverable amount for each cash-generating unit is determined based on a calculation of value in use. These calculations are based on the strategic plans adopted by Group management for the next ten years. Assumptions in strategic plans are based on current market prices and costs with an addition for real price reductions and cost inflation as well as assumed productivity development. Volume assumptions follow the Group's target of an average annual growth of 3 to 4%, depending on business segment and geographic market. Effects of expansion investments are excluded when goodwill is tested for impairment. Anticipated future cash flows, according to strategic plans, form the basis of the calculation of the recoverable amount. Sustained growth of 2% has been used in the calculation. Cash flows for the period beyond ten years are calculated by an operating surplus multiple being applied to estimated sustained cash flow. In a present value calculation of anticipated future cash flows, the current weighted cost of capital (WACC) decided for each area within the Group at that time is applied. Discounted cash flows are compared with the carrying amount of capital employed per cash-generating unit and an impairment requirement may exist if the discounted cash flow is less than the carrying amount of capital employed. Since the calculation of the recoverable amount is based on Group Management's strategic plans for the next ten years, the calculated amount may deviate from the amount received if immediately divested. Testing for impairment is carried out in the fourth quarter and testing for 2013 showed that no impairment of remaining goodwill was needed. The sensitivity analysis shows that reasonable changes to key parameters do not give rise to any impairment. In 2013, goodwill previously specified as Other operations was allocated to Personal Care and Tissue.

In addition to goodwill, there are acquired trademarks in the Group that are judged to have an indefinite useful life. The useful life is judged as indefinite when it relates to well-established trademarks within their respective markets which the Group intends to retain and further develop. The trademarks identified and measured relate to the 2013 acquisition of the Chinese tissue company Vinda, the 2012 acquisition of Georgia-Pacific's European tissue operations, the 2012 acquisition of the Asian hygiene company Everbeauty, the 2012 acquisition of the remaining 50% shareholding in the Chilean hygiene company PISA, the 2011 acquisition of personal care operations in Brazil, the 2010 acquisition of personal care operations in South America, the 2007 acquisition of the European tissue operations and the 2004 acquisitions in Mexico and Malaysia. The cost of the trademarks was established at the time of acquisition according to the so-called relief from royalty method. The need for impairment is tested every year. Testing is carried out during the fourth quarter and is performed for each trademark or group of trademarks. An evaluation is made of the royalty rate determined at the time of acquisition as well as assessed future sales development over ten years. A multiple is used for time beyond ten years. This is discounted with the current weighted cost of capital (WACC) for each market. Testing for the year of the carrying amount of trademarks in the 2013 accounts showed no impairment need for trademarks. At year-end, the value of SCA's trademarks with an indefinite useful life amounted to SEK 6.893m (4,274; 1,725).

► Note 10 – Intangible assets, cont.

EMISSION ALLOWANCES

The SCA Group participates in the European system for emission allowances. SCA receives a permit from each country in which operations requiring a permit are conducted, to emit a specific volume of carbon dioxide during a calendar year. At year-end 2013, surplus emission allowances not required to cover the provision for emissions were adjusted downward by SEK 0m (-7; -19) to the current market price on the balance sheet date. In conjunction with this, the deferred income was also reversed by a corresponding amount so that the net cost for the revaluation is zero. Settlement with each government regarding 2013 emissions will take place in April 2014.

SEKm	2013	2012	2011
Accumulated costs	117	146	195
Accumulated revaluation of surplus	0	-7	-19
Total	117	139	176
Allocated to disposal group	-	-	-52
Total excluding disposal group	117	139	124
Value at January 1	139	124	220
Emission allowances received	70	93	237
Purchases	1	29	-
Sales	-26	-5	-91
Business combinations	-	17	-
Company divestments	0	-14	-
Reclassifications	0	-1	-
Impairment	-8	-	-
Settlement with the government	-63	-102	-170
Revaluation of surplus	0	1	-20
Translation differences	4	-3	0
Value at December 31	117	139	176
Allocated to disposal group	-	-	-52
Value at December 31 excluding disposal group	117	139	124

11**Property, plant and equipment**

SEKm	Buildings			Land			Machinery and equipment			Construction in progress		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Accumulated costs	18,303	17,406	21,634	6,865	6,604	6,826	70,966	70,124	84,930	3,318	3,879	4,160
Accumulated depreciation	-7,711	-7,494	-9,760	-1,530	-1,445	-1,418	-41,490	-40,870	-51,166	-	-	-
Accumulated impairment	-217	-214	-389	-51	-49	-76	-901	-1,231	-1,168	-8	-8	-6
Acquisition of Vinda, see Note 3	867	-	-	-	-	-	3,392	-	-	-	-	-
Total	11,242	9,698	11,485	5,284	5,110	5,332	31,967	28,023	32,596	3,310	3,871	4,154
Allocated to disposal group	-	-	-2,941	-	-	-911	-	-	-6,341	-	-	-775
Total excluding disposal group	11,242	9,698	8,544	5,284	5,110	4,421	31,967	28,023	26,255	3,310	3,871	3,379
Value at January 1	9,698	8,544	12,216	5,110	4,421	5,533	28,023	26,255	33,552	3,871	3,379	4,866
Investments	648	126	286	214	258	141	1,926	1,574	2,594	2,504	3,001	2,801
Sales and disposals	-14	-4	-13	-3	-7	-88	-67	-35	-62	-34	-7	-3
Business combinations	861	1,738	0	-	896	0	3,330	3,940	361	-	110	1
Company divestments	-4	-60	-68	-24	-149	-9	-29	-269	-16	-	-7	0
Reclassifications ¹⁾	580	180	75	67	-106	-68	2,529	1,564	1,300	-2,996	-2,583	-3,402
Depreciation for the year	-643	-608	-835	-131	-119	-114	-3,870	-3,920	-4,675	-	-	-
Impairment for the year	-	-24	-53	-1	-9	-40	-118	-501	-225	-	0	-6
Translation differences	116	-194	-123	52	-75	-23	243	-585	-233	-35	-22	-103
Value at December 31	11,242	9,698	11,485	5,284	5,110	5,332	31,967	28,023	32,596	3,310	3,871	4,154
Allocated to disposal group	-	-	-2,941	-	-	-911	-	-	-6,341	-	-	-775
Value at December 31 excluding disposal group	11,242	9,698	8,544	5,284	5,110	4,421	31,967	28,023	26,255	3,310	3,871	3,379

¹⁾ Reclassifications in 2013 were largely the result of the finalization of the previously preliminarily recognized purchase price allocation for Georgia-Pacific during the year, refer to Note 3.

Acquisitions for the year primarily comprise the acquisition of Vinda (see Note 3).

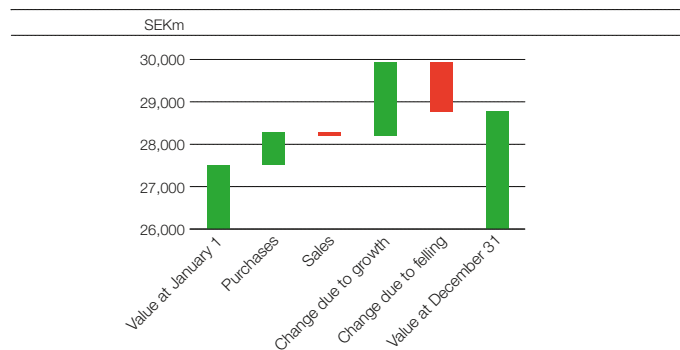
During the year, SEK -m (-; 9) pertaining to interest during the construction period was capitalized in Buildings, SEK 23m (19; 18) was capitalized in Machinery and equipment and SEK 1m (8; 28) was capitalized in Construction in progress, at an average interest rate of 3% (4; 4).

12 Biological assets

SCA's forest assets are divided up and reported as biological assets, that is, standing forest, and land assets. Standing forest is recognized at fair value according to IAS 41 and IFRS 13, and amounted at December 31, 2013 to SEK 28,767m (27,503; 26,729). In accordance with IFRS 13, this measurement is classified as a Level 3 input. The total value of SCA's forest assets was SEK 29,740m (28,426; 27,652). The difference of SEK 973m (923; 923) comprises forestland reported under non-current assets Land.

Standing forest			
SEKm	2013	2012	2011
Value at January 1	27,503	26,729	26,069
Purchases and forest swaps	775	154	40
Sales	-85	-23	-3
Change due to growth	1,733	1,607	1,616
Change due to felling	-1,159	-964	-993
Value at December 31	28,767	27,503	26,729
Deferred tax related to standing forest	6,329	6,051	7,030

Value trend, standing forest 2013



In the income statement, changes due to growth and felling are recognized as a net value, SEK 574m (643; 623).

The annual valuation of standing forest was carried out during the fourth quarter of the year. The same valuation method used in 2011 and 2012 was applied in 2013.

The valuation was founded on the felling plan which was based on forest tax assessments performed in 2006–2007. No change was made in the WACC, which amounted to 6.25%, in the 2013 valuation and the valuation in the fourth quarter did not result in any adjustment to the planned change in fair value of forest assets recognized on an ongoing basis during the year.

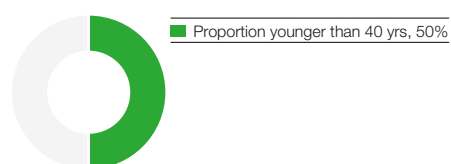
SCA's forest holdings comprise approximately 2.6 million hectares of forestland primarily in northern Sweden, of which approximately 2.0 million is productive forestland. The forest portfolio amounts to 213 million cubic meters of forest (m³fo) and is divided into pine 43%, spruce 39%, deciduous 13% and contorta 5%. Average growth amounts to approximately 3.9 m³fo per hectare and year. Felling in 2013 amounted to approximately 4.7 million m³sub. Approximately 50% of the holdings comprise forest less than 40 years old, while about 60% of timber volume is in forests that are more than 80 years old.

	2013	2012	2011
Value/hectare productive forestland, SEK	14,397	13,765	13,177
Value timber supplies SEK/m ³ fo	135	130	128

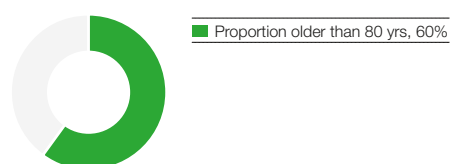
Sensitivity analysis

	Change assumption		Change in value before tax, SEKm	
WACC	+ / -	0.25%	+ / -	1,732
Wood price	+ / -	0.50% per year 2014–2023	+ / -	2,197
Felling	+ / -	0.50% per year 2014–2023	+ / -	549
Volume (felling and thinning)	+ / -	150,000 m ³ sub 2015–2035	+ / -	718

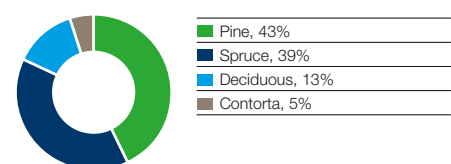
Forest area



Timber volume



Forest portfolio



13 Holdings in associates and joint ventures recognized in accordance with the equity method

SEKm	2013	2012	2011
Associates			
Value at January 1	1,439	1,067	1,021
Investments	66	1,395	358
Remeasurement effect upon changes in holdings in subsidiaries	89	–	–
Divestments	–8	–	–
Net increase in associates for the year ¹⁾	123	133	64
Reclassifications, joint ventures or subsidiaries	–1,438	–1,106	239
Impairment for the year	–	–	–20
Translation differences	–9	–50	7
Value at December 31	262	1,439	1,669
Allocated to disposal group	–	–	–602
Value at December 31 excluding disposal group	262	1,439	1,067
Joint ventures recognized in accordance with the equity method			
Value at January 1	1,018	–	–
Investments	10	1,018	–
Net increase in joint ventures for the year ¹⁾	–50	–	–
Translation differences	18	–	–
Value at December 31	996	1,018	–
Value at December 31, associates and joint venture	1,258	2,457	1,067

¹⁾ Net increase for the year includes the Group's share of associates/joint ventures' profit after tax and any non-controlling interests as well as adjustment for dividends received during the year.

Associates

Investments refer primarily to an associate of Vinda (see Note 3). The remeasurement effect pertains to the former wholly owned company Bunzl & Biach, 51% of which was included in the sale of the Laakirchen publication paper mill. Reclassifications refer to Vinda, in which SCA has a 51% holding as of December 31, 2013. Vinda is consolidated as a wholly owned subsidiary.

The Group's total receivables from associates at December 31, 2013 amounted to SEK 55m (42; 40), of which SEK 0m (0; 2) was interest-bearing. The Group's total liability to associates at December 31, 2013 amounted to SEK 4m (6; 4), of which SEK 0m (0; 2) was interest-bearing.

14 Shares and participations

SEKm	2013	2012	2011
Value at January 1	60	69	77
Increase through acquisition of subsidiaries	–	1	7
Divestments	–8	–5	–1
Other reclassifications	–	–	–6
Impairment	–	–4	–3
Translation differences	–	–1	–1
Value at December 31	52	60	73
Allocated to disposal group	–	–	–4
Value at December 31 excluding disposal group	52	60	69

Shares and participations pertain to holdings in other companies that are not classified as subsidiaries, joint ventures or associates. Since these holdings are of an operating nature, the holdings are not classified as available-for-sale financial assets. Carrying amounts concur with fair value.

The Group's holdings in major subsidiaries, joint ventures and associates are specified in Note 16.

15 Joint ventures

Joint ventures, that is, companies that SCA owns together with other parties and in which the parties by agreement exercise joint control, are usually consolidated according to the proportional method. A small number of companies are consolidated according to the equity method (see Note 13). Most of the joint ventures operate within the hygiene area, mainly in Latin America.

SCA's share of income statement and balance sheet items as well as the average number of employees in joint ventures consolidated according to the proportional method are set out below:

SEKm	2013	2012	2011
Income statement			
Net sales	4,661	4,969	5,434
Cost of goods sold	-3,350	-3,642	-4,408
Gross profit	1,311	1,327	1,026
Sales and administration expenses	-833	-908	-1,175
Operating profit/loss	478	419	-149
Financial items	-40	-47	-76
Profit/loss before tax	438	372	-225
Tax	-110	-129	-40
Net profit/loss for the year	328	243	-265
Disposal group	-	-	-2
Net profit/loss for the year excluding disposal group	328	243	-267
Profit attributable to:			
Owners of the Parent	328	243	-265
SEKm	2013	2012	2011
Balance sheet			
Non-current assets	1,783	1,825	2,280
Current assets	1,531	1,346	1,955
Total	3,314	3,171	4,235
Allocated to disposal group	-	-	-160
Total excluding disposal group	3,314	3,171	4,075
Equity	1,909	1,833	2,147
Non-current liabilities	416	449	544
Current liabilities	989	889	1,544
Total equity and liabilities	3,314	3,171	4,235
Allocated to disposal group	-	-	-160
Total excluding disposal group	3,314	3,171	4,075
	2013	2012	2011
Average number of employees	2,900	2,923	3,105
of whom women, %	32	32	27
Disposal group	-	-	-87
Average number of employees excluding disposal group	2,900	2,923	3,018
of whom women, %	32	32	27

SEKm	2013	2012	2011
Capital employed	1,770	1,863	2,396
of which disposal group	-	-	51
Net debt, incl. pension liability	158	316	510
of which disposal group	-	-	21

SEKm	2013	2012	2011
Personnel costs			
Boards, Presidents and Executive Vice Presidents	14	18	22
of which variable remuneration	0	0	1
Other employees	257	277	329
Salaries and remuneration	271	295	352
Pension costs ¹⁾	2	7	12
Other social security costs ¹⁾	111	133	119
Total	384	435	483
Disposal group	-	-	-17
Total excluding disposal group	384	435	466

¹⁾ Social security costs amount to SEK 113m (140; 131), of which pension costs are SEK 2m (7; 12).

	2013		2012		2011	
		Of whom women, %		Of whom women, %		Of whom women, %
Algeria	91	10	109	6	114	4
Argentina	137	42	122	42	123	46
Chile	3	67	113	13	224	11
Colombia	1,492	31	1,388	35	1,298	29
Ecuador	522	35	481	35	472	32
United Kingdom	-	-	80	13	169	13
Tunisia	407	10	366	14	358	13
Turkey	-	-	-	-	52	6
Other countries	248	58	264	59	295	52
Total	2,900	32	2,923	32	3,105	27
Disposal group	-	-	-	-	-87	6
Total excluding disposal group	2,900	32	2,923	32	3,018	27

The Group's holdings in major subsidiaries, joint ventures and associates are specified in Note 16.

16 List of major subsidiaries, joint ventures and associates

Group holdings of shares and participations in major companies at December 31, 2013.
The selection of subsidiaries and joint ventures includes companies with sales in excess of SEK 500m in 2013.

Company name	Corporate registration number	Domicile	Share of capital %
Subsidiaries			
SCA Hygiene Products Nederland B.V.	135724	Zeist	100
SCA Tissue North America LLC	58-2494137	Delaware	100
SCA Skog AB	556048-2852	Sundsvall	100
SCA Hygiene Products (Fluff) Ltd.	577116	Dunstable	100
SCA Graphic Sundsvall AB	556093-6733	Sundsvall	100
SCA Hygiene Products Vertriebs GmbH	HRB713332	Mannheim	100
SCA Tissue France SAS	702 055 187	Bois-Colombes	100
SCA Hygiene Products AB	556007-2356	Gothenburg	100
SCA Hygiene Products S.A., Spain	B28451383	Madrid	100
SCA Hygiene Products S.A., France	509395109	Linselles, Bobigny	100
Copamex Comercial SA de CV	SCM-931101-3S5	Mexico City	100
SCA Hygiene Products GmbH, Mannheim	HRB3248	Mannheim	100
SCA Hygiene Products S.p.a	3318780966	Lucca	100
OOO SCA Hygiene Products Russia	4704031845	Moscow	100
SCA Timber AB	556047-8512	Sundsvall	100
SCA Hygiene Products GmbH, Wiesbaden	HRB5301	Wiesbaden	100
SCA Hygiene Products GmbH, Vienna	FN49537z	Vienna	100
SCA Hygiene Sp.z.o.o.	KRS No.0000427360	Warsaw	100
SCA Hygiene Products SA-NV, Belgium	BE405.681.516	Sterbert	100
SCA Packaging Obbola AB	556147-1003	Umeå	100
SCA Hygiene Products Inc	421987	Ontario	100
SCA Personal Care, Inc	23-3036384	Delaware	100
SCA Hygiene Products AfH Sales GmbH	HRB 710 878	Mannheim	100
SCA Packaging Munksund AB	556237-4859	Piteå	100
SCA Hygiene Products Sp.z.o.o.	KRS No.000008615	Olawa	100
Uni-Charm Mölnlycke B.V.	330631	Hoogezand	40
SCA Hygiene Products Slovakia s.r.o	36590941	Gemerská Hôrka	100
OY SCA Hygiene Products AB	F101650275	Espoo	100
SCA Hygiene Spain S.COM,p.A	D31235260	Allo	100
SCA Hygiene Malaysia Sdn Bhd	320704-U	Kuala Lumpur	100
SCA Hygiene Products Tissue Ltd	8033620	Dunstable	100
SCA HP Supply SAS	509599619	Roissy, Bobigny	100
SCA Hygiene Products A/S, Norway	915620019	Brønnøysund	100
SCA Hygiene Products GmbH Neuss	HRB 14343	Neuss	100
SCA Hygiene Products AG	CH-020.3.917.992-8	Zug	99
SCA Hygiene Marketing (M) Sdn Bhd	313228-T	Kuala Lumpur	100
Sodipan SNC	380251165	Saint Etienne de Rouvray	100
SCA Tissue Finland OY	0733538-0	Nokia	100
SCA Chile S.A.	RUT: 97.282.000-3	Santiago de Chile	100
SCA Hygiene Products A/S, Denmark	20638613	Allerød	100
SCA Graphic Paper Netherlands	33137904	Amsterdam	100
SCA Timber Supply Ltd	2541468	Stoke on Trent	100
Everbeauty Corporation	22192869	Hong Kong	100
SCA Graphic Laakirchen AG, divested in 2013	FN171841h	Laakirchen	100
SCA Hygiene Products Manchester Ltd	4119442	Dunstable	100
SCA Hygiene Products SA	283601000	N. Kifissia (Athens)	100
Gällö Timber AB, (50% – option 2016–2021)	556801-1786	Bräcke	100
SCA Hygiene Products Kit	01-09-716945	Budapest	100
Manufacturas Papeleras Canarias S.L	B35089242	Telde (Gran Canaria)	100
SCA Timber BM Scandinavien AB	556302-0667	Sundsvall	100
Vinda Hong Kong	90235	Hong Kong	51

Company name	Corporate registration number	Domicile	Number of shares	Share of capital %	Carrying amount at year-end, SEKm
Joint ventures recognized in accordance with the proportional method					
Productos Familia S.A., Colombia	Sharecertif. 1260	Medellin		50	
Familia del Equador	21761	Quito		50	
ProNARO GmbH	HRB 8744	Stockstadt		50	
Joint ventures recognized in accordance with the equity method					
PEPSCA Pty Limited	154461300	Victoria	105,000,000	50	734
SCA Yıldız Kagit ve Kisisel Bakim üretim A.S.	12559	Kocaeli	3,080,000	50	243
Komili Teknik Hizmetler ve Sanayi A.S.	166673	Istanbul	1	48	19
Associates					
Bunzl & Biach Ges.m.b.H	FN79555v	Vienna	1	49	93
Associated company from acquisition of Vinda, see Note 3					
Cartographica S.p.a. Guamo, Lucca, 33% Associated	1333330464	Lucca	16,667	33	26
IL Recycling AB	556056-2687	Solna	28,000	33	22
Other					62
Value at December 31					1,258

17

Non-current financial assets

SEKm	2013	2012	2011
Available-for-sale financial assets	1,657	1,448	1,034
Derivatives	836	1,192	986
Loan receivables, associates	–	–	2
Loan receivables, other	286	292	63
Value at December 31	2,779	2,932	2,085
Allocated to disposal group	–	–	–4
Value at December 31 excluding disposal group	2,779	2,932	2,081
Available-for-sale financial assets			
Value at January 1	1,448	1,034	1,366
Investments	3	132	20
Company divestments	–45	–	–
Remeasurement for the year taken to equity, net	249	286	–351
Translation differences	2	–4	–1
Value at December 31	1,657	1,448	1,034

In addition to shares in AB Industrivärden, pension assets attributable to some pension obligations are classified as available-for-sale financial assets. These obligations are not included in the normal pension calculations, as set out in Note 26 Provisions for pensions.

Available-for-sale financial assets, fair value

SEKm	2013	2012	2011
Shares – AB Industrivärden	1,591	1,341	931
Pension assets not included in IAS 19 calculation	58	99	95
Other	8	8	8
Total	1,657	1,448	1,034

The holding in AB Industrivärden amounted to 12,108,723 shares (12,093,643; 10,682,679). No impairment provisions were made for available-for-sale financial assets in 2013, 2012 or 2011.

If the stock market had risen/fallen by 15%, all other variables being unchanged, and the Group's shareholdings changed in accordance with the stock market, equity would have increased/decreased by SEK 247m (216; 154). Sensitivity analysis calculations have been performed on the risk to which SCA was exposed at December 31, 2013 using assumptions on market movements that are regarded as reasonably possible in one year's time.

18 Derivatives

BALANCE SHEET

SCA uses financial derivatives to manage currency, interest rate and energy price risks. For a description of how SCA manages these risks, refer to pages 64–65 of the Board of Directors' Report. The table below shows the derivatives that impacted the Group's balance sheet on December 31, 2013. For more information relating to derivatives in the balance sheet, see Note 31 Financial instruments by category.

Outstanding derivatives

SEKm	Total	Of which			Allocated to disposal group
		Currency ¹⁾	Interest rate	Energy	
2013					
Nominal	47,347	26,738	18,061	2,548	–
Asset	1,077	288	758	31	–
Liability	647	178	307	162	–
2012					
Nominal	41,652	24,789	14,300	2,563	–
Asset	1,400	332	1,024	44	–
Liability	484	178	188	118	–
2011					
Nominal	42,571	29,626	10,669	2,284	–8
Asset	1,354	327	920	107	–
Liability	646	304	172	171	–1

¹⁾ Nominal SEK 79,821m (116,297; 112,609) is outstanding before the right of set-off.

INCOME STATEMENT

During the year, transaction exposure hedges had a positive impact on operating profit for the year of SEK 45m (125; 260). At year-end, the net market value amounted to negative SEK 58m (pos: 46; pos: 18). Currency hedges increased the cost of non-current assets by SEK 26m (increased: 13; increased: 19). At year-end, the net market value amounted to negative SEK 6m (neg: 14; neg: 4).

In 2013, energy derivatives had a negative impact on operating profit for the year of SEK 91m (neg: 46; 0). Energy derivatives had an outstanding market value of negative SEK 131m (neg: 74; neg: 64) at year-end.

Derivatives positively impacted net interest items in the amount of SEK 188m (pos: 43; pos: 6). The net market value on outstanding interest rate derivatives amounted to SEK 451m (836; 749) at year-end. For further information relating to net financial items, see Note 8 Financial income and expenses.

Sensitivity analysis

Sensitivity analysis calculations have been performed on the financial instruments' risk to which SCA was exposed at December 31, 2013 using assumptions on market movements that are regarded as reasonably possible in one year's time.

If the Swedish krona had unilaterally weakened/strengthened by 5% against all currencies, outstanding financial hedges as well as trade payables and trade receivables would have increased/decreased profit for the year before tax by SEK 78m (51; 31).

If the Swedish krona had unilaterally weakened/strengthened by 5%, currency hedges relating to the cost of non-current assets would have increased/decreased equity by SEK 0m (4; 7).

If energy prices had increased/decreased by 20%, outstanding financial hedges relating to natural gas and electricity, all other things being equal, would have decreased/increased energy costs for the year by SEK 251m (250; 236). In addition to the earnings impact, equity would have increased/decreased by SEK 104m (137; 129). The total energy cost for the Group, however, would have been affected differently if the price risk related to supply contracts was taken into account.

OUTSTANDING DERIVATIVES WITH HEDGE ACCOUNTING

The table below presents outstanding derivatives with hedge accounting at December 31, 2013.

Derivatives with hedge accounting¹⁾

SEKm	Total	Of which				Net investments in foreign entities ²⁾	Fair value of interest rate risk in financing
		Cash flow					
		Transaction exposure					
		Export and import flows	Investments	Interest	Energy		
2013							
Asset	903	8	0	–	19	119	757
Liability	925	41	6	33	111	471	263
Hedge reserve after tax	–128	–26	–5	–25	–72		
2012							
Asset	2,714	27	–	–	26	1,637	1,024
Liability	375	5	14	44	110	74	128
Hedge reserve after tax	–88	17	–11	–34	–60		
2011							
Asset	1,976	19	3	–	91	942	921
Liability	637	12	7	35	149	312	122
Hedge reserve after tax	–70	5	–3	–26	–46		

¹⁾ Outstanding derivatives with hedge accounting are included in the table Outstanding derivatives.

²⁾ Pertains to derivatives before right of set-off.

Hedge reserve in equity

Currency derivatives relating to hedging of transaction exposure mostly mature during the first half year of 2014. All derivatives in the hedge reserve at year-end 2013 will be realized before November 30, 2014. With unchanged exchange rates, profit after tax will be affected negatively in the amount of SEK 26m (pos: 17; pos: 5). Currency derivatives relating to hedging of the cost of non-current assets have a maturity spread until December, 2014. With unchanged exchange rates, the cost of non-current assets will increase by SEK 5m (increase: 11; increase: 3) after tax.

Derivatives pertaining to hedging of interest expenses mature in December 2015 and August 2017. With unchanged interest rates, net financial items would be impacted negatively in the amount of SEK 25m (neg: 34; neg: 26) after tax.

The derivatives intended to hedge energy costs in the Group mature during 2014 and 2015. With unchanged prices, the Group's profit after tax will be affected negatively in the amount of SEK 72m (neg: 60; neg: 46).

Hedging of net investments

In order to achieve the desired hedging level for foreign capital employed, SCA has hedged the net investments in a number of selected legal entities. In total, hedging positions affected

equity in 2013 by negative SEK 423m (pos: 1,134; pos: 13). This result is largely due to hedges of net investments in EUR. The total market value of outstanding hedging transactions at year-end was negative SEK 352m (pos: 1,563; pos: 630). In total at year-end, SCA hedged net investments outside Sweden amounting to negative SEK 18,968m. SCA's total foreign net investments at year-end amounted to SEK 53,494m.

Hedging of net investments in foreign operations, SEKm

Currency	2013	2012	2011
EUR	9,951	14,234	29,971
USD	6,123	2,917	2,673
GBP	2,284	1,236	1,466
PLN	442	–	–
TWD	347	224	–
CLP	296	228	130
MXN	–891	–771	–728
Other	416	544	1,716
Total	18,968	18,612	35,228

19 Inventories

SEKm	2013	2012	2011
Raw materials and consumables	2,854	2,913	3,297
Spare parts and supplies	1,852	1,769	1,840
Products in progress	1,216	1,010	1,034
Finished products	5,692	4,775	5,614
Felling rights	441	788	1,089
Advance payments to suppliers	16	9	14
Total	12,071	11,264	12,888
Allocated to disposal group	–	–	–1,879
Total excluding disposal group	12,071	11,264	11,009

20 Trade receivables

SEKm	2013	2012	2011
Trade receivables, gross	14,091	14,302	16,461
Provision to reserves for doubtful receivables	–218	–197	–445
Sub-total	13,873	14,105	16,016
Acquisition of Vinda, see Note 3	1,068	–	–
Total	14,941	14,105	16,016
Allocated to disposal group	–	–	–4,468
Total excluding disposal group	14,941	14,105	11,548

Analysis of credit risk exposure in trade receivables

SEKm	2013	2012	2011
Trade receivables neither overdue nor impaired	12,374	12,408	13,811
Trade receivables overdue but not impaired			
< 30 days	1,146	1,281	1,712
30–90 days	207	248	304
> 90 days	146	168	189
Trade receivables overdue but not impaired	1,499	1,697	2,205
Total	13,873	14,105	16,016
Allocated to disposal group	–	–	–4,468
Total excluding disposal group	13,873	14,105	11,548

In total, the Group has collateral mainly in the form of credit insurance taken out amounting to SEK 1,961m (1,186; 1,434). Of this amount, SEK 456m (192; 331) relates to the category Trade receivables overdue but not impaired.

Provision to reserves for doubtful receivables

SEKm	2013	2012	2011
Value at January 1	–197	–167	–453
Provision for possible loan losses	–51	–21	–50
Confirmed losses	7	21	2
Increase due to acquisitions	–	–42	–
Decrease due to divestments	6	0	21
Decrease due to reversal of reserve for possible loan losses	16	5	27
Translation differences	1	7	8
Value at December 31	–218	–197	–445
Allocated to disposal group	–	–	278
Value at December 31 excluding disposal group	–218	–197	–167

Total expense for the year for doubtful receivables amounted to SEK 35m (expense: 16; expense: 26).

21 Other current receivables

SEKm	2013	2012	2011
Receivables from associates	55	42	38
Accrued financial income	1	0	29
Derivatives	67	115	144
Prepaid expenses and accrued income	580	763	680
Other current receivables	1,750	1,733	2,092
Total	2,453	2,653	2,983
Allocated to disposal group	–	–	–340
Total excluding disposal group	2,453	2,653	2,643

Other current receivables

SEKm	2013	2012	2011
VAT receivables	695	766	851
Suppliers with debit balance	138	112	254
Receivables for electricity and gas	88	183	169
Receivables from authorities	77	40	48
Other receivables	752	632	770
Total	1,750	1,733	2,092
Allocated to disposal group	–	–	–236
Total excluding disposal group	1,750	1,733	1,856

22 Current financial assets, cash and cash equivalents

Current financial assets

SEKm	2013	2012	2011
Financial assets	38	6	5
Derivatives	172	77	193
Loan receivables, other	17	85	97
Total	227	168	295
Allocated to disposal group	–	–	–3
Total excluding disposal group	227	168	292

Cash and cash equivalents

SEKm	2013	2012	2011
Cash and bank balances	2,328	1,718	1,121
Short-term investments < 3 months	1,321	299	1,631
Total	3,649	2,017	2,752
Allocated to disposal group	–	–	–108
Total excluding disposal group	3,649	2,017	2,644

For a description of how SCA manages its credit and liquidity risks, refer to page 65 of the Board of Directors' Report.

23 Non-current assets held for sale

SEKm	2013	2012	2011
Goodwill	–	–	1,385
Other intangible assets	–	29	241
Buildings	17	244	283
Land	13	231	216
Machinery and equipment	1	1,357	921
Construction in progress	1	76	382
Total	32	1,937	3,428
Allocated to disposal group	–	–	–49
Total excluding disposal group	32	1,937	3,379

In 2013, SCA divested the Austrian publication paper mill in Laakirchen, which resulted in a decrease of SEK 1,042m in non-current assets held for sale.

The completion of the acquisition of Georgia-Pacific's tissue operations in Europe led to a requirement to divest tissue operations in the UK and Scandinavia. These operations were valued at SEK 860m in 2012. In 2013, the divestment of Georgia-Pacific's operations resulted in a decrease of SEK 833m in non-current assets held for sale.

24 Equity

SEKm	Share capital	Other capital provided	Reserves ¹⁾	Retained earnings	Equity attributable to SCA's shareholders	Non-controlling interests	Total equity
2011							
Value at January 1	2,350	6,830	-543	58,618	67,255	566	67,821
Profit for the year recognized in profit or loss	-	-	-	548	548	59	607
Other comprehensive income for the period							
Items that cannot be transferred to profit for the period							
Actuarial gains and losses relating to defined benefit pension plans ²⁾	-	-	-	-3,517	-3,517	5	-3,512
Income tax attributable to components in other comprehensive income	-	-	-	906	906	-1	905
	-	-	-	-2,611	-2,611	4	-2,607
Items that have been or can be transferred to profit for the period							
Available-for-sale financial assets:							
Result from measurement at fair value recognized in equity	-	-	-352	-	-352	-	-352
Transferred to profit or loss upon sale	-	-	-	-	-	-	-
Cash flow hedges:							
Result from remeasurement of derivatives recognized in equity	-	-	-172	-	-172	-	-172
Transferred to profit or loss for the period	-	-	-308	-	-308	-	-308
Transferred to cost of hedged investments	-	-	19	-	19	-	19
Translation differences in foreign operations	-	-	-680	-	-680	-4	-684
Result from hedging of net investments in foreign operations	-	-	-252	-	-252	-	-252
Tax on items recognized directly in/transferred from equity ³⁾	-	-	118	-	118	-	118
Other comprehensive income for the period, net after tax	-	-	-1,627	-2,611	-4,238	0	-4,238
Total comprehensive income for the period	-	-	-1,627	-2,063	-3,690	59	-3,631
Change in Group composition	-	-	-	-	-	3	3
Remeasurement effect upon acquisition of non-controlling interests	-	-	-	-4	-4	-	-4
Dividend, SEK 4.00 per share ⁴⁾	-	-	-	-2,809	-2,809	-89	-2,898
Value at December 31	2,350	6,830	-2,170	53,742	60,752	539	61,291
2012							
Profit for the year recognized in profit or loss	-	-	-	4,957	4,957	43	5,000
Other comprehensive income for the period							
Items that cannot be transferred to profit for the period							
Actuarial gains and losses relating to defined benefit pension plans ²⁾	-	-	-	-2,011	-2,011	-	-2,011
Income tax attributable to components in other comprehensive income	-	-	-	479	479	-	479
	-	-	-	-1,532	-1,532	-	-1,532
Items that have been or can be transferred to profit for the period							
Available-for-sale financial assets:							
Result from measurement at fair value recognized in equity	-	-	286	-	286	-	286
Transferred to profit or loss upon sale	-	-	-	-	-	-	-
Cash flow hedges:							
Result from remeasurement of derivatives recognized in equity	-	-	-33	-	-33	-	-33
Transferred to profit or loss for the period	-	-	-2	-	-2	-	-2
Transferred to cost of hedged investments	-	-	13	-	13	-	13
Translation differences in foreign operations	-	-	-2,916	-	-2,916	-68	-2,984
Result from hedging of net investments in foreign operations	-	-	1,134	-	1,134	-	1,134
Tax on items recognized directly in/transferred from equity ³⁾	-	-	1	-	1	0	1
Other comprehensive income for the period, net after tax	-	-	-1,517	-1,532	-3,049	-68	-3,117
Total comprehensive income for the period	-	-	-1,517	3,425	1,908	-25	1,883
Change in Group composition	-	-	-	-	-	-7	-7
Remeasurement effect upon acquisition of non-controlling interests	-	-	-4	-	-4	-	-4
Dividend, SEK 4.20 per share ⁴⁾	-	-	-	-2,950	-2,950	-49	-2,999
Value at December 31	2,350	6,830	-3,691	54,217	59,706	458	60,164

¹⁾ Revaluation reserve, Hedge reserve, Available-for-sale assets and Translation reserve are included in the Provisions line in the balance sheet, see specification on next page.

²⁾ Including payroll tax.

³⁾ For a specification of income tax attributable to components in other comprehensive income, refer to the next page.

⁴⁾ Dividend SEK 4.50 (4.20; 4.00) per share pertains to Parent Company shareholders. For the 2013 fiscal year, the Board has decided to propose a dividend of SEK 4.75 per share to the Annual General Meeting.

SEKm	Share capital	Other capital provided	Reserves ¹⁾	Retained earnings	Equity attributable to SCA's shareholders	Non-controlling interests	Total equity
2013							
Profit for the year recognized in profit or loss	–	–	–	5,547	5,547	17	5,564
Other comprehensive income for the period							
Items that cannot be transferred to profit for the period							
Actuarial gains and losses relating to defined benefit pension plans ²⁾	–	–	–	1,927	1,927	47	1,974
Income tax attributable to components in other comprehensive income	–	–	–	–488	–488	–12	–500
	–	–	–	1,439	1,439	35	1,474
Items that have been or can be transferred to profit for the period							
Available-for-sale financial assets:							
Result from measurement at fair value recognized in equity	–	–	249	–	249	–	249
Transferred to profit or loss at sale	–	–	–	–	–	–	–
Cash flow hedges:							
Result from remeasurement of derivatives recognized in equity	–	–	–123	–	–123	–	–123
Transferred to profit or loss for the period	–	–	49	–	49	–	49
Transferred to cost of hedged investments	–	–	26	–	26	–	26
Translation differences in foreign operations	–	–	763	–	763	82	845
Result from hedging of net investments in foreign operations	–	–	–423	–	–423	–	–423
Tax on items recognized directly in/transferred from equity ³⁾	–	–	–131	–	–131	–	–131
Other comprehensive income for the period, net after tax	–	–	410	1,439	1,849	117	1,966
Total comprehensive income for the period	–	–	410	6,986	7,396	134	7,530
Acquisition of non-controlling interests	–	–	–	–666	–666	2,482	1,816
Remeasurement effect upon acquisition of non-controlling interests	–	–	–	–4	–4	–	–4
Dividend, SEK 4.50 per share ⁴⁾	–	–	–	–3,161	–3,161	–41	–3,202
Value at December 31	2,350	6,830	–3,281	57,372	63,271	3,033	66,304

¹⁾ Revaluation reserve, Hedge reserve, Available-for-sale assets and Translation reserve are included in the Provisions line in the balance sheet, see specification below.

²⁾ Including payroll tax.

³⁾ For a specification of income tax attributable to components in other comprehensive income, see below.

⁴⁾ Dividend SEK 4.50 (4.20; 4.00) per share pertains to Parent Company shareholders. For the 2013 fiscal year, the Board has decided to propose a dividend of SEK 4.75 per share to the Annual General Meeting.

For further information regarding equity, see Parent Company Note 46.

Equity, specification of reserves

SEKm	Revaluation reserve ¹⁾			Hedge reserve ²⁾			Available-for-sale assets			Translation reserve		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Value at January 1	107	107	107	–87	–68	275	270	–14	338	–3,981	–2,195	–1,263
Available-for-sale financial assets:												
Result from measurement at fair value recognized in equity	–	–	–	–	–	–	249	286	–352	–	–	–
Transferred to profit or loss upon sale	–	–	–	–	–	–	–	–	–	–	–	–
Cash flow hedges:												
Result from remeasurement of derivatives recognized in equity	–	–	–	–123	–33	–172	–	–	–	–	–	–
Transferred to profit or loss for the period	–	–	–	49	–2	–308	–	–	–	–	–	–
Transferred to cost of hedged investments	–	–	–	26	13	19	–	–	–	–	–	–
Translation differences in foreign operations ³⁾	–	–	–	–2	0	0	–	–	–	765	–2,920	–680
Result from hedging of net investments in foreign operations ⁴⁾	–	–	–	–	–	–	–	–	–	–423	1,134	–252
Tax on items recognized directly in/transferred from equity	–	–	–	9	3	118	0	–2	–	–140	–	–
Other comprehensive income for the period, net after tax	–	–	–	–41	–19	–343	249	284	–352	202	–1,786	–932
Value at December 31	107	107	107	–128	–87	–68	519	270	–14	–3,779	–3,981	–2,195

¹⁾ Revaluation reserve includes effect on equity of step acquisitions.

²⁾ See also Note 18 for details of when profit or loss is expected to be recognized.

³⁾ Of which transfer to profit or loss of realized exchange gains relating to divested companies is included in the amount of SEK 3m (loss: 20; loss: 228).

⁴⁾ Of which transfer to profit or loss of prior years' result from hedging positions relating to divested companies is included in the amount of SEK –m (–; loss: 265).

Specification of income tax attributable to components in other comprehensive income

SEKm	2013			2012			2011		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Actuarial gains and losses relating to defined benefit pension plans	1,974	–500	1,474	–2,011	479	–1,532	–3,512	905	–2,607
Available-for-sale financial assets	249	0	249	286	–2	284	–352	0	–352
Cash flow hedges	–48	9	–39	–22	3	–19	–461	118	–343
Translation differences in foreign operations	845	–	845	–2,984	–	–2,984	–684	–	–684
Result from hedging of net investments in foreign operations	–423	–140	–563	1,134	–	1,134	–252	–	–252
Other comprehensive income	2,597	–631	1,966	–3,597	480	–3,117	–5,261	1,023	–4,238

At December 31, 2013, the debt/equity ratio amounted to 0.51, which is below SCA's long-term target of 0.70. The debt/equity ratio deviates from this target at times and, over the past ten-year period, has varied between 0.44 and 0.70. The debt/equity ratio excluding pension liabilities was 0.48 at December 31, 2013. Change in liabilities and equity is described on page 29 under Financial position. SCA has a credit rating for long-term debt of Baa1 from Moody's and A– from Standard & Poor's (as of February 21, 2014). SCA's financial risk management is described in the Risk and risk management section on pages 64–65. SCA's dividend policy is described on page 16.

25 Financial liabilities

At December 31, 2013, interest-bearing gross debt amounted to SEK 38,272m (33,714; 37,128). The specification of financial liabilities is shown in the table below:

Financial liabilities

SEKm	Carrying amount		
	2013	2012	2011
Current financial liabilities			
Amortization within one year	211	462	442
Bond issues	1,021	–	–
Derivatives	75	121	258
Loans with maturities of less than one year	7,642	9,372	8,607
Acquisition of Vinda, see Note 3	879	–	–
Total¹⁾	9,828	9,955	9,307
Allocated to disposal group	–	–	–41
Total excluding disposal group	9,828	9,955	9,266
Non-current financial liabilities			
Bond issues	15,921	12,897	13,206
Derivatives	296	176	158
Other long-term loans with maturities > 1 year < 5 years	8,435	8,086	10,930
Other long-term loans with maturities > 5 years	2,160	2,600	3,527
Acquisition of Vinda, see Note 3	1,632	–	–
Total	28,444	23,759	27,821
Allocated to disposal group	–	–	–110
Total excluding disposal group	28,444	23,759	27,711
Total	38,272	33,714	37,128
Allocated to disposal group	–	–	–151
Total excluding disposal group	38,272	33,714	36,977
Fair value of financial liabilities	36,051 ²⁾	33,979	36,913
Allocated to disposal group	–	–	–159
Fair value of financial liabilities excluding disposal group	36,051 ²⁾	33,979	36,754

¹⁾ Fair value of short-term loans is estimated to be the same as the carrying amount.

²⁾ Excluding Vinda.

The table below shows the maturity profile of the gross debt excluding Vinda:

Maturity profile of gross debt

SEKm	Total	2014	2015	2016	2017	2018	2019+
Commercial paper	5,895	5,895	–	–	–	–	–
Bond issues	16,942	1,021	3,765	7,360	–	–	4,796
Utilization of credit facilities	–	–	–	–	–	–	–
Other loans	13,089	2,199	4,755	2,928	1,258	1,103	846
Total¹⁾	35,926	9,115	8,520	10,288	1,258	1,103	5,642

¹⁾ Gross debt includes accrued interest in the amount of SEK 165m.

After additions for net pension provisions and deductions for cash and cash equivalents, interest-bearing receivables and capital investment shares, the net debt was SEK 32,031m (32,927; 36,648).

For a description of the methods used by SCA to manage its refinancing risk, refer to page 65 of the Board of Directors' Report.

Borrowing

For issuing bonds in the European capital market, SCA has a Euro Medium Term Note (EMTN) program with a program amount of EUR 3,000m (SEK 26,801m). As of December 31, 2013, a nominal EUR 2,131m (1,652; 1,631) was outstanding with a remaining maturity of 4.0 years (3.2; 4.3). SCA also utilizes bond markets outside Europe and has issued a bond in the US for USD 425m (SEK 2,764m).

Bond issues

Issued	Maturity	Carrying amount, SEKm	Fair value, SEKm
Notes SEK 500m	2014	521	521
Notes SEK 500m	2014	500	500
Notes USD 425m	2015	2,966	2,929
Index Linked Interest Note SEK 300m	2015	321	315
Index Linked Interest Note SEK 500m	2015	536	526
Notes SEK 1,800m	2016	1,895	1,891
Floating Rate Note SEK 200m	2016	200	204
Notes EUR 600m	2016	5,709	5,729
Notes EUR 500m	2023	4,294	4,306
Total		16,942	16,921

SCA has a Swedish and a Belgian commercial paper program that can be utilized for current borrowing.

Commercial paper program¹⁾

Program size	Issued SEKm
Commercial paper SEK 15,000m	5,673
Commercial paper EUR 400m	222
Total	5,895

¹⁾ Included in Loans with maturities of less than one year in the Financial liabilities table.

To limit the refinancing risk and maintain a liquidity reserve, SCA has syndicated bank facilities. In addition, SCA has contracted bilateral credit facilities with banks.

Credit facilities

	Nominal	Maturity	Total SEKm	Utilized SEKm	Unutilized SEKm
Syndicated credit facilities	EUR 1,000m	2016	8,934	–	8,934
	EUR 1,000m	2018	8,934	–	8,934
Bilateral credit facilities	SEK 318m	2014	318	–	318
Total			18,186	–	18,186

26 Provisions for pensions

SCA has both defined contribution and defined benefit pension plans. The most substantial defined benefit plans are based on period of service and the remuneration received by employees on or close to retirement. The total pension costs for the defined benefit plans are shown below.

Costs for the year for defined benefit plans

SEKm	2013	2012	2011
Current service cost, excluding contributions by plan participants	522	444	443
Past service cost	7	-16	-25
Tax expense for pensions	40	-	-
Remeasurement, net	3	38	0
Net interest income/expense	122	-34	-60
Pension costs before effects of settlements	694	432	358
Settlements	-10	-4	0
Net pension costs after effects of settlements	684	428	358
Disposal group	-	-	-43
Net costs excluding disposal group	684	428	315

The increase in costs for 2013 is mainly attributable to the new accounting rules in IAS 19, which apply as of 2013.

Pension plans with balance sheet surpluses are recognized as an asset in the balance sheet, provided that they are not limited by the asset ceiling. Other pension plans, which in balance sheet terms are not fully funded or unfunded, are recognized as Provisions for pensions. The value of all pension plans is distributed among defined benefit obligations and plan assets, as shown below.

Provisions for pensions and similar obligations

SEKm	2013	2012	2011
Defined benefit obligations	21,929	24,024	21,976
Fair value of plan assets	-20,741	-20,625	-18,087
Effect of asset ceiling	916	780	616
Provision for pensions, net	2,104	4,179	4,505
Allocated to disposal group, surplus in funded pension plans	-	-	184
Allocated to disposal group, provisions for pensions	-	-	-1,390
Provision for pensions, net, excluding disposal group	2,104	4,179	3,299

Surpluses in funded plans recognized as interest-bearing assets amount to SEK 442m (682; 2) on the balance sheet date and provisions for pensions totaled SEK 2,546m (4,861; 3,301). Defined benefit obligations include obligations in an amount of SEK 1,899m (2,087; 1,975) pertaining to unfunded plans.

Defined benefit obligations

SEKm	2013	2012	2011
Value at January 1	24,024	20,737	19,953
Current service cost	527	448	489
Interest expense	786	706	1,009
Past service cost	7	15	-1
Tax expense for pensions	40	-	-
Settlements and transfers	214	14	-29
Acquisitions and disposals	-2,598	561	-25
Benefits paid	-908	-728	-994
Pension taxes paid	-26	-	-
Remeasurement: financial assumptions	-1,105	2,286	1,553
Remeasurement: demographic assumptions	388	108	-
Remeasurement: experience-based assumptions	280	174	-76
Pension taxes pertaining to remeasurement	-193	-	-
Translation effects	493	-297	97
Value at December 31	21,929	24,024	21,976
Allocated to disposal group	-	-	-1,239
Value at December 31, excluding disposal group	21,929	24,024	20,737

For 2013, settlements and transfers include SEK 186m attributable to the reclassification of payroll tax to pension liability.

Remeasurements in the defined benefit obligations comprise changes in financial assumptions, such as changes to the discount rate, etc. any changes in demographic assumptions and experience-based deviations. Experience-based deviations include unexpectedly high or low figures for employee turnover, early retirement or salary increases.

The changes to the Group's plan assets are distributed as follows:

Plan assets SEKm	2013	2012	2011
Fair value at January 1	-20,625	-18,087	-18,756
Interest income	-688	-763	-1,113
Acquisitions and disposals	2,123	465	-
Contributions by plan participants	-4	-4	-46
Contributions by the employer	-576	-1,902	-1,057
Benefits paid, excl. settlements	908	728	994
Benefits paid for settlements	16	-	-
Return in excess of recognized interest income	-1,457	-1,476	1,970
Translation effects	-438	414	-79
Fair value at December 31	-20,741	-20,625	-18,087

The plan assets are distributed according to the following classes of assets:

	2013	2012	2011
Shares and mutual funds	62%	55%	55%
Interest-bearing securities	31%	38%	42%
Properties	3%	3%	3%
Other	4%	4%	0%
Total	100%	100%	100%

97% (97; 97) of the assets on the balance sheet date were traded on active markets in which market quotations are used for the valuation of assets.

As in the preceding year, no financial instruments issued by the company are included in the fair value of plan assets at December 31, 2013.

Effect of asset ceiling

SEKm	2013	2012	2011
Value at January 1	780	616	867
Interest expense	24	23	44
Other changes to asset ceiling	112	141	-295
Value at December 31	916	780	616

Effect of asset ceiling pertains to funds in two Swedish foundations that can be used for possible future undertakings for early retirement for certain categories of employees.

► Note 26 – Provisions for pensions, cont.

Principal actuarial assumptions

	Sweden	United Kingdom	Eurozone	US
2013				
Discount rate	3.94	4.54	3.10	4.92
Expected salary increase rate	3.25	4.00	3.25	N/A
Expected inflation	2.00	3.00	2.00	2.00
Life expectancy, men ¹⁾	23	22	22	19
Life expectancy, women ¹⁾	24	24	24	21
2012				
Discount rate	3.07	4.10	2.75	4.09
Expected salary increase rate	3.25	3.80	3.25	N/A
Expected inflation	2.00	2.60	2.00	2.00
Life expectancy, men ¹⁾	23	21	22	19
Life expectancy, women ¹⁾	24	24	24	21
2011				
Discount rate	3.66	4.87	4.80	4.75
Expected salary increase rate	3.25	4.00	3.25	N/A
Expected inflation	2.00	3.00	2.00	2.00
Life expectancy, men ¹⁾	23	21	22	19
Life expectancy, women ¹⁾	24	24	24	21

¹⁾ Life expectancy, expressed in years, for an individual currently aged 65.

The actuarial assumptions comprise the most significant assumptions applied when calculating defined benefit obligations at the balance sheet date.

The company determines the discount rate based on AA-rated corporate bonds that match the duration of the obligations. If no such corporate bonds are available, government bonds or mortgage bonds are used.

Inflation assumptions are based on a combination of central bank targets, implicit market expectations and long-term analyst forecasts. Assumptions regarding salary increases are based on market expectations and market research forecasts.

Remeasurement effects arise: as a result of deviations from actuarial and experience-based assumptions; when the return is different than expected; and as a result of changes to the asset ceiling. These gains and losses are recognized directly in equity in the period in which they arise. The table below shows the sensitivity of the defined benefit obligations with respect to the principal actuarial assumptions.

The sensitivity of the defined benefit obligations with respect to the principal actuarial assumptions is as follows:

Change of obligation, increased obligation (-), SEKm	
Discount rate +0.25%	883
Price inflation, incl. salary inflation +0.25%	-766
Life expectancy +1 year	-613

The above sensitivity analysis is calculated by changing one assumption while the others remain constant.

The most significant individual pension plans are distributed as follows, SEKm:

Country	Active	Paid-up pension policies	Pensioners	Total obligation	Plan assets, fair value	Effect of asset ceiling	Net	Duration of obligation, years
Netherlands	1,344	741	733	2,818	-2,607	-	211	21
United Kingdom	1,190	4,228	5,489	10,907	-11,294	-	-387	18
Sweden	1,227	537	866	2,630	-2,666	-	-36	20
Germany	755	219	957	1,931	-1,829	-	102	15
US	460	53	184	697	-618	-	79	13
Other	1,665	313	968	2,946	-1,727	916	2,135	13
Total	6,641	6,091	9,197	21,929	-20,741	916	2,104	

The budgeted contributions for the company's defined benefit pension plans for 2014 were calculated at SEK 563m.

Netherlands

The plan, which is managed by an independent fund, is a defined benefit plan with premiums paid by the company. Surpluses in the fund remain in the fund assets but can be utilized in the form of premium discounts.

The plan is based on average salary and includes beneficiaries' pension and disability pension. The plan is obligated to meet the minimum legislated funding level. The plan applies a duration matching strategy to control the interest rate risk in the plan.

United Kingdom

The plan, which is managed by an independent fund under British law, is a defined benefit plan with premiums paid to the company and the employee.

Surpluses in the pension fund remain in the fund assets but can be utilized in the form of premium discounts. The plan is based on final salary and includes beneficiaries' pension and disability pension. The plan was closed to new participants in July 2007. The plan is obligated to meet the minimum funding level according to an agreement with the pension fund.

Sweden

The ITP2 plan (supplementary pensions for salaried employees) encompasses employees born before 1979 and is a defined benefit plan that provides retirement pension based on final salary. The ITP plan provides pension as a percentage of various salary intervals. If the total period of service is less than 30 years, the pension is reduced proportionately. The ITP2 plan is managed by a fund, and the company may compensate itself using any surpluses in the fund assets.

Germany

The plan is a defined benefit plan and, in addition to retirement pension, includes beneficiaries' pension and disability pension. The plan, which is managed by a fund, provides pension as a percentage of a salary interval and is based on final salary. The plan also includes individual pensions based on average salary. No premium payments are required by the company or its employees. The company may compensate itself using any surpluses in the fund assets.

US

In addition to retirement pension, the plan includes accident insurance and life insurance. The plan is a defined benefit plan with premiums paid by the company. Benefits are based on a standard amount per service year and are financed through a pension fund.

The plan is obligated to meet the minimum legislated funding level. Surpluses in the pension fund can be utilized in the form of premium discounts.

Other

SCA has a number of minor pension obligations in some 15 countries, the largest of which are in France, the Netherlands, Norway, Sweden and Austria. Some of these plans are funded.

Multiemployer plans

SCA has obligations for disability and family pensions for salaried employees in Sweden, secured through insurance with the insurance company Alecta. The company also has employees in Finland who are covered by the country's statutory TyEL pension plan. These assumptions are secured through the insurance company Varma. These benefits are reported as defined contribution plans, since there is no basis for allocating the obligations, plan assets and costs to the individual companies covered by the plan. The contributions for these plans are expected to amount to SEK 47m for 2014.

27 Other provisions

SEKm	Efficiency programs	Current operations	Tax risks	Environment	Legal disputes	Other	Total
Value at January 1	717	25	488	92	119	310	1,751
Provisions during the year	939	67	12	113	34	64	1,229
Utilization during the year	-811	-24	-	-64	-32	-13	-944
Reclassifications	-20	-22	-	-	-	143	101
Dissolved during the year	-	-	-204	-	-8	-377	-589
Translation differences	21	-	-1	1	4	-1	24
Value at December 31	846	46	295	142	117	126	1,572
Provisions comprise:							
Short-term component							1,158
Long-term component							414

Other provisions amount to SEK 1,572m (1,751; 1,600). During the year, new provisions were made totaling SEK 1,229m, of which SEK 939m relates to provisions for restructuring programs. Of provisions for the year for "Environment," SEK 54m pertains to a liability for carbon dioxide emissions, which will be paid out in 2014. Of the "Efficiency programs" pro-

visions, SEK 811m was paid out in 2013, SEK 719m is anticipated to be paid out in 2014, SEK 78m in 2015, SEK 25m in 2016 and the remaining SEK 24m in 2017. Provisions for efficiency programs were changed in 2013 due to reclassifications of SEK 20m to other operating liabilities.

28 Other non-current liabilities

SEKm	2013	2012	2011
Derivatives	36	28	39
Other non-current liabilities	136	171	180
Total	172	199	219
Allocated to disposal group	-	-	-2
Total excluding disposal group	172	199	217

Of other non-current liabilities, SEK 15m (13; 27) falls due for payment later than within five years.

29 Other current liabilities

Other current liabilities			
SEKm	2013	2012	2011
Liabilities to associates	4	6	4
Derivatives	240	159	191
Accrued expenses and prepaid income	6,874	6,873	7,449
Other operating liabilities	2,070	1,994	1,731
Acquisition of Vinda, see Note 3	537	-	-
Total	9,725	9,032	9,375
Allocated to disposal group	-	-	-1,490
Total excluding disposal group	9,725	9,032	7,885
Accrued expenses and prepaid income			
SEKm	2013	2012	2011
Accrued social security costs	318	322	431
Accrued vacation pay liability	486	514	885
Other liabilities to personnel	912	971	1,101
Accrued financial expenses	166	151	176
Bonus and discounts to customers	3,057	2,793	2,415
Other items	1,935	2,122	2,441
Total	6,874	6,873	7,449
Allocated to disposal group	-	-	-1,067
Total excluding disposal group	6,874	6,873	6,382

30 Liquidity risk

The table below shows the Group's liquidity risk regarding financial liabilities (including interest payments), net settled derivatives that constitute financial liabilities and negative cash flows from gross settled derivatives. For a description of how SCA manages its liquidity risk, refer to page 65 of the Board of Directors' Report.

SEKm	Less than 1 year	Between 1 and 5 years	More than 5 years
Liquidity risk			
December 31, 2013			
Loans including interest	9,883	22,273	5,928
Net settled derivatives	-60	55	-232
Energy derivatives	126	36	-
Trade payables	11,619	885	-
Total	21,568	23,249	5,696
Allocated to disposal group	-	-	-
Total excluding disposal group	21,568	23,249	5,696
Gross settled derivatives ¹⁾	24,724	2,321	-
December 31, 2012			
Loans including interest	10,774	23,122	2,075
Net settled derivatives	-4	203	-
Energy derivatives	89	28	-
Trade payables	11,258	1,067	-
Total	22,117	24,420	2,075
Allocated to disposal group	-	-	-
Total excluding disposal group	22,117	24,420	2,075
Gross settled derivatives ¹⁾	24,309	2,334	-
December 31, 2011			
Loans including interest	10,175	27,350	3,054
Net settled derivatives	-5	175	0
Energy derivatives	132	39	-
Trade payables	12,456	1,270	-
Total	22,758	28,834	3,054
Allocated to disposal group	-2,856	-5	-
Total excluding disposal group	19,902	28,829	3,054
Gross settled derivatives ¹⁾	27,497	2,372	-

¹⁾ The gross settled derivatives have, largely, corresponding positive cash flows and therefore in SCA's opinion do not constitute any real liquidity risk.

31 Financial instruments by category

The following categorization has been conducted for financial instruments:

SEKm	Carrying amount in the balance sheet	Of which		Measured at fair value through profit or loss	Derivatives used for hedge accounting	Available-for-sale financial assets	Held-to-maturity investments	Allocated to disposal group
		Loans and receivables	Financial liabilities measured at amortized cost					
December 31, 2013								
Non-current financial assets	2,779	59		98	738	1,657	227	–
Other non-current assets	2	–		1	1	–	–	–
Trade receivables	14,941	14,941		–	–	–	–	–
Other current receivables	67	–		41	26	–	–	–
Current financial assets	227	55		128	44	–	–	–
Cash and cash equivalents	3,649	3,649		–	–	–	–	–
Total assets	21,665	18,704		268	809	1,657	227	–
Non-current financial liabilities	26,812		10,720	15,796	296			–
Other non-current liabilities	36		–	10	26			–
Current financial liabilities	8,949		8,353	590	6			–
Trade payables	12,504		12,504	–	–			–
Other current liabilities	240		–	107	133			–
Financial liabilities, Vinda	2,511		–	–	–			–
Total liabilities	51,052		31,577	16,503	461			–
December 31, 2012								
Non-current financial assets	2,932	66		298	894	1,448	226	–
Other non-current assets	16	–		–	16	–	–	–
Trade receivables	14,105	14,105		–	–	–	–	–
Other current receivables	115	–		60	55	–	–	–
Current financial assets	168	91		39	38	–	–	–
Cash and cash equivalents	2,017	2,017		–	–	–	–	–
Total assets	19,353	16,279		397	1,003	1,448	226	–
Non-current financial liabilities	23,759		10,640	12,943	176			–
Other non-current liabilities	28		–	–	28			–
Current financial liabilities	9,955		9,834	105	16			–
Trade payables	12,325		12,325	–	–			–
Other current liabilities	159		–	51	108			–
Total liabilities	46,226		32,799	13,099	328			–
December 31, 2011								
Non-current financial assets	2,081	65		176	810	1,034		–4
Other non-current assets	31	–		–	31	–		–
Trade receivables	11,548	16,016		–	–	–		–4,468
Other current receivables	144	–		46	98	–		–
Current financial assets	292	102		165	28	–		–3
Cash and cash equivalents	2,644	2,752		–	–	–		–108
Total assets	16,740	18,935		387	967	1,034		–4,583
Non-current financial liabilities	27,711		14,772	12,891	158			–110
Other non-current liabilities	39		–	–	39			–
Current financial liabilities	9,266		8,963	316	27			–40
Trade payables	10,866		13,726	–	–			–2,860
Other current liabilities	190		–	41	150			–1
Total liabilities	48,072		37,461	13,248	374			–3,011

Distribution by level when measured at fair value

SEKm	Carrying amount December 31			Of which fair value by Level		
	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Available-for-sale financial assets	1	2	3
December 31, 2013						
Derivatives	268	809	–	–	1,077	–
Non-current financial assets	–	–	1,657	1,649	8	–
Total assets	268	809	1,657	1,649	1,085	–
Derivatives	186	461	–	–	647	–
Current financial liabilities	521	–	–	–	521	–
Non-current financial liabilities	15,796	–	–	–	15,796	–
Total liabilities	16,503	461	–	–	16,964	–

Distribution by level when measured at fair value

SEKm	Carrying amount December 31			Of which fair value by Level		
	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Available-for-sale financial assets	1	2	3
December 31, 2012						
Derivatives	397	1,003	–	–	1,400	–
Non-current financial assets	–	–	1,448	1,440	8	–
Total assets	397	1,003	1,448	1,440	1,408	–
Derivatives	156	328	–	–	484	–
Current financial liabilities	–	–	–	–	–	–
Non-current financial liabilities	12,943	–	–	–	12,943	–
Total liabilities	13,099	328	–	–	13,427	–
December 31, 2011						
Derivatives	387	967	–	–	1,354	–
Non-current financial assets	–	–	1,034	1,026	8	–
Total assets	387	967	1,034	1,026	1,362	–
Derivatives	272	374	–	–	646	–
Current financial liabilities	85	–	–	–	85	–
Non-current financial liabilities	12,891	–	–	–	12,891	–
Total liabilities	13,248	374	–	–	13,622	–

The table above specifies how financial instruments, excluding financial liabilities, were measured at fair value in accordance with the fair value hierarchy with the following three levels:

Level 1: Quoted prices on an active market for identical assets or liabilities, such as shares or bonds quoted on the stock exchange.

Level 2: Other observable inputs for the asset or liability than quoted prices included in Level 1, either directly (price quotations) or indirectly (obtained from price quotations), such as forward contracts or interest rate swaps.

Level 3: Inputs for the asset or liability not based on observable market data, but containing the assumptions and estimates of management, for example, unquoted shares.

32 Offsetting of financial assets and liabilities

SEKm	Assets	Liabilities
December 31, 2013		
Derivatives		
Gross amount	1,636	1,206
Offsettable amount	–559	–559
Net amount recognized in the balance sheet	1,077	647
ISDA agreements whose transactions are not offset in the balance sheet	–451	–451
Net after offsetting in accordance with ISDA agreements	626	196
December 31, 2012		
Derivatives		
Gross amount	3,058	2,142
Offsettable amount	–1,658	–1,658
Net amount recognized in the balance sheet	1,400	484
ISDA agreements whose transactions are not offset in the balance sheet	–422	–422
Net after offsetting in accordance with ISDA agreements	978	62
December 31, 2011		
Derivatives		
Gross amount	2,553	1,845
Offsettable amount	–1,199	–1,199
Net amount recognized in the balance sheet	1,354	646
ISDA agreements whose transactions are not offset in the balance sheet	–517	–517
Net after offsetting in accordance with ISDA agreements	837	129

Other financial assets and liabilities have not been offset in the balance sheet and are not subject to framework agreements pertaining to offsetting.

33 Contingent liabilities

SEKm	2013	2012	2011
Guarantees for			
employees	–	–	9
associates	19	20	23
customers and others	48	46	45
Tax disputes	374	349	507
Other contingent liabilities	250	179	114
Total	691	594	698
Allocated to disposal group	–	–	–111
Total excluding disposal group	691	594	587

Contingent liabilities for tax disputes mainly relate to claims for additional taxes in Spain. The claim by the Spanish tax authorities amounts to EUR 29.6m, including interest. The claim is related to restructuring measures that the sellers of a Spanish company carried out prior to SCA's acquisition of the company in 1997. SCA has provided a security for payment of the tax, but is challenging the claim and assesses that the claim will not be upheld in court. Consequently, no provision has been made in the accounts for this claim.

SCA entered into lease-out/lease-in transactions during 1996 with US banks as counterparties pertaining to the two LWC plants in Örtviken, Sweden. The terms of the contracts were originally 32 and 36 years. However, SCA has the opportunity to cancel the transactions in 2014 and 2015, respectively, without incurring any financial consequences. At the time the transactions were entered into, the net present value of the leasing amount which SCA has undertaken to pay totaled about SEK 4bn or USD 611m. This amount, in accordance with the agreements, is partly deposited in accounts in banks with at least A– rating, and partly in US securities with an AA+ rating. The value of outstanding deposits and US securities amounted to SEK 3.96bn at December 31, 2013. SCA bears the credit risk against the depository banks. Should the rating of a depository bank decline in the future, SCA has the possibility to transfer the deposit to another bank with a better rating. Moreover, SCA is liable to take such action if the depository bank's rating falls below A–. In January 2014, SCA exercised its right to premature termination in one of the two transactions. Payments totaling SEK 0.76bn have been made and the value of outstanding deposits and securities has thus declined by a corresponding amount.

The counterparties have accepted that the deposited funds are applied for the leasing undertakings. The advance payments and deposits were netted during 1996 in the balance sheet. Should SCA, as the result of extraordinary events (of a force majeure nature), elect not to fulfill, or cannot fulfill the leasing contracts, SCA is liable to compensate the counterparties for financial losses, which may be incurred as a result. Compensation varies during the duration and can amount to a maximum of about 4% of the present value of the leasing amount. The agreements were composed and examined by legal experts in Sweden and the US and are considered to follow the standard practice for lease-out/lease-in transactions.

During 2000, SCA also entered into a leasing transaction with US banks as counterparties pertaining to the Östrand pulp mill in Timrå, Sweden. The term of the transaction was originally 30 years. However, SCA has the opportunity to cancel the transactions in 2017 without incurring any financial consequences. At the time the transactions were entered into, the current value of the leasing amount that SCA has undertaken to pay amounted to about SEK 4bn or USD 442m. Of this amount, in accordance with the agreement, an amount corresponding to SEK 3.6bn was partly invested in accounts in banks, partly in US securities, which at the time of the agreement had an AA and AAA rating, respectively. In 2009, the leasing transaction with one of the US banks was terminated prematurely. The value of outstanding deposits and US securities subsequently amounted to SEK 1.72bn at December 31, 2013. SCA carries the credit risk against the depository banks. Should the rating of a depository bank decline in the future, SCA has the possibility to transfer the deposit to another bank with a better rating. SCA also has an obligation to exchange the US securities if their rating falls below AA– or A, respectively. The rating of the original securities declined in 2008, which resulted in SCA exchanging these securities for bank-guaranteed securities and US government bonds. The counterparties have accepted that the deposited funds are applied for the leasing undertakings. The advance payments and deposits were netted during 2000 in the balance sheet. Should SCA, as the result of extraordinary events (of a force majeure nature), elect not to fulfill, or cannot fulfill the leasing contracts, SCA is liable to compensate the counterparties for financial losses, which

► **Note 33** – Contingent liabilities, cont.

may be incurred as a result. Compensation varies during the duration and can amount to a maximum of about 9% of the present value of the leasing amount, which subsequent to the above-mentioned premature termination, amounts to USD 227m. The agreements, as in the 1996 transactions, were composed and examined by legal experts in Sweden and the US and are considered to follow the standard practice for this type of transaction.

In 2007, SCA entered into a sale and leaseback transaction with a European bank relating to the new soda recovery boiler at the kraftliner plant in Obbola, Sweden. The original term of the contract is 25 years and SCA has a right to terminate the transaction in 2023 without any financial consequences. The present value of SCA's future rental amounts was SEK 671m, which was invested in a security with an A rating issued by the counterparty and deposited in a Swedish bank assigned to handle rental payments during the term of the contract. Should the counterparty's rating fall below BBB-, SCA is entitled, without incurring any financial consequences, to terminate the transaction in advance. Should SCA, as the result of extraordinary events (of a force majeure nature), elect not to fulfill, or cannot fulfill the leasing contract, SCA is liable to compensate the counterparty for any economic loss that may be incurred as a result. Compensation varies during the term and can amount to a maximum of 12% of the transaction amount. SCA has the use of the facility without operational restrictions. The lease and depositary arrangement were recognized net in SCA's balance sheet in 2007.

SCA signed a ten-year fixed-price agreement with a Norwegian electricity supplier comprising electricity deliveries corresponding to approximately 17% of the estimated consumption. The agreement became effective in 2009.

Notes – Parent Company

35 Operating loss

Operating loss by type of cost

SEKm	2013	2012
Other operating income	457	98
Other external costs	-443	-156
Personnel and Board costs	-389	-331
Depreciation/amortization	-62	-58
Other operating expenses excluding depreciation/amortization	-156	-43
Total	-593	-490

The item "Other external costs" includes consultancy fees, travel expenses, leasing expenses, management costs, and so forth.

AUDITING EXPENSES

Remuneration to auditors can be specified as follows:

SEKm	2013	2012
PwC		
Audit assignments	-9	-9
Auditing activities other than the audit assignment	-1	-1
Tax consultancy services	-1	-7
Other assignments	-11	-12
Total	-22	-29

LEASING

Future payment commitments for non-cancellable operating leases are as follows:

SEKm	2013	2012
Within 1 year	44	45
Between 2 and 5 years	126	147
Later than 5 years	26	47
Total	196	239

Cost for the year for leasing of assets amounted to SEK 45m (46). Leased assets comprise means of transportation, office premises and technical equipment. In reality, such contracts can be terminated early.

34 Pledged assets

SEKm	Pledged assets related to financial liabilities		Total		
		Other	2013	2012	2011
Real estate mortgages	7	-	7	7	7
Chattel mortgages	15	20	35	35	36
Other	227	137	364	366	140
Total	249	157	406	408	183
Allocated to disposal group	-	-	-	-	-1
Total excluding disposal group	249	157	406	408	182

Liabilities for which some of these assets were pledged as collateral amounted to SEK 5m (5; 0).

36 Personnel and Board costs

Salaries and remuneration

SEKm	2013	2012
Board of Directors ¹⁾ , President, Executive Vice Presidents and Central Staff Managers (5 (5))	72	70
of which variable remuneration	30	30
Other employees	116	99
Total	188	169

¹⁾ Board fees decided by the Annual General Meeting amounted to SEK 6.3m (6.0). For further information, see Note 6.

Social security costs

SEKm	2013	2012
Total social security costs	194	143
of which, pension costs ²⁾	136	89

²⁾ Of the Parent Company's pension costs, SEK 56m (38) pertain to the Board, President, Executive Vice Presidents and Central Staff Managers. Former Presidents and Executive Vice Presidents and their survivors are also included. The company's outstanding pension obligations to these individuals amount to SEK 326m (291).

Pension costs

SEKm	2013	2012
Self-administered pension plans		
Costs excl. interest expense	81	36
Interest expense (recognized in personnel costs)	14	17
	95	53

Retirement through insurance

SEKm	2013	2012
Insurance premiums	17	20
Other	-1	-1
	111	72
Policyholder tax	0	0
Special payroll tax on pension costs	24	15
Cost of credit insurance, etc.	1	2
Pension costs for the year	136	89

Premiums during the year for disability and family pension insurance with Alecta amounted to SEK 2m (3). Premiums for 2014 are expected to amount to SEK 3m (see also Note 26 Pension provisions, page 101). Personnel costs also include other personnel costs in the amount of SEK 10m (15).

Average number of employees

	2013	2012
Sweden	108	108
of whom women, %	51	50

Breakdown of employees by age groups, %

2013	21–30 yrs	31–40 yrs	41–50 yrs	51–60 yrs	61– yrs
	8	25	43	17	7

Of the total number of Board members and senior executives, 17% (17) and 24% (24), respectively, are women.

37 Depreciation/amortization of tangible and intangible fixed assets

SEKm	2013	2012
Buildings	4	5
Land improvements	55	50
Machinery and equipment	3	3
Sub-total	62	58
Capitalized development costs	0	0
Total	62	58

38 Financial items

SEKm	2013	2012
Result from participations in Group companies		
Dividends from subsidiaries	7,268	3,643
Group contributions received from subsidiaries	1,964	4,093
Group contributions paid to subsidiaries	-699	-219
Result from participations in other companies		
Dividend from other companies	9	2
Capital gains	7	41
Interest income and similar profit items		
Interest income, external	68	389
Interest income, subsidiaries	960	550
Interest expenses and similar loss items		
Interest expenses, external	-1,230	-524
Interest expenses, subsidiaries	-1,884	-3,194
Total	6,463	4,781

39 Appropriations and untaxed reserves

Of the Parent Company's untaxed reserves, SEK 197m (181) pertains to accumulated depreciation in excess of plan.

40 Income taxes

SEKm	2013	2012
Tax on profit for the year		
Deferred tax income (-) expense (+)	30	226
Total	30	226

Reconciliation	2013		2012	
	SEKm	%	SEKm	%
Tax income/expense	30	0.5	226	5.3
Expected tax	1,288	22.0	1,125	26.3
Difference	-1,258	-21.5	-899	-21.0

Difference is due to:

	2013	%	2012	%
Taxes related to prior periods	80	1.4	0	0.0
Non-taxable dividends from subsidiaries	-1,599	-27.3	-958	-22.4
Non-taxable Group contributions from subsidiaries	-143	-2.5	-162	-3.8
Non-deductible Group contributions to subsidiaries	395	6.7	412	9.6
Changed tax rate	-	-	-127	-2.9
Other non-taxable/non-deductible items	9	0.2	-64	-1.5
Total	-1,258	-21.5	-899	-21.0

The Parent Company participates in the Group's tax pooling arrangement and pays the majority of the Group's total Swedish taxes. These are now recognized in profit and loss as Group contributions paid and received.

CURRENT TAX LIABILITY (+), TAX ASSETS (-)

The change to the current tax asset during the period is explained below:

SEKm	2013	2012
Value at January 1	-18	-18
Current tax income	-	-
Income taxes paid	0	0
Tax expense for other Group companies	-	-
Value at December 31	-18	-18

DEFERRED TAX EXPENSE (+), TAX INCOME (-)

SEKm	2013	2012
Changes in temporary differences	-50	226
Adjustments for prior periods	80	0
Total	30	226

PROVISIONS FOR TAXES

The change to the provisions for taxes is explained below:

SEKm	Value at January 1	Deferred tax expense	Value at December 31
Land and buildings	1,175	267	1,442
Provisions for pensions	-107	-13	-120
Tax loss carryforwards	-380	-224	-604
Other	-39	0	-39
Total	649	30	679

41 Intangible fixed assets**Capitalized development costs**

SEKm	2013	2012
Accumulated costs	20	20
Accumulated amortization	-19	-19
Residual value according to plan	1	1
Value at January 1	1	1
Investments	0	0
Amortization for the year	0	0
Value at December 31	1	1

42 Tangible fixed assets

SEKm	Buildings		Land		Machinery and equipment	
	2013	2012	2013	2012	2013	2012
Accumulated cost	148	148	3,357	2,330	23	22
Accumulated depreciation	-95	-91	-796	-742	-12	-9
Accumulated write-ups	-	-	5,019	5,066	-	-
Planned residual value	53	57	7,580	6,654	11	13
Value at January 1	57	64	6,654	6,426	13	14
Investments	1	0	1,056	299	1	2
Sales and disposals	0	-2	-76	-21	0	0
Depreciation for the year	-5	-5	-54	-50	-3	-3
Value at December 31	53	57	7,580	6,654	11	13

Land includes forest land in the amount of SEK 6,915m (6,013).

43 Participations

SEKm	Subsidiaries		Associates		Other companies	
	2013	2012	2013	2012	2013	2012
Accumulated costs	129,161	124,066	–	–	13	157
Accumulated write-ups	140	140	–	–	–	30
Accumulated write-downs	-140	-140	–	–	–	–
Planned residual value	129,161	124,066	0	0	13	187
Value at January 1	124,066	124,364	–	88	187	32
Investments	5,377	–	–	–	2	130
Increase through acquisition of subsidiaries	–	344	–	–	–	–
Reclassifications	–	218	–	-88	–	–
Repayment of equity	-64	-860	–	–	–	–
Divestments	-218	–	–	–	-152	-5
Revaluations for the year	–	–	–	–	-24	30
Value at December 31	129,161	124,066	0	0	13	187

The events in 2013 pertain to investments of new shares in the Belgium company SCA Capital NV, part repayment of equity in the Italian subsidiary SCA Hygiene Products S.p.A, and the sales of a number of minor blocks of shares. In addition, the company received shares in AB Industrivärden as compensation from the pension fund for pension payments. The company then sold all shares in AB Industrivärden.

Parent Company's holdings of shares and participations in subsidiaries, December 31, 2013

Company name	Corp. Reg. No.	Domicile	No. of shares	Share of equity, %	Carrying amount, SEKm
Swedish subsidiaries:					
Fastighets- och Bostads-aktiebolaget FOF	556047-8520	Stockholm	1,000	100	0
SCA Försäkrings-aktiebolag	516401-8540	Stockholm	140,000	100	14
SCA Kraftfastigheter AB	556449-7237	Stockholm	1,000	100	0
SCA Research AB	556146-6300	Stockholm	1,000	100	0
SCA Hedging AB	556666-8553	Stockholm	1,000	100	0
Foreign subsidiaries:					
SCA Group Holding BV	33181970	Amsterdam	246,347	100	94,350
SCA Capital NV	0810.983.346	Diegem	1,199,999	100	34,518
SCA UK Holdings Ltd	03665635	Dunstable	1	0	0
SCA Hygiene Products S.p.A.	03318780966	Capannori	125,000	25	279
Total carrying amount of subsidiaries					129,161

44 Receivables from and liabilities to subsidiaries

SEKm	2013	2012
Fixed assets		
Interest-bearing receivables	354	427
Total	354	427
Current assets		
Interest-bearing receivables	–	3
Other receivables	1,740	3,294
Total	1,740	3,297
Non-current liabilities		
Interest-bearing liabilities	2,180	2,100
Total	2,180	2,100
Current liabilities		
Interest-bearing liabilities	61,022	66,496
Other liabilities	1,271	807
Total	62,293	67,303

45 Other current receivables

SEKm	2013	2012
Prepaid expenses and accrued income	24	67
Other receivables	113	98
Total	137	165

Prepaid expenses and accrued income

SEKm	2013	2012
Prepaid lease of premises	6	6
Prepaid financial expenses	0	46
Prepaid pension premiums	4	1
Other items	14	14
Total	24	67

46 Equity

The change in equity is shown in the financial report relating to Equity presented on page 73. The share capital and number of shares have increased since 1993 with new issues, conversions and splits as set out below:

Year	Event	No. of shares	Increase in share capital	Cash payment, SEKm
1993	Number of shares, January 1, 1993	172,303,839		
1993	Conversion of debentures and new subscription through warrants 1	4,030,286	40.3	119.1
	New issue 1:10, issue price SEK 80	17,633,412	176.3	1,410.7
1994	Conversion of debentures	16,285	0.2	–
1995	Conversion of debentures	3,416,113	34.2	–
1999	New issue 1:6, issue price SEK 140	32,899,989	329.0	4,579.0
2000	Conversion of debentures	101,631	1.0	15.0
2001	New issue, private placement	1,800,000	18.0	18.0
2002	New subscription through warrants IIB	513	0	0.1
2003	Conversion of debentures	1,127,792	11.3	288.4
	New subscription through warrants IIB	1,697,683	17.0	434.5
2004	Conversion of debentures	9,155	0.1	1.1
2007	Split 3:1	470,073,396	–	–
2013	Number of shares, December 31, 2013	705,110,094		

SCA's share capital, December 31, 2013

	Number of votes	Number of shares	Share capital, SEKm
A shares	10	87,417,535	291
B shares	1	617,692,559	2,059
Total		705,110,094	2,350

The quotient value of the Parent Company's shares amounts to SEK 3.33.

Treasury shares at the beginning and at the end of the year amounted to 2,767,605 shares. Shares were held as part of the employee stock option programs that expired in 2008 and 2009.

47 Provisions for pensions

The Parent Company has both defined contribution and defined benefit pension plans. Below is a description of the Parent Company's defined benefit plans.

PRI PENSIONS

Pension liabilities pertaining to PRI pensions have been secured through a common Swedish SCA pension fund. The market value of the Parent Company's portion of the foundation's assets at December 31, 2013 amounted to SEK 88m (73). In the past two years, no compensation has been received. The capital value of the pension obligations at December 31, 2013 amounted to SEK 107m (102). Pension payments of SEK 6m (5) were made in 2013. Since the value of the assets in 2013 is below that of the pension obligations in the amount of SEK 19m (29), this is recognized as a provision in the balance sheet. The provision is included below.

► **Note 47** – Provisions for pensions, cont.**OTHER PENSION OBLIGATIONS**

Note 6 Personnel and Board costs in the Group's notes describes the other defined benefit pension plans of the Parent Company. The table below shows the change between the years.

Capital value of pension obligations relating to self-administered pension plans		
SEKm	2013	2012
Value at January 1	536	491
Compensation received from assumed pension obligations	–	27
Reclassification	5	–
Costs excluding interest expense	81	36
Interest expense (recognized in personnel costs)	14	17
Payment of pensions	–38	–35
Value at December 31	598	536

External actuaries have carried out capital value calculations pursuant to the provisions of the Swedish Act on Safeguarding of Pension Obligations. The discount rate is 2.6% (3.5). The defined benefit obligations are calculated based on salary levels valid on the respective balance sheet dates.

Next year's expected disbursements regarding defined benefit pension plans amount to SEK 37m.

48 Non-current interest-bearing liabilities

SEKm	Carrying amount		Fair value	
	2013	2012	2013	2012
Bond issues	11,766	7,160	12,086	7,723
Other non-current loans with a term > 1 year < 5 yrs	5,454	5,399	5,624	5,649
Other non-current loans with a term > 5 yrs	1,967	934	1,870	1,004
Total	19,187	13,493	19,580	14,376

Bond issues

Issued	Maturity	Carrying amount, SEKm	Fair value, SEKm
Notes SEK 1,800m	2016	1,800	1,891
Floating Rate Note SEK 200m	2016	200	204
Notes EUR 600m	2016	5,356	5,725
Notes EUR 500m	2023	4,410	4,266
Total		11,766	12,086

49 Other current liabilities**Other current liabilities**

SEKm	2013	2012
Accrued expenses and prepaid income	428	367
Other operating liabilities	5	9
Total	433	376

Accrued expenses and prepaid income

SEKm	2013	2012
Accrued interest expenses	235	172
Accrued social security costs	26	26
Accrued vacation pay liability	13	12
Other liabilities to personnel	59	59
Other items	95	98
Total	428	367

50 Contingent liabilities

SEKm	2013	2012
Guarantees for:		
subsidiaries	20,161	19,950
Other contingent liabilities	14	22
Total	20,175	19,972

The Parent Company has issued a guarantee in relation to the Group's UK pension plan in the event of the plan being dissolved or one of the companies covered by the plan becoming insolvent.

51 Pledged assets

SEKm	Other	Total 2013	Total 2012
Chattel mortgages	20	20	20
Other	137	137	136
Total	157	157	156

52 Financial instruments by category

The accounting principles for financial instruments are applied for the items below.

The financial instruments in the Parent Company are classified as loans and receivables for assets, and other financial liabilities measured at amortized cost for liabilities. No other categories have been utilized over the past two years. These balance sheet items are not fully reconcilable since they may include items that are not financial instruments.

Loans and receivables

SEKm	2013	2012
Assets in the balance sheet		
<i>Financial fixed assets</i>		
Interest-bearing receivables	123	124
Interest-bearing receivables from subsidiaries	354	427
<i>Current assets</i>		
Receivables from subsidiaries	282	268
Other current receivables	41	40
Cash and bank balances	0	0
Total	800	859

Financial liabilities measured at amortized cost

SEKm	2013	2012
Liabilities in the balance sheet		
<i>Non-current liabilities</i>		
Liabilities to subsidiaries	2,180	2,100
Interest-bearing liabilities	19,187	13,492
<i>Current liabilities</i>		
Interest-bearing liabilities	581	–
Liabilities to subsidiaries	61,594	67,083
Trade payables	39	24
Other current liabilities	235	172
Total	83,816	82,871

53 Adoption of the annual accounts

The annual accounts are subject to adoption by SCA's Annual General Meeting and will be presented for approval at the Annual General Meeting on April 10, 2014.

Proposed disposition of earnings

Annual accounts 2013

Disposition of earnings, Parent Company	
Non-restricted equity in the Parent Company:	
retained earnings	36,180,999,307
net profit for the year	5,824,604,319
Total	42,005,603,626

The Board of Directors and the President proposes:	
to be distributed to shareholders, a dividend of SEK 4.75 per share	3,336,126,823 ¹⁾
to be carried forward	38,669,476,803
Total	42,005,603,626

¹⁾ Based on the number of outstanding shares at December 31, 2013. The amount of the dividend may change if any treasury share transactions are executed before the record date, April 15, 2014. The company's equity would have been SEK 56,634,500 lower if assets and liabilities had not been measured at fair value in accordance with Chapter 4, Section 14 of the Swedish Annual Accounts Act.

Stockholm February 25, 2014

The Board of Directors and President declare that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the EU and that disclosures herein give a true and fair view of the Group's financial position and results of operations. The Parent Company's financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations. The statutory Board of Directors' Report provides a fair review of the Parent Company's and Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.



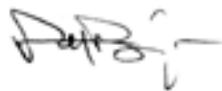
Sverker Martin-Löf
Chairman of the Board



Pär Boman
Board member



Roger Boström
Board member



Rolf Börjesson
Board member



Leif Johansson
Board member



Bert Nordberg
Board member



Anders Nyrén
Board member



Louise Julian Svanberg
Board member



Örjan Svensson
Board member



Barbara Milian Thoralfsson
Board member



Thomas Wiklund
Board member



Jan Johansson
President and CEO

Our audit report was submitted on February 28, 2014

PricewaterhouseCoopers AB



Anders Lundin
Authorized Public Accountant
Auditor in charge



Anna-Clara af Ekenstam
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of Svenska Cellulosa Aktiebolaget SCA (publ), corporate identity number 556012-6293

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Svenska Cellulosa Aktiebolaget SCA (publ) for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 22–110.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Svenska Cellulosa Aktiebolaget SCA (publ) for the year 2013.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm February 28, 2014

PricewaterhouseCoopers AB



Anders Lundin
Authorized Public Accountant
Auditor in charge



Anna-Clara af Ekenstam
Authorized Public Accountant

Independent assurance report relating to Sustainability Report

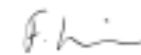
Pages 10, 11 and 14 of this document contain an extract of the Sustainability Report. A complete Sustainability Report has been prepared by the company, which contains our full assurance report. Based on our review, nothing has come to our attention that causes us to believe that the sustainability report has not, in all material respects, been prepared in accordance with the criteria stipulated in the full version of the assurance report.

Stockholm February 28, 2014

PricewaterhouseCoopers AB



Anders Lundin
Authorised Public Accountant



Fredrik Ljungdahl
Expert member, Far

Multi-year summary¹⁾

SEKM	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
INCOME STATEMENT										
Net sales ²⁾	89,019	85,408	81,337	82,731	109,358	110,449	105,913	101,439	96,385	89,967
Operating profit	8,683	6,012	2,299	7,793	8,190	8,554	10,147	8,505	1,928	7,669
Personal Care	3,201	3,180	2,645	2,922	3,235	2,912	2,960	2,799	2,474	2,429
Tissue	5,595	4,640	3,150	3,041	3,946	2,375	1,724	1,490	1,577	2,026
Packaging	-	-	-	-	413	1,493	2,651	2,072	1,775	2,604
Forest Products	1,843	1,363	2,423	2,915	2,503	2,207	2,870	2,475	1,886	1,777
Other operations ³⁾	-1,956	-3,171	-5,919	-1,085	-1,907	-433	-58	-331	-5,784	-1,167
Financial income	120	91	129	57	158	246	193	179	156	453
Financial expenses	-1,120	-1,355	-1,454	-1,227	-1,802	-2,563	-2,103	-1,851	-1,651	-1,537
Profit before tax	7,683	4,748	974	6,623	6,546	6,237	8,237	6,833	433	6,585
Tax	-2,119	-251	-1,267	-1,755	-1,716	-639	-1,076	-1,366	21	-1,393
Profit for the period from disposal group	-	503	900	724	-	-	-	-	-	-
Profit for the year	5,564	5,000	607	5,592	4,830	5,598	7,161	5,467	454	5,192
BALANCE SHEET										
Non-current assets (excl. financial receivables)	105,261	95,256	83,428	105,655	111,745	113,866	104,150	95,994	101,840	96,162
Receivables and inventories	29,882	28,539	25,577	31,890	30,605	36,121	33,793	29,907	29,356	25,681
Non-current assets held for sale	32	1,937	3,379	93	105	102	55	2,665	68	-
Financial receivables	3,221	3,614	2,083	3,254	2,062	2,499	3,663	2,970	2,035	682
Non-current financial assets	227	168	292	220	194	642	366	409	237	128
Cash and cash equivalents	3,649	2,017	2,644	1,866	5,148	5,738	3,023	1,599	1,684	3,498
Assets in disposal group held for sale	-	-	21,601	-	-	-	-	-	-	-
Total assets	142,272	131,531	139,004	142,978	149,859	158,968	145,050	133,544	135,220	126,151
Equity	63,271	59,706	60,752	67,255	67,156	66,450	63,590	58,299	56,343	54,350
Non-controlling interests	3,033	458	539	566	750	802	689	664	767	768
Provisions	12,978	13,968	12,651	13,908	13,351	13,292	14,199	14,240	17,035	16,962
Interest-bearing debt	38,858	34,727	37,834	37,297	44,766	52,886	42,323	38,601	39,036	35,021
Operating and other non-interest bearing liabilities	24,132	22,672	19,627	23,952	23,836	25,538	24,249	21,740	22,039	19,050
Liabilities in disposal group held for sale	-	-	7,601	-	-	-	-	-	-	-
Total liabilities and equity	142,272	131,531	139,004	142,978	149,859	158,968	145,050	133,544	135,220	126,151
Capital employed ⁴⁾	93,763	85,458	83,374	84,664	112,264	105,955	96,368	96,192	95,341	87,208
Net debt, incl. pension liabilities	-33,886	-32,927	-36,648	-34,406	-40,430	-47,002	-37,368	-36,399	-39,826	-34,745
CASH FLOW STATEMENT										
Operating cash flow	8,489	9,644	7,418	8,725	14,133	7,813	8,127	6,304	7,471	8,837
Cash flow from current operations	5,989	7,271	5,306	6,490	11,490	3,810	4,508	2,772	4,362	5,688
Cash flow before dividend	371	8,218	2,671	5,049	8,483	77	1,473	1,538	1,768	-6,276
Current capital expenditures, net	-3,427	-3,161	-3,250	-3,017	-4,037	-5,353	-5,165	-5,672	-4,859	-4,270
Strategic capital expenditures, non-current assets	-1,868	-1,863	-1,637	-2,254	-3,031	-3,109	-1,342	-935	-2,086	-2,398
Business combinations	-5,466	-14,872	-983	-484	-51	-1,764	-4,545	-323	-428	-9,340
Divestments	1,716	17,682	-15	1,297	75	1,140	2,852	48	1	0
KEY RATIO⁵⁾										
Equity/assets ratio, %	44	45	44	47	45	42	44	44	42	44
Interest coverage, multiple	8.7	4.8	1.7	6.7	5.0	3.7	5.3	5.1	1.3	7.1
Debt payment capacity, incl. pension liabilities, %	37	37	36	35	31	26	35	29	27	35
Debt/equity ratio, incl. pension liabilities	0.51	0.55	0.60	0.51	0.60	0.70	0.58	0.62	0.70	0.63
Debt/equity ratio, excl. pension liabilities	0.48	0.48	0.52	0.48	0.55	0.66	0.58	0.59	0.62	0.56
Return on capital employed, %	9	7	4	8	7	8	11	9	2	9
Return on capital employed, excl. items affecting comparability, %	11	10	9	9	9	8	10	9	8	10
Return on equity, %	9	8	1	8	7	9	12	9	1	10
Operating margin, %	10	7	3	9	7	8	10	8	2	9
Operating margin, excl. items affecting comparability, %	11	10	10	10	9	8	9	8	8	9
Net margin, %	6	5	0	6	4	5	7	6	0	6
Capital turnover rate, multiple ²⁾	0.95	1.00	0.98	0.98	0.97	1.04	1.10	1.05	1.01	1.03
Operating cash flow per share, SEK	8.53	10:35	7:55	9:24	16:36	5:42	6:42	3:95	6:22	8:12
Earnings per share, SEK	7.90	7:06	0:78	7:90	6:78	7:94	10:16	7:75	0:61	7:37
Dividend per share, SEK ⁶⁾	4.75	4:50	4:20	4:00	3:70	3:50	4:40	4:00	3:67	3:50

¹⁾ Up to 2009 including packaging operations, which were divested in June 2012.

²⁾ Net sales for SCA's recycling business were reclassified to other income, with retroactive adjustment for 2009.

³⁾ 2013, 2012, 2011, 2010, 2009, 2007, 2005 and 2004 include items affecting comparability of SEK -1,251m, SEK -2,634m, SEK -5,439m, SEK -702m, SEK -1,458m, SEK 300m, SEK -5,365m and SEK -770m, respectively.

⁴⁾ Calculation of average capital employed is based on five measurements.

⁵⁾ Key ratios are defined on page 116.

⁶⁾ Dividend for 2013 relates to the proposed dividend.

Comments to the multi-year summary

Income statement

Net sales

In 2004, SCA expanded by acquiring companies, which contributed to an increase in sales of 7% up to the end of 2005. In 2006, SCA's net sales exceeded SEK 100bn for the first time as a result of volume growth. In 2008, sales increased by 4% to slightly more than SEK 110bn. SCA's European packaging operations were reclassified to Disposal group held for sale with retroactive adjustment from 2010. Sales declined 24% in 2010 mainly due to the reclassification of the European packaging operations, but also to negative exchange rate effects and the divestment of the Asian packaging operations. Net sales in 2011 fell 2% since both Personal Care and Tissue reported lower sales, while sales for Forest Products remained largely unchanged. All business areas were impacted by negative exchange rate effects. A number of strategic acquisitions and divestments were carried out in 2012, including the acquisition of Georgia-Pacific's European tissue operations and the divestment of SCA's European packaging operations. Net sales for 2012 rose 5%. Sales for both Personal Care and Tissue increased sharply, whereas sales for Forest Products declined. In 2013, SCA divested its publication paper mill in Laakirchen, Austria, as well as the areas of Georgia-Pacific's European tissue operations which the European Commission ordered SCA to divest in conjunction with the acquisition in 2012. Net sales rose 4% and primarily pertained to acquisitions and increased volumes.

Operating profit

For the period up to 2006, Personal Care had been under pressure from rising raw material costs and intense competition, although growth was favorable in both established and new markets. The profit level improved in 2007. Operating profit was stable in 2008 and increased 11% in 2009 as a result of an improved product mix, higher prices and lower raw material costs. Profit declined in 2010. Higher volumes and lower costs failed to offset increased costs of raw materials, marketing activities and negative exchange rate effects. Operating profit for 2011 declined 5% excluding exchange rate effects compared with the preceding year. Higher volumes, prices and cost savings did not offset higher costs for raw materials. In 2012, operating profit rose 20% compared with the preceding year. The earnings improvement was attributable to higher volumes and prices, an improved product mix, lower raw material costs and cost savings. In 2013, profit increased 1%. Earnings

were impacted positively by higher volumes, cost savings and acquisitions. Investments in increased market activity resulted in higher volumes, but impacted earnings, particularly in the area of diapers. Increased raw material costs and negative exchange rate effects had an adverse impact on profit.

The Tissue operations experienced a number of years (2004–2006) of lower prices, higher raw material and energy costs, and negative exchange rate effects. In 2007, this negative trend was reversed and operating profit increased. As of the fourth quarter of 2007, the acquisition of Procter & Gamble's European tissue unit is included in SCA's Tissue operations, which has had a positive impact on profit. In 2008, the profit level increased mainly as a result of acquisitions and higher prices and volumes, which were offset by higher costs for raw materials. In 2009, the profit level increased as a result of higher prices and lower costs for raw materials. SCA invested in emerging markets, including Russia, which also made a positive contribution to the earnings trend. In 2010, profit declined for Tissue compared with the preceding year, due to a sharp increase in costs for raw materials. Operating profit for 2011 increased 4% compared with the preceding year. Higher prices, a changed product mix and increased volumes had a positive impact, while higher raw material and distribution costs combined with negative exchange rate effects had an adverse impact on profit. In 2012, operating profit rose 47%. Higher prices, an improved product mix, increased volumes, acquisitions, lower raw material costs and cost savings contributed to the improvement in earnings. Earnings for 2013 increased 21% compared with the preceding year. The improvement in earnings was due to acquisitions, increased volumes and cost savings. Acquisitions accounted for 9% of the improvement in earnings. Higher energy and raw material costs, negative exchange rate effects and slightly lower prices caused earnings to decline.

In 2005, price reductions resulted in lower earnings in Packaging. In 2006, prices improved gradually, first for containerboard, which led to increases in the price of corrugated board, and thus an improvement in profit. Packaging also implemented successive price increases in 2007. SCA sold its North American packaging operations in the first quarter of 2007. Operating profit declined sharply in 2008 due to the financial crisis and the ensuing recession. Production cutbacks in liner operations and lower demand for corrugated board caused a deterioration in profit. The recession continued in 2009 and the

result from Packaging declined 72% compared with 2008. The Asian packaging operations were divested in 2010. In 2012, the European packaging operations were divested and reclassified to Disposal group held for sale with retroactive adjustment from 2010.

Forest Products' earnings gradually improved between 2004 and 2007. The earnings improvement was mainly an effect of higher prices. Deliveries of publication papers and solid-wood products were stable in 2008, but profit declined due to increased energy and raw material costs. In 2009, profit improved, primarily for publication papers, an area in which higher prices, lower raw material costs and efficiency enhancements made a positive contribution. Profit increased 16% in 2010 due to productivity improvements and implemented price increases in pulp and solid-wood products. In 2011, profit declined 17% primarily as a result of higher costs for raw materials and negative exchange rate effects. Operating profit in 2012 fell 44%. The lower earnings were largely attributable to lower prices and negative exchange rate effects in all product categories due to the stronger SEK. The Austrian publication paper mill in Laakirchen was divested in 2013. Profit increased 35% compared with the preceding year due to cost savings, lower raw material costs and profit from forest swaps.

Cash flow statement

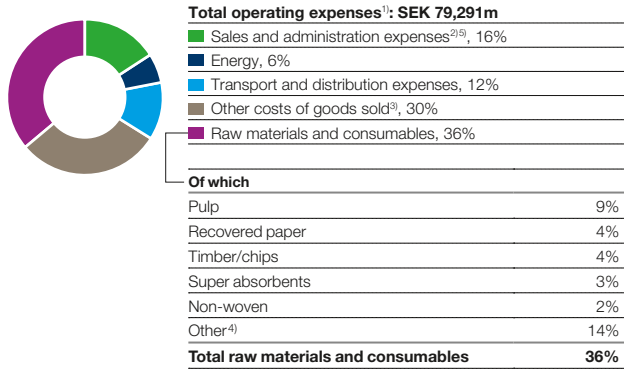
A total of SEK 59bn has been invested in expansion during the reported ten-year period, of which SEK 38bn is attributable to company acquisitions. Maintenance investments amounted to SEK 42bn and have remained at a steady level of about 4% in relation to sales.

Key ratios

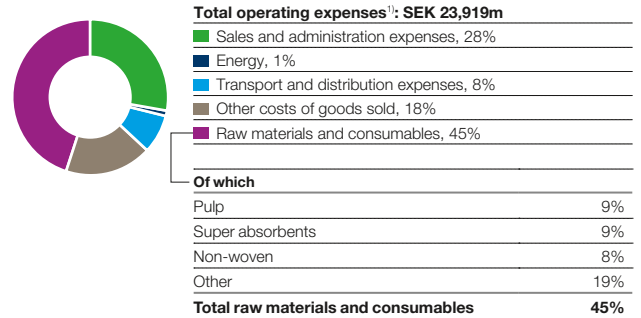
During the reporting period, the Group's dividend rose from SEK 3.50 to the proposed SEK 4.75, corresponding to an average annual increase of approximately 3.1%. The proposed dividend of SEK 4.75 per share corresponds to an increase of 5.6% compared with the preceding year.

Description of costs

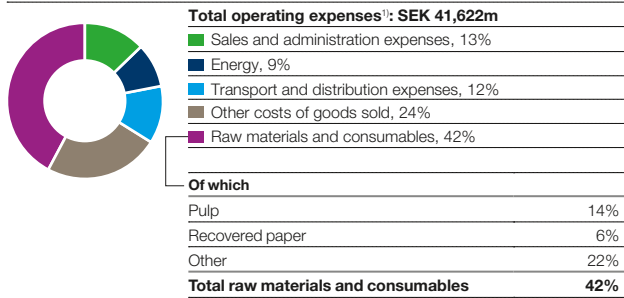
SCA Group



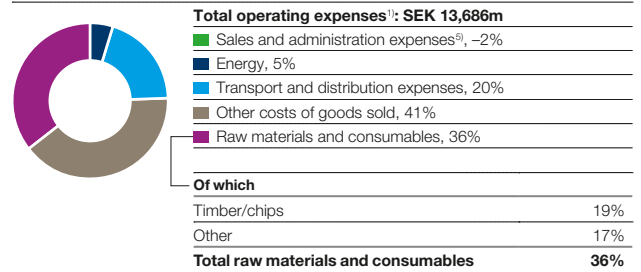
Personal Care



Tissue



Forest Products



¹⁾ Excluding items affecting comparability.

²⁾ Sales and administration expenses include costs for marketing (5 percentage points).

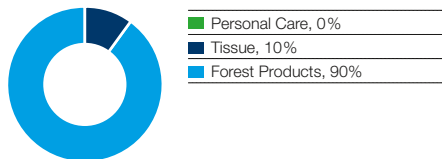
³⁾ The two largest items in Other costs of goods sold comprise personnel (12 percentage points) and depreciation/amortization (6 percentage points).

⁴⁾ The item Other in Raw materials and consumables includes costs for chemicals, packaging material and plastic material.

⁵⁾ Sales and administration expenses for Forest Products include profit from forest swaps.

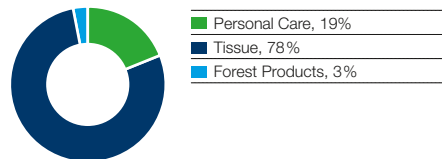
Raw materials, energy and transport activities

Timber/chips



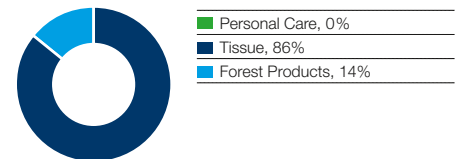
Total of 9.9 million cubic meters
of which, 53% from own forest and 47% purchased externally

Pulp



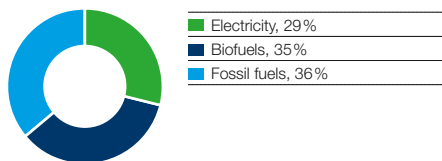
Total of 2.3 million tons
of which, 31% from own pulp mills and 69% purchased externally

Recovered paper



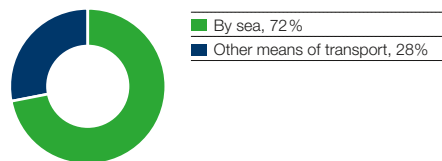
Total of 2.4 million tons
of which, 5% from own collection and 95% purchased externally

Energy



Total of 24.0 TWh

Transport activities



Total of 31 billion ton kilometers

Production plants¹⁾ (Capacity is stated in thousands of tons, unless otherwise indicated, and per year)

Personal Care		Tissue					
Production plant	Country	Production plant	Country	Capacity	Production plant	Country	Capacity
Annaba	Algeria ²⁾	Boxhill	Australia ²⁾	53	La Ribba	Spain	26
Buenos Aires	Argentina ²⁾	Ortmann	Austria	124	Mediona	Spain	45
Springvale	Australia ²⁾	Stembert	Belgium	75	Valls	Spain	120
Sao Paolo	Brazil	Santiago	Chile	61	Lilla Edet	Sweden	100
Drummondville	Canada	Bogotá	Colombia ²⁾	70	Chesterfield	UK	31
Song Jiang	China	Medellin	Colombia ²⁾	39	Manchester	UK	50
Caloto	Colombia ²⁾	Lasso	Ecuador ²⁾	24	Oakenholt	UK	68
Rio Negro	Colombia ²⁾	Nokia	Finland	67	Prudhoe	UK	87
San Cristobal	Dominican Republic ²⁾	Gien	France	145	Stubbins	UK	105
Lasso	Ecuador ²⁾	Hondouville	France	78	Barton	US	180
Cairo	Egypt ²⁾	Kunheim	France	50	Flagstaff	US	53
Amman	Jordan ²⁾	Le Theil	France	62	Menasha	US	211
Shah Alam	Malaysia	Orleans	France	35	South Glens Falls	US	75
Ecatepec	Mexico	Kostheim	Germany	152			
Guadalajara	Mexico	Mannheim	Germany	279			
Gennep	Netherlands	Neuss	Germany	105			
Hoogezand	Netherlands	Witzenhausen	Germany	30			
Te Rapa	New Zealand ²⁾	Altopascio	Italy	25			
Olawa	Poland	Collodi	Italy	42			
Veniov	Russia	Lucca	Italy	140			
Jeddah	Saudi Arabia ²⁾	Monterrey	Mexico	57			
Gemerská Hörka	Slovakia	Sahagun	Mexico	60			
Kilprivier	South Africa ²⁾	Uruapan	Mexico	36			
Falkenberg	Sweden	Cuijk	Netherlands	51			
Mölnlycke	Sweden	Suameer	Netherlands ³⁾	8			
Kao Hsiung	Taiwan	Kawerau	New Zealand ²⁾	61			
Ksibet el Mediouni	Tunisia ²⁾	Sovetsk	Russia	30			
Istanbul	Turkey	Svetogorsk	Russia	55			
Istanbul	Turkey ²⁾	Allo	Spain	160			
Bowling Green	US						
		Total					3,325

Forest Products								
Production plant	Country	Uncoated paper	Coated paper	Kraftliner	CTMP pulp	Kraft pulp	Total pulp and paper	Solid-wood products 1,000 m ³
Ortviken	Sweden	390	510				900	
Östrand	Sweden				100	430	530	
Munksund	Sweden			415			415	400
Obbola	Sweden			450			450	
Boilsta	Sweden							550
Tunadal	Sweden							500
Rundvik	Sweden							300
Gällö Timber ²⁾	Sweden							320
Total		390	510	865	100	430	2,295	2,070

¹⁾ Excluding Vinda.

²⁾ Joint venture companies.

³⁾ Non-woven production.

Definitions and key ratios¹⁾

Capital definitions

Capital employed The Group's and business area's capital employed is calculated as an average of the balance sheet's total assets, excluding interest-bearing assets and pension assets, less total liabilities, excluding interest-bearing liabilities and pension liabilities.

Equity The equity reported in the consolidated balance sheet consists of taxed equity increased by the equity portion of the Group's untaxed reserves and non-controlling interests. (Deferred tax liability in untaxed reserves has been calculated at a 22.0% rate for Swedish companies and at the applicable tax rate for foreign companies in each country outside Sweden).

Net debt The sum of consolidated interest-bearing liabilities, including pension liabilities and accrued interest less cash and cash equivalents and interest-bearing current and non-current receivables and capital investment shares.

Equity per share Equity in relation to the total number of registered shares.

Financial measurements

Equity/assets ratio Equity expressed as a percentage of total assets.

Debt/equity ratio Expressed as net debt in relation to equity.

Interest coverage ratio Calculated according to the net method where operating profit is divided by financial items.

Cash earnings Calculated as profit before tax, with a reversal of depreciation and impairment of property, plant and equipment and intangible assets, share of profits of associates, and nonrecurring items, reduced by tax payments.

Debt payment capacity Expressed as cash earnings in relation to average net debt.

Operating surplus Expressed as operating profit before depreciation/impairment of property, plant and equipment and intangible assets and share of profits of associates.

Operating cash flow The sum of operating cash surplus and change in working capital, with deductions for current capital expenditures in property, plant and equipment and restructuring costs.

Cash flow from current operations Operating cash flow less net financial items and tax payments and taking into account other financial cash flow.

Strategic capital expenditure Strategic investments increase the company's future cash flow through acquisitions of companies, capital expenditures to expand facilities, or new technologies that boost SCA's competitiveness.

Current capital expenditure Investments to maintain competitiveness, such as maintenance, rationalization and replacement measures or investments of an environmental nature.

Margins, etc.

Operating surplus margin Operating surplus as a percentage of net sales for the year.

Operating margin Operating profit as a percentage of net sales for the year.

Net margin Profit for the year as a percentage of net sales for the year.

Capital turnover Net sales for the year divided by average capital employed.

Profitability ratios

Return on capital employed Return on capital employed is calculated for the Group as operating profit as a percentage of average capital employed.

Return on equity Return on equity is calculated for the Group as profit for the year as a percentage of average equity.

Other measurements

Value added per employee Operating profit plus salaries, wages and payroll expenses divided by the average number of employees.

Glossary

AfH (Away-from-Home) Tissue sold to bulk consumers such as hospitals, restaurants, hotels, offices and industrial premises.

Consumer tissue Includes toilet and kitchen paper, facial tissues and handkerchiefs.

CTMP (Chemical thermo mechanical pulp) A high-yield pulp produced through the mechanical defibration in a refiner of preheated, chemically pre-treated softwood.

FSC® – Forest Stewardship Council An international organization working to ensure responsible forest management. FSC has developed principles for responsible forestry that can be applied for certifying forest management and that facilitate FSC labeling of wood products from FSC-certified forests.

Kraftliner The surface layer of corrugated board based on fresh wood fiber.

Kraft pulp Pulp from wood fiber that is chemically treated usually by boiling.

Liner The surface layer of corrugated board. Available in various grades, such as kraftliner (based on fresh wood fiber) and testliner (based on recovered fiber).

LWC paper Light Weight Coated paper is a coated paper with a high mechanical pulp content. Used for high-quality magazines and advertising materials with demanding color-printing requirements.

M³fo Forest cubic meter Volume of timber including tops and bark, but excluding branches. Used to describe the forest portfolio of standing forest. Growth is also specified in forest cubic meters.

M³s or m³sub Solid cubic meter under bark. Specifies the volume of timber excluding bark and tops. Used in felling and the timber trade.

PEFC™ – Programme for the Endorsement of Forest Certification An international forest certification system.

Personal care products Here defined as incontinence products, baby diapers and feminine care products.

Productive forest land Land with a productive capacity that exceeds one cubic meter of forest per hectare annually.

SC paper Supercalendered publication paper with a high-gloss surface and with a high content of mechanical and/or recycled pulp. Mainly used for catalogues, magazines and advertising materials.

Solid-wood products Wood sawn into various sizes used in, for example, furniture manufacturing and the joinery industry or as construction timber.

Super absorbents Collective name of a number of synthetic absorbent materials based on polymers. Important material in personal care products such as diapers and pads.

¹⁾ Calculations of key ratios are mainly based on guidelines issued by the Swedish Society of Financial Analysts. Averages are calculated based on five metrics.

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Awards and recognition



SCA was named one of the world's most ethical companies by the Ethisphere Institute in the US.



SCA is included in the Dow Jones Sustainability Index, one of the world's most prestigious sustainability indexes.



SCA is included in the Climate Disclosure Leadership Index.



SCA has been listed on the FTSE4Good global sustainability index since 2001.



SCA is on the Fortune Most Admired Companies list, ranked third in the Forestry and Paper class.



SCA became a UN Global Compact member in 2008.



SCA is a member of the World Business Council for Sustainable Development (WBCSD).

WWF acknowledged SCA as a leading, transparent company for its environmental impact reporting in WWF's Environmental Paper Company Index 2013.



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