



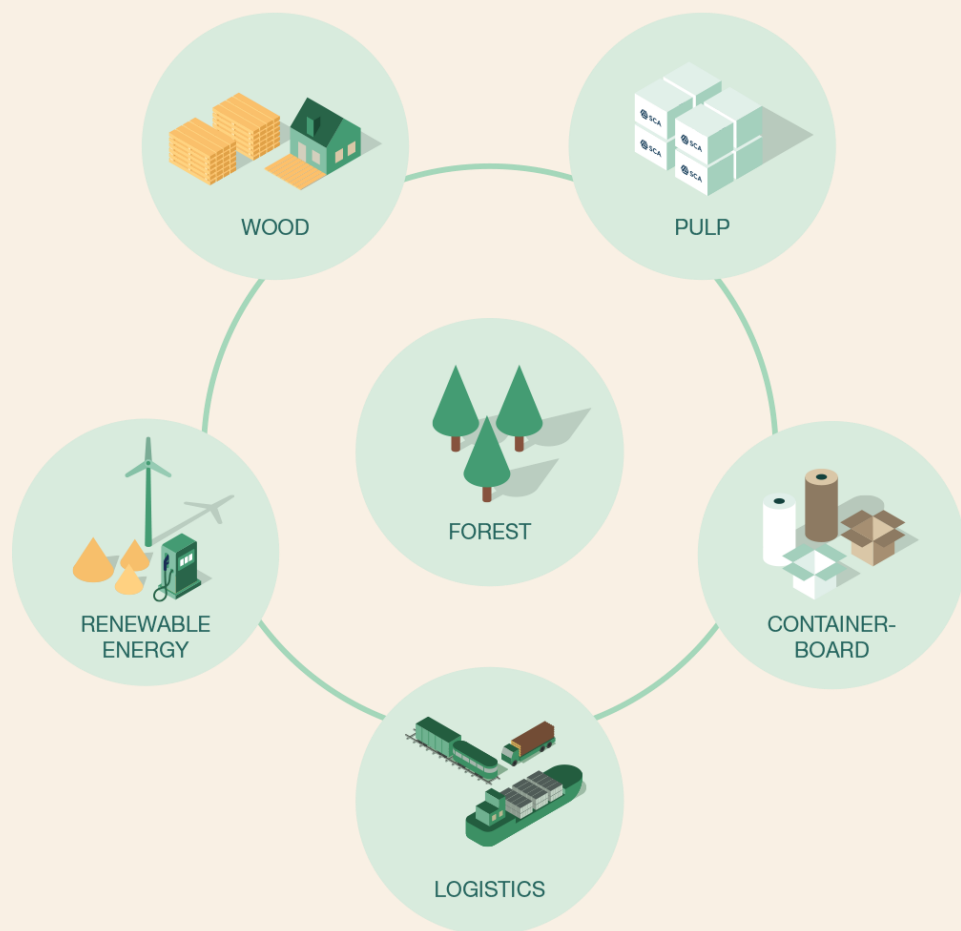
# Investor Presentation

Investor Relations  
October, 2024





# A strong and integrated value chain



Sales (SEKbn)

**18.1**

EBITDA (SEKbn)

**6.8**

EBITDA margin

**38%**

Industrial ROCE <sup>1</sup>

**7%**

Climate benefit

**12.8** *m t CO<sub>2</sub>*

Net growth in forest

**3.2** *m m<sup>3</sup>fo*

Note: Logistics are reported as a part of relevant segments.

1. ROCE for the industrial segments; Wood, Pulp, Containerboard and Renewable Energy.

# Europe's largest private forest owner

Forestland

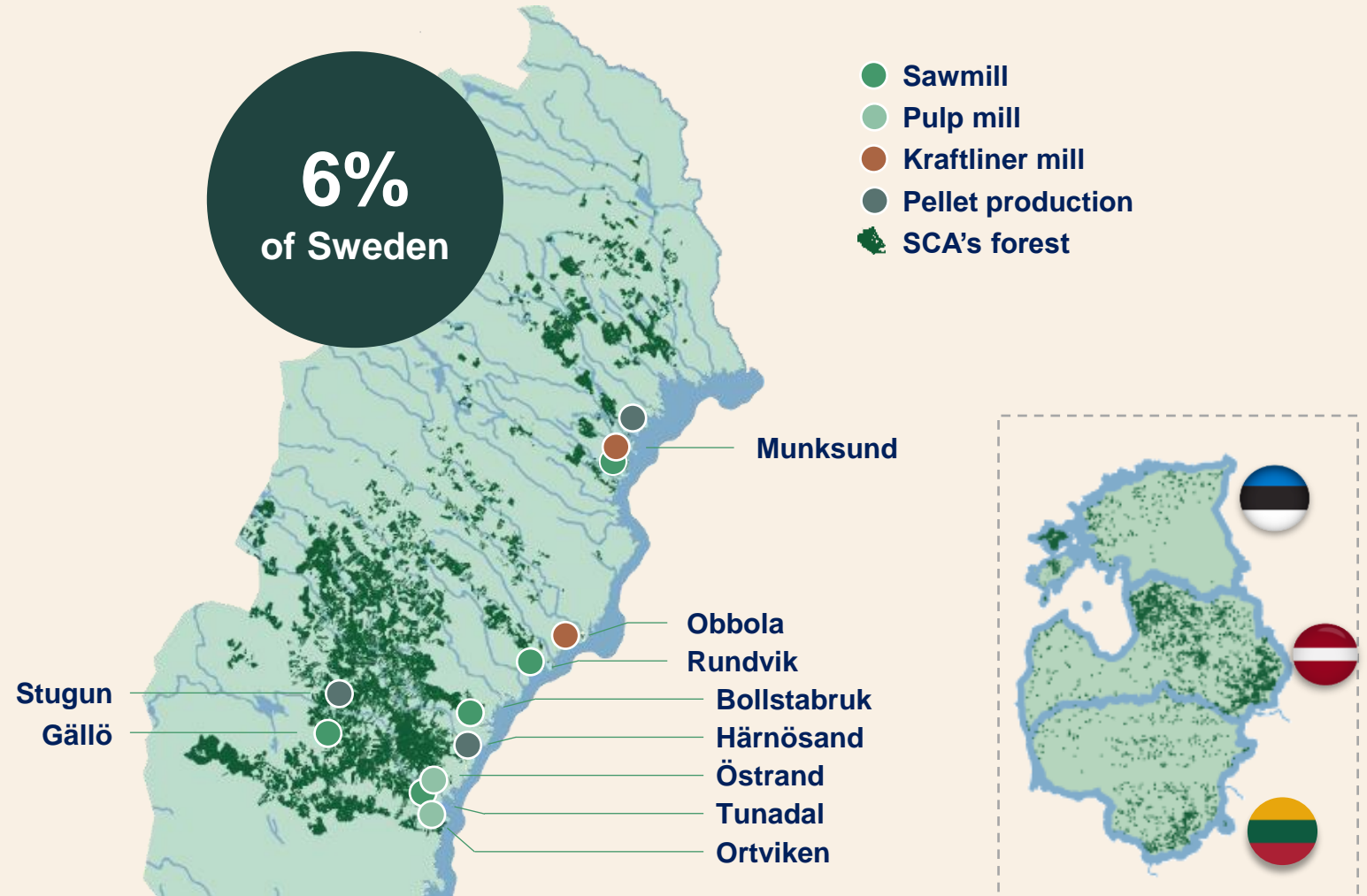
**2.7** *m ha*

Productive forestland

**2.1** *m ha*

Standing volume <sup>1</sup>

**271** *m m<sup>3</sup>fo*



1. Including forest holdings in the Baltics.

# Strategy communicated in 2017

Increased  
value from  
each tree

Growing  
renewable  
forest asset

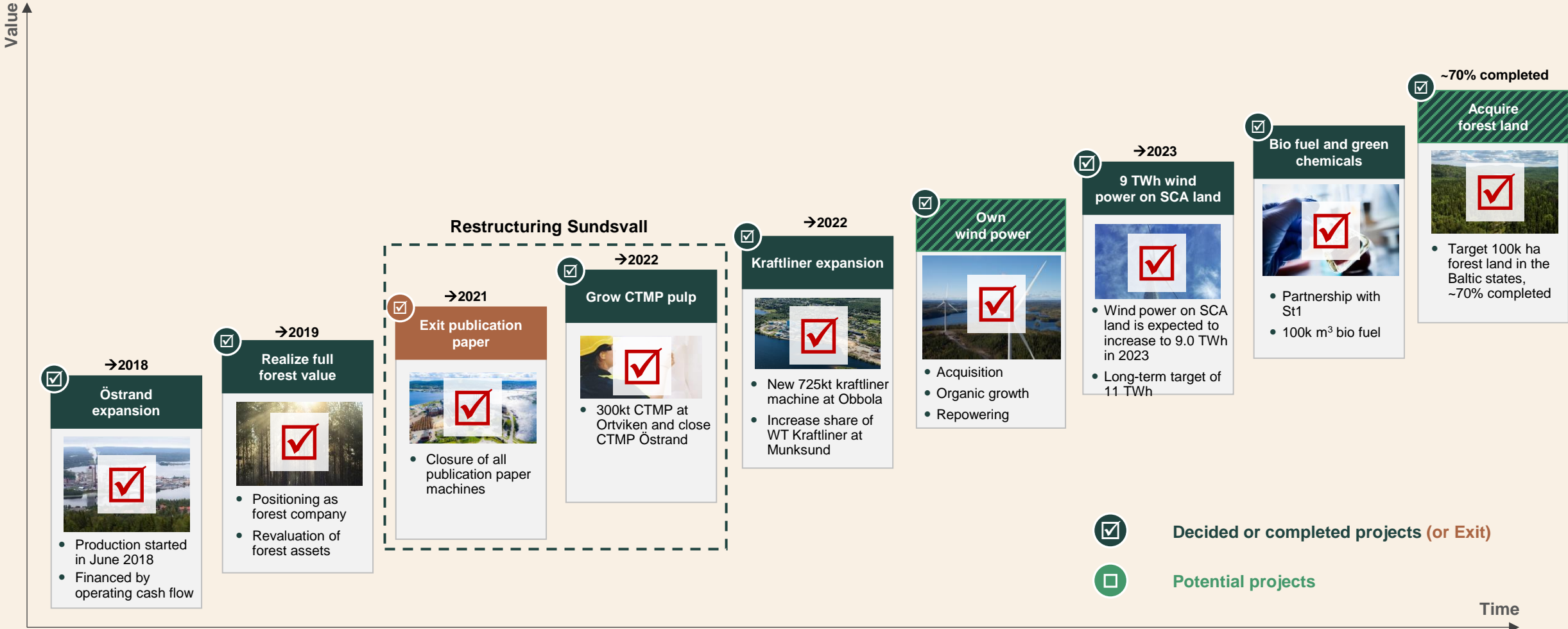
Invest in integrated value chain:

- Grow Pulp
- Grow Kraftliner
- Develop Renewable energy
- Reduce exposure to Publication Paper

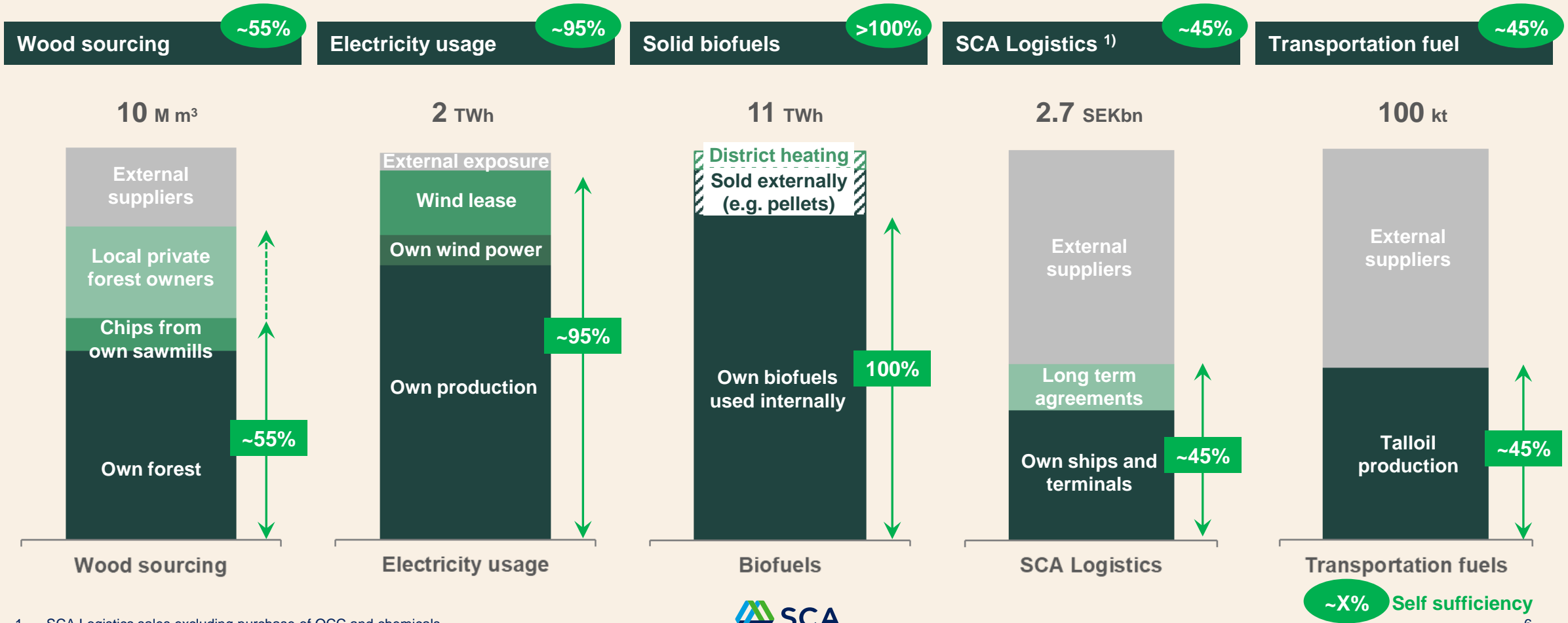
Increase forest holdings:

- Increase growth and harvesting level
- Acquire forest land

# Project portfolio delivered



# SCA has an integrated value chain with high degree of self sufficiency



1. SCA Logistics sales excluding purchase of OCC and chemicals.



~X% Self sufficiency



# SCA contributes to a fossil free society

Binds net  
**5.7**  
Mt CO<sub>2</sub>

CO<sub>2</sub>

1

Growing forests bind CO<sub>2</sub> – active forest management increases growth

Operations



4

Investments and innovation reduce carbon emissions

Low Emissions  
**0.8**  
Mt CO<sub>2</sub>

Replaces  
**7.2**  
Mt CO<sub>2</sub>

2

SCA's renewable products replace non-renewable products



Bioenergy



Paper



Solid-wood products

Stores  
**0.7**  
Mt CO<sub>2</sub>

3

Carbon is stored in renewable products during the lifecycle



In 2023 SCA's climate benefit was 12.8 million tonnes of CO<sub>2</sub>, which corresponds to more than a fourth of the emissions from Sweden.

# Strategy for profitable growth

High degree  
of self sufficiency

Increased  
value from  
each tree

Growing  
renewable  
forest asset



## Maintain a high degree of self sufficiency:

- High and balanced degree of self sufficiency in wood raw material, energy and logistics



## Invest in integrated value chain:

- Grow pulp, containerboard and wood
- Realize business opportunities within renewable energy

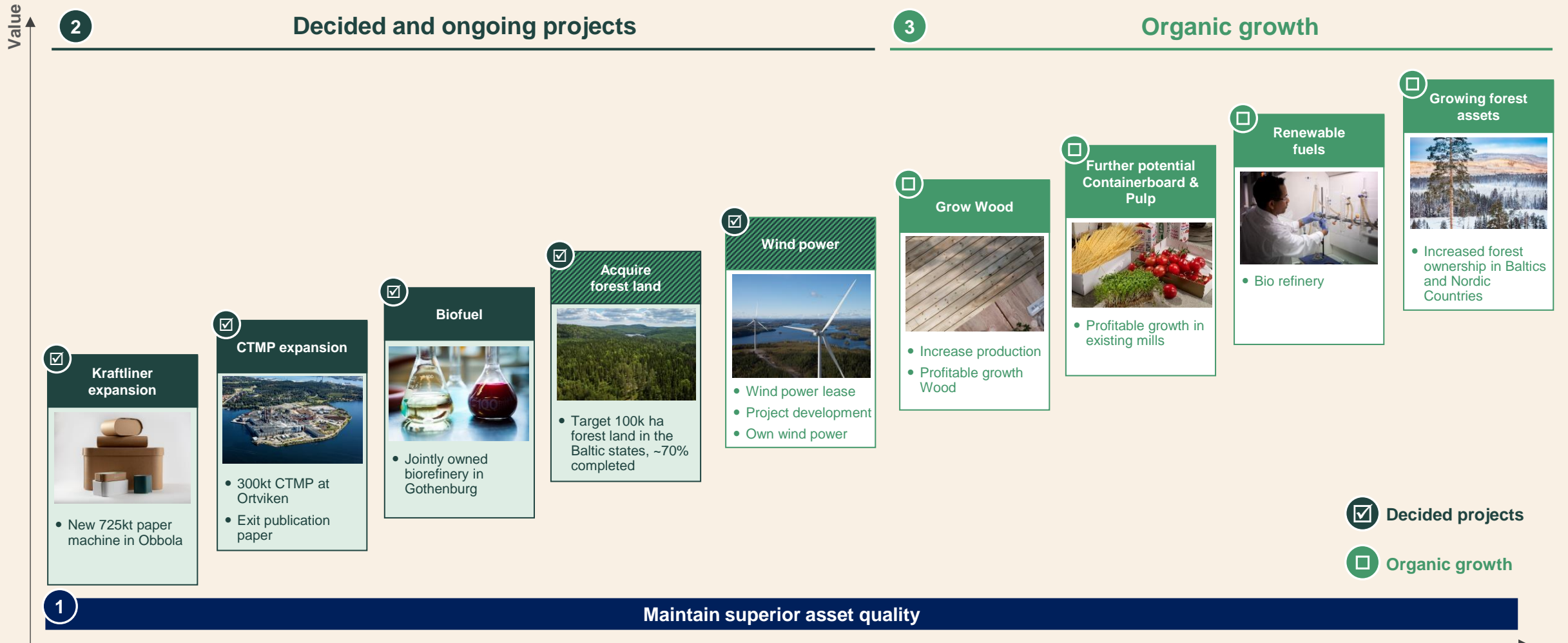


## Increase forest holding:

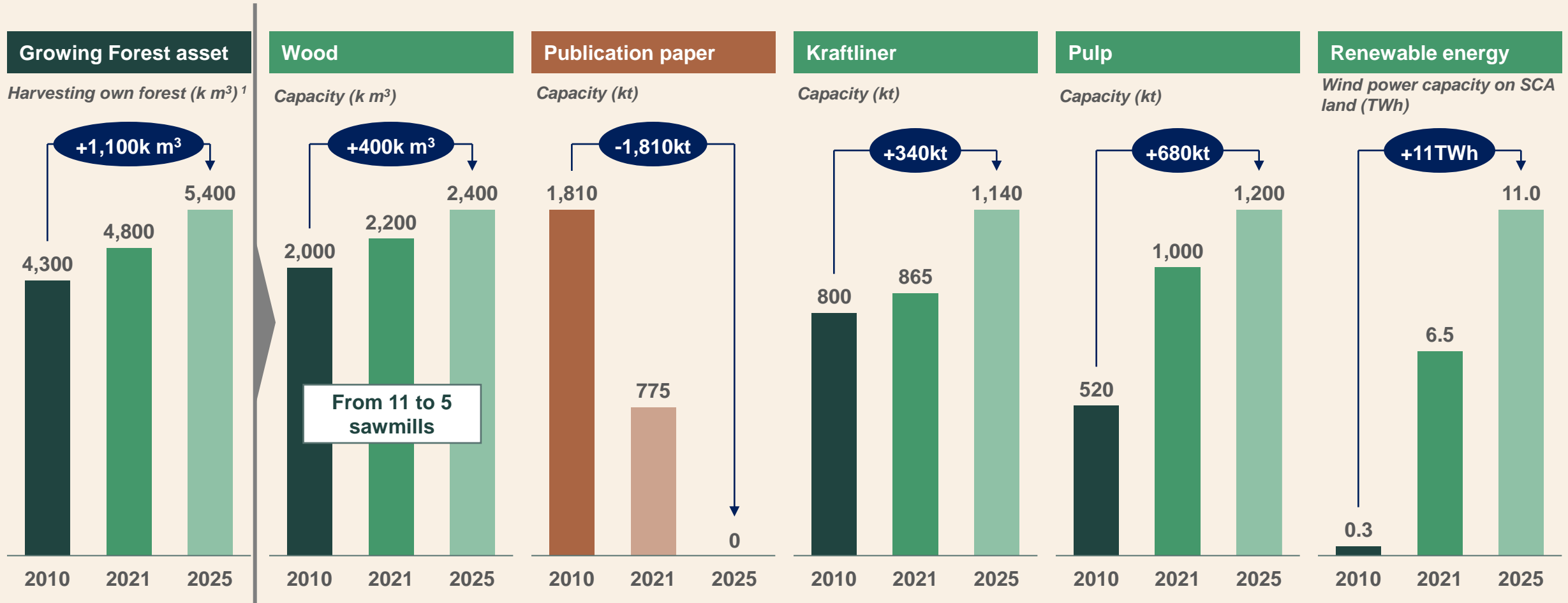
- Increased growth and harvesting level
- Continued acquisitions of forest land in Nordics and Baltics



# Project portfolio – prioritized opportunities



# Shifting the portfolio to growing product areas



1. Harvesting plan.



# Forest

# Europe's largest private forest owner

Sales (SEKm)

7,748

EBITDA (SEKm)

3,511

EBITDA margin

45%

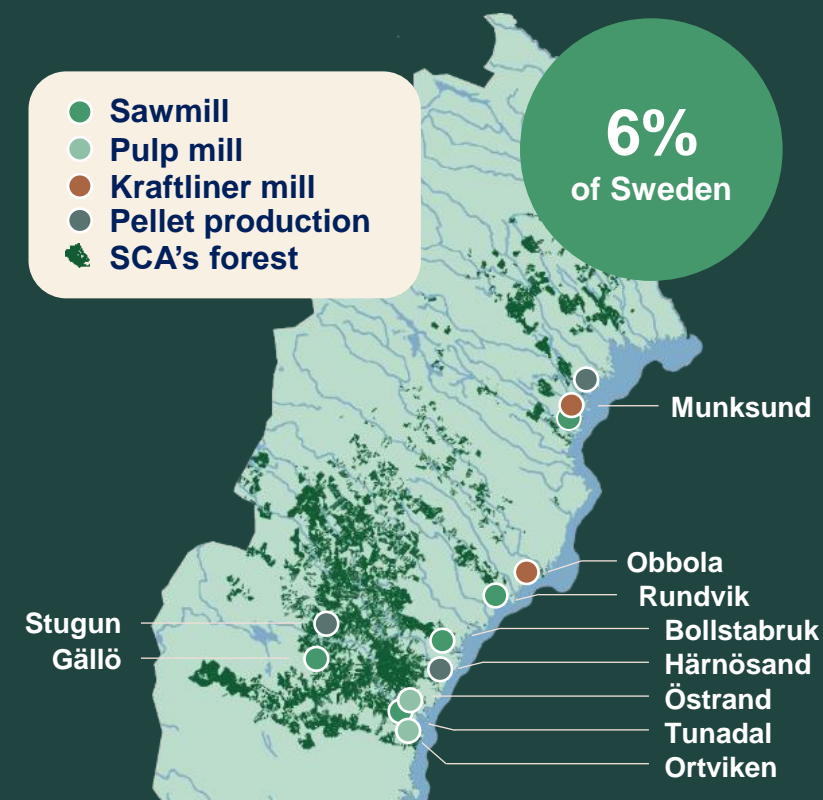
## Forest holdings located close to SCA's industry

- 2.7m ha forestland
- 2.1m ha productive forestland
- 271m m<sup>3</sup>fo standing volume <sup>1</sup>

~50% of wood raw material needs are provided for by wood from SCA's own forest

## Young forest yields high growth

- 10.5m m<sup>3</sup>fo gross growth
- 5.9m m<sup>3</sup>fo harvesting 2023 (5.0m m<sup>3</sup>sub)





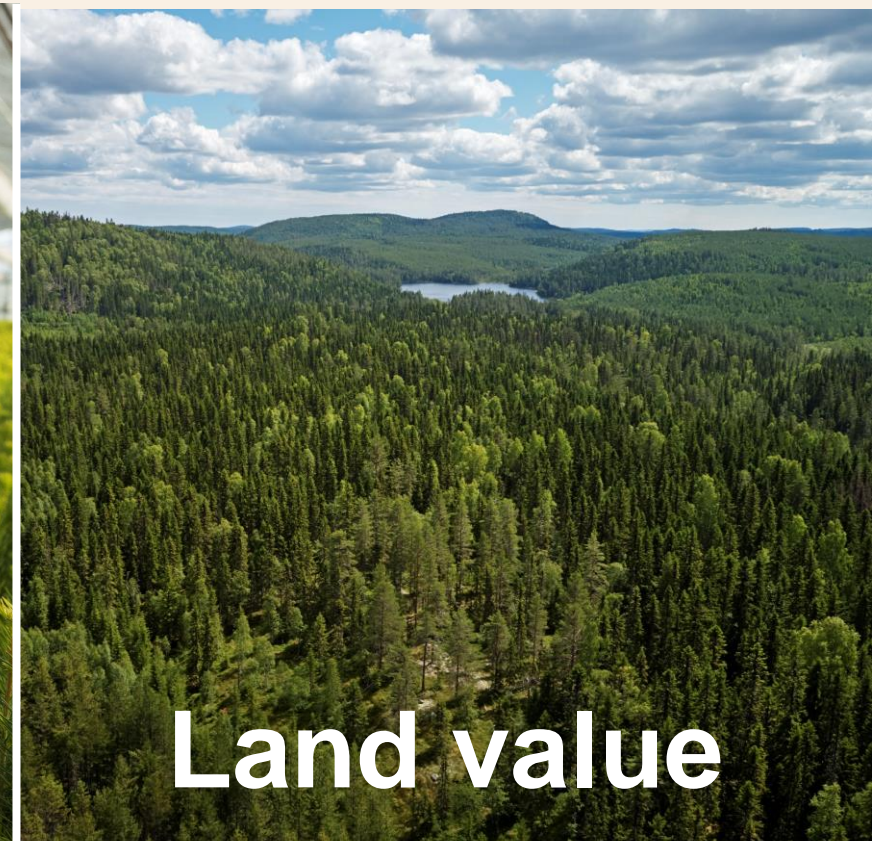
# Forest assets create value in several ways



**Harvesting**



**Net growth**

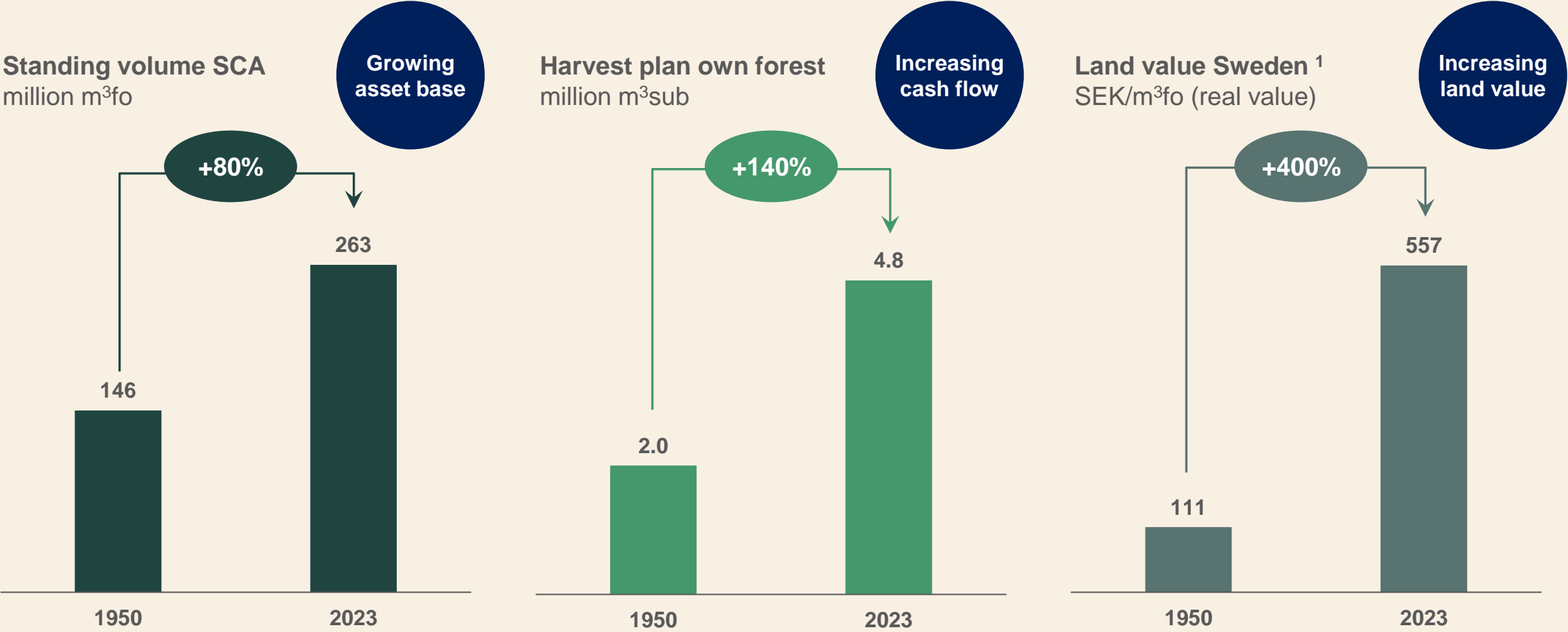


**Land value**

**Positive climate effect**



# Profitable growth since 1950



1. Average price Sweden, real price (2023 price level). Source Ludvig & Co. Excludes forest holdings in the Baltics.





# Forest Total Return

## CAGR of 10% since 1956

### 1 Increasing cash flow

- Harvesting provides raw materials to the industries and generates cash flow
  - Cash flow: ~3% CAGR

### 2 Growing asset base

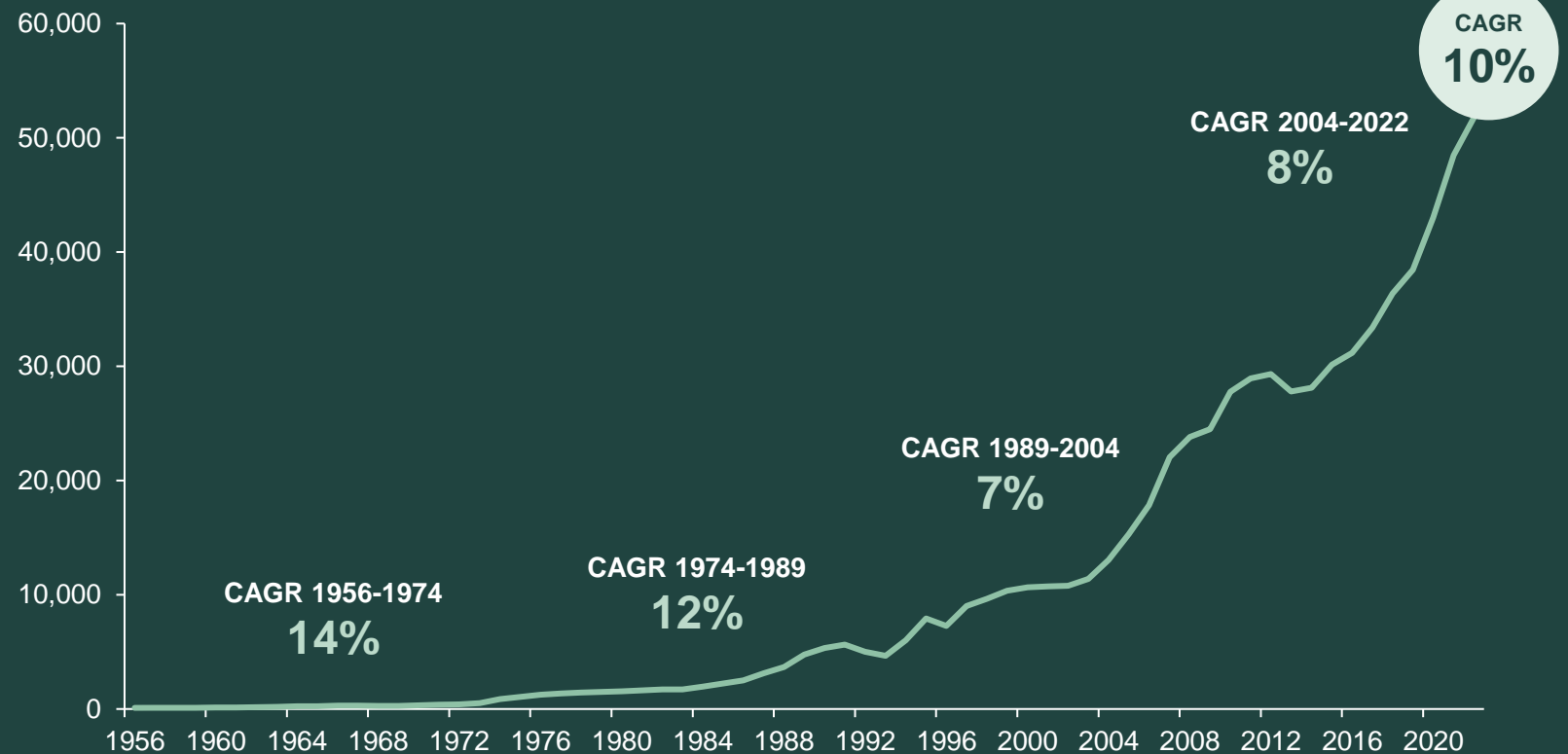
- Forest growth exceeds harvesting
- Larger standing volume allows for a higher level of harvesting going forward
  - Standing volume: ~1% CAGR

### 3 Increasing forest land value

- Both the volume forest (m<sup>3</sup>) and land value (SEK/m<sup>3</sup>) has increased
  - Land value (SEK/m<sup>3</sup>): ~6% CAGR

### 4 Positive climate effect

Forest Total Return index Sweden (1956-2023)



# Significant real growth

Forest growth metrics (m m<sup>3</sup>fo)

Gross growth of standing forest	10.5
Natural losses and pre-commercial thinning	-1.4
Available growth of standing forest	9.1
Annual harvesting	-5.9 <sup>1</sup>
Annual net increase of standing forest	3.2

**Current cash flow**  
New harvesting plan every 8-10 years

**Future cash flow**

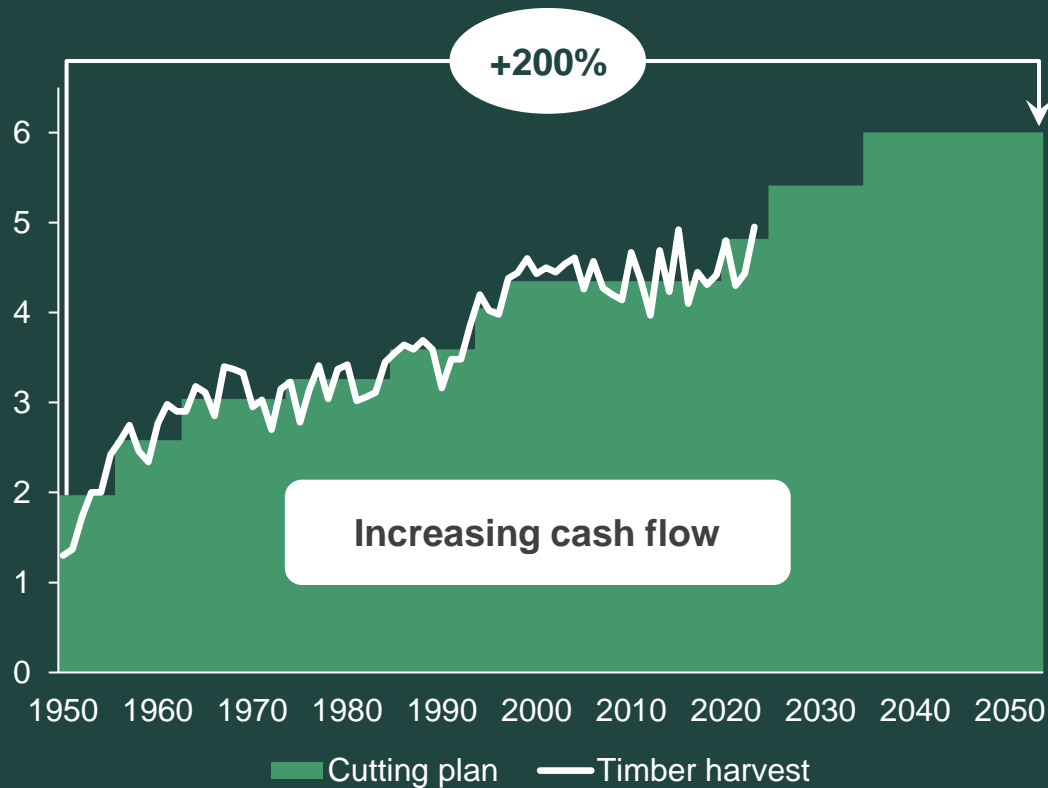
1. Corresponding to approximately 5.0m m<sup>3</sup>sub.



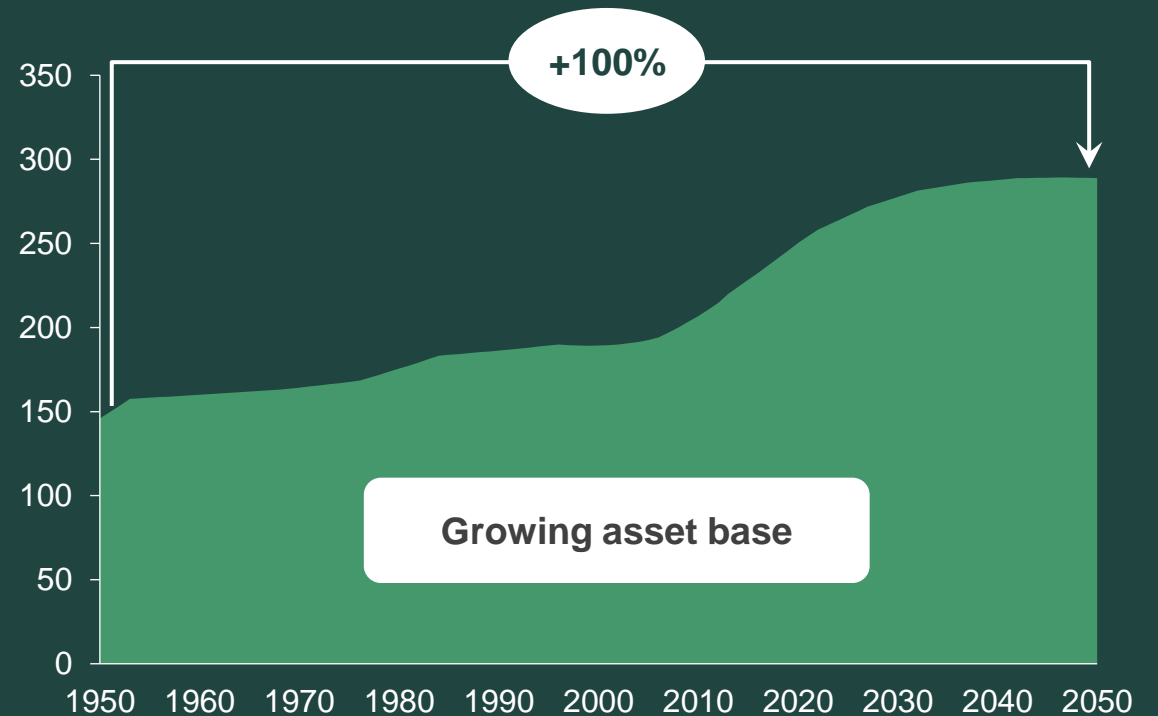
# Increase in both standing volume and harvesting level

Based on current technology

### Harvesting from own forest (m m<sup>3</sup>sub)



### Standing timber volume (m m<sup>3</sup>fo)



Note: Historic growth based on Tax I-IX. Current growth and forecast based on Tax X (2019) and current practices.

# Forest land acquisitions in the Baltics

## – strengthen the fiber base for future projects

1

### Strengthen our integrated value chain

- Strengthen the raw material supply and maintain self-sufficiency level
- Competitive costs for raw material

2

### High growth

- High growth – 2.5x northern Sweden
- Stable increasing cash flow

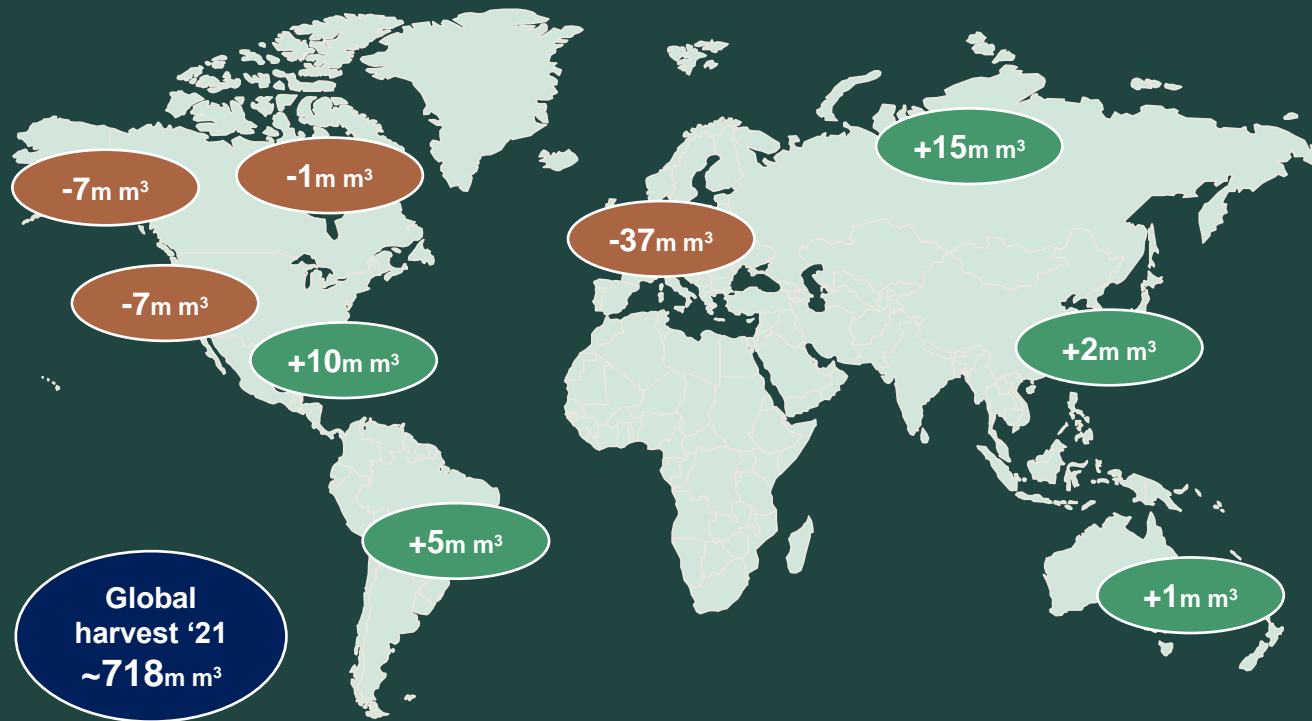
3

### SCA's competence and resources

- Harvesting volume and standing volume increase over time
- Competence and resources for cost efficient forestry

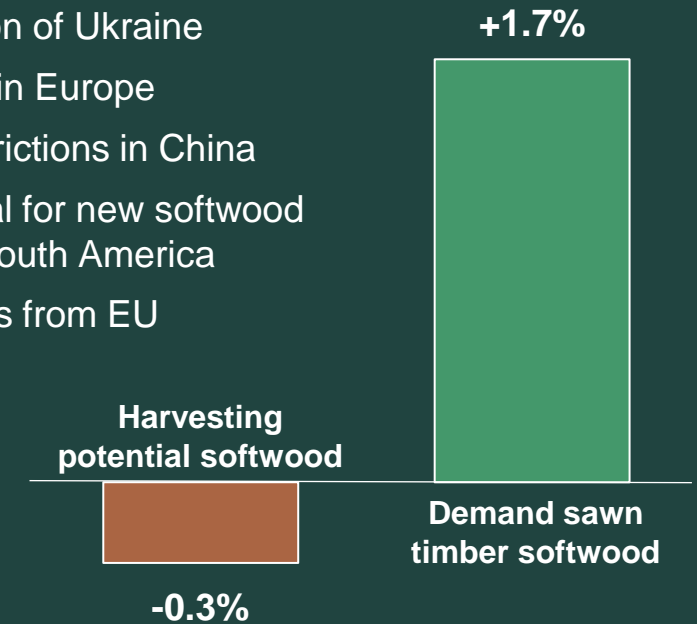
# Long term demand larger than supply – Forest a strategic resource for the future

Estimated change in harvesting potential 2021-2030e (softwood sawlogs)



Demand of wood products limited by supply  
CAGR 2021-2030e

- Russian invasion of Ukraine
- Insect damage in Europe
- Harvesting restrictions in China
- Limited potential for new softwood plantations in South America
- Policy proposals from EU





# Forest – strategic direction

1

**Increase growth and harvesting.**

2

**Strengthen competitiveness through increased productivity and efficiency.**

3

**Acquire forest in the Nordic and Baltic regions.**

4

**Increase the precision and quality of biodiversity conservation measures.**



# Wood

# Leading European wood producer

Sales (SEKm)

5,158

EBITDA (SEKm)

550

EBITDA margin

11%

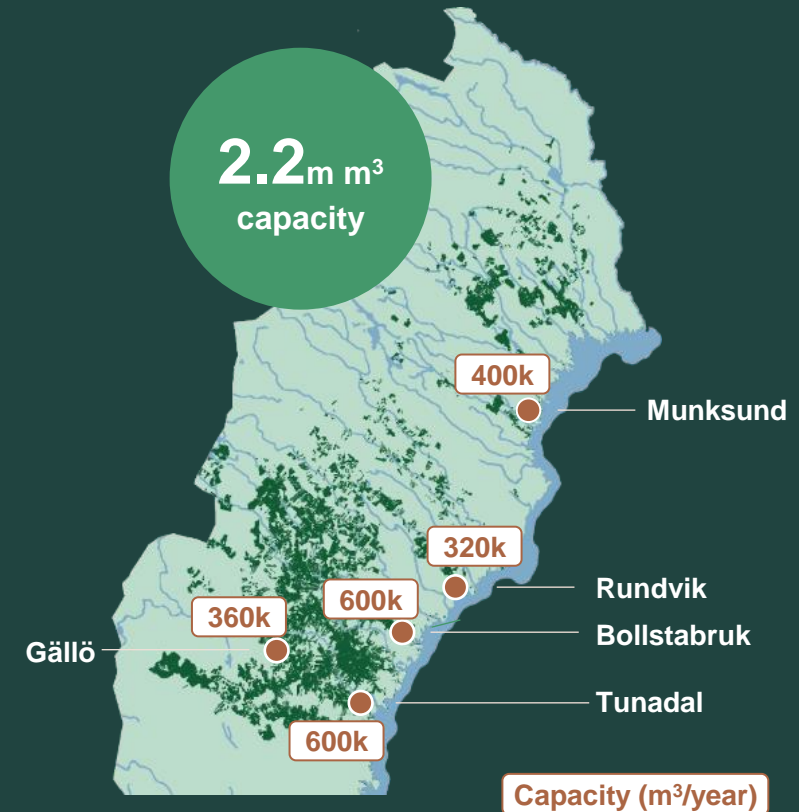
5 modern and well invested sawmills

2 painting and 5 planing facilities

Own distribution network

Focus on value added products

- Adapted wood to the further processing industry
- Distribution of finished building products to builders' merchants
- Building components to industrialized builders






# Long-term structural drivers sustain softwood demand growth


## Underlying economic drivers

 **Economic growth:** Continued increased living standard in several fast growing markets drives consumption of softwood

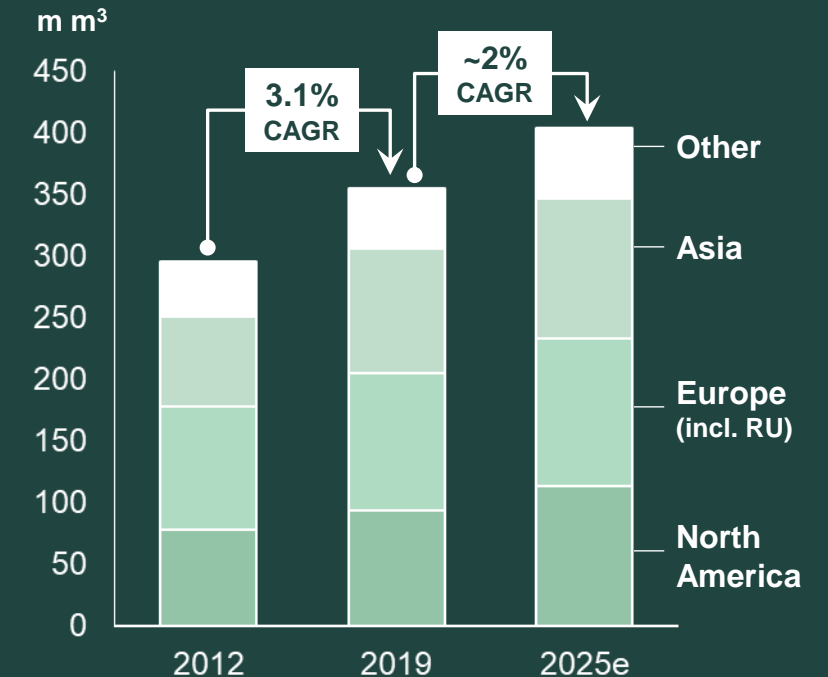
 **Building activities:** Recovery for both new build and RMI

## Softwood-specific structural drivers

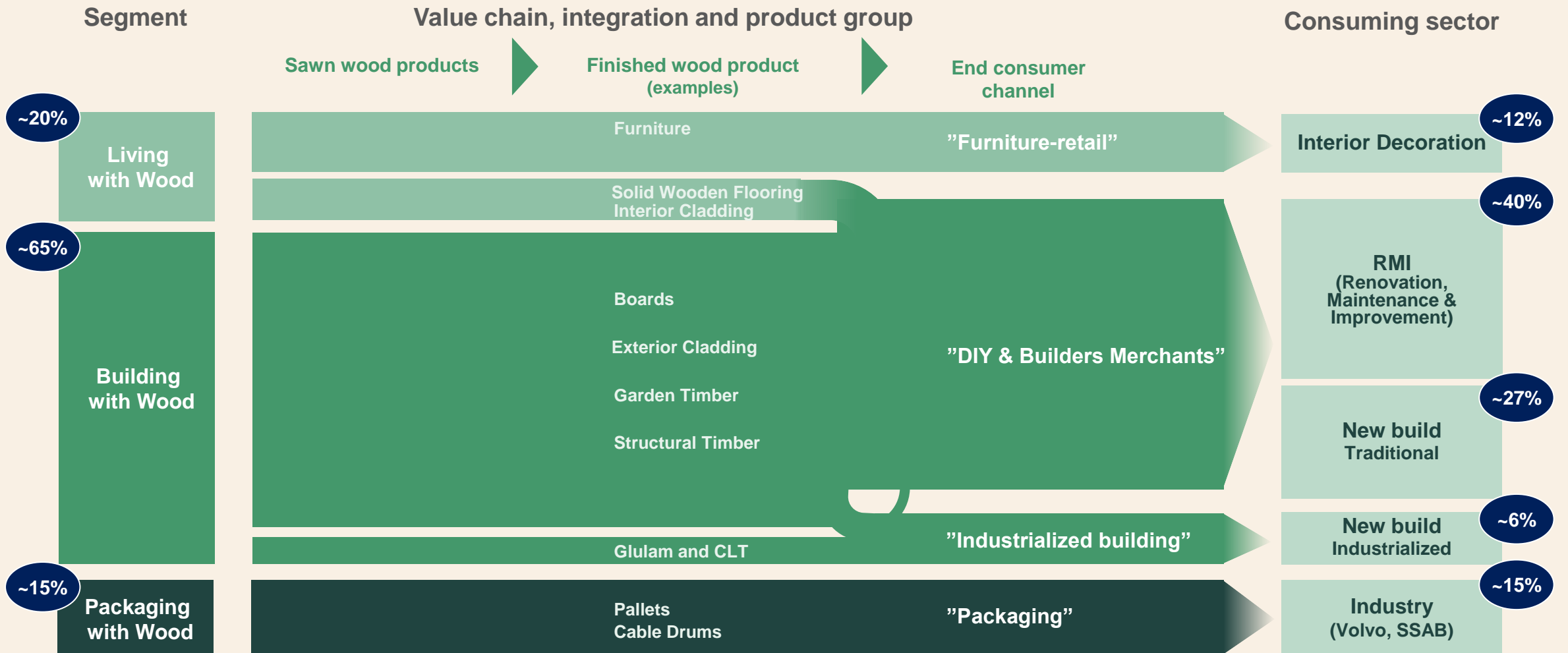
 **Industrialized Building:** Increased usage of industrialized building technologies using wood solutions underpins demand for sawn timber

 **Sustainability:** Sustainability and environmental concerns supports increased wood consumption

## Strong global softwood demand



# The Global Wood value chain



% Share of global market



Note: Total market of 355 m<sup>3</sup> of global softwood sawn timber consumption, 2018

# SCA's position in the global wood value chain

## Optimizing value and integration level



% Share of SCA volumes    ■ SCA integration



Value chain



# Wood – strategic direction

1

**Continued profitable growth kept in balance with supply of raw materials.**

2

**Well-invested plants with world-class efficiency and competitiveness.**

3

**Maximize the value of SCA's high-quality sawlogs through a high raw material yield and customized products.**

# Pulp

# High quality pulp producer

Sales (SEKm)

6,893

EBITDA (SEKm)

1,213

EBITDA margin

18%

## High quality bleached softwood kraft pulp (NBSK)

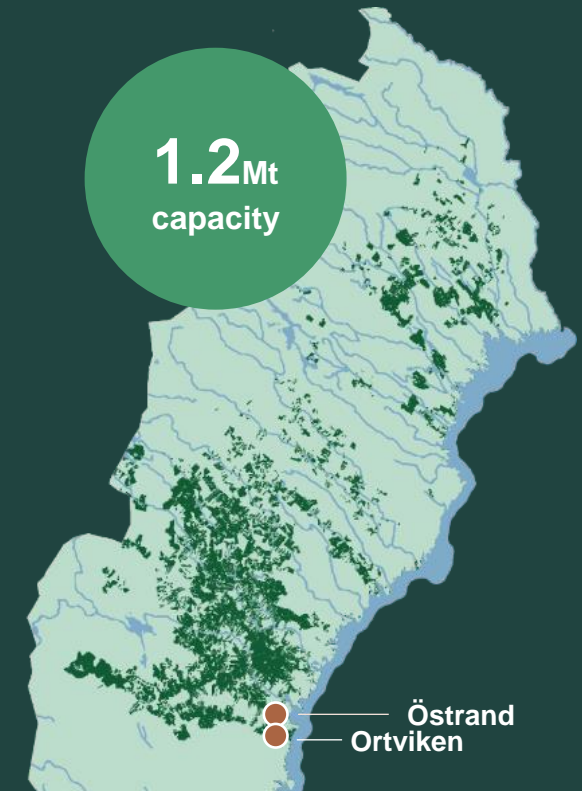
- Focus on high strength properties
- **Capacity:** 900 kt/year
- The pulp is used in tissue, packaging, publication paper and filters

## Chemical thermomechanical pulp (CTMP)

- **Capacity:** 300 kt/year (year 2025)
- New facility at Ortviken started up in Q4 2022
- The pulp is used in packaging and hygiene products

## Net producer of green electricity

- 1.2 TWh/year at full production





# SCA pulp portfolio



## NBSK

Produced by cooking wood chips in white liquor  
 Gives pulp with long, strong fibers  
 Provides high strength and brightness  
 Higher consumption of wood per tonne of pulp  
 Creates an energy surplus

## CTMP

Produced by grinding wood chips in a refiner  
 Gives shorter, stiffer fibers that provide absorption capacity, bulk and stiffness  
 Lower consumption of wood per tonne of pulp  
 No energy surplus

### Raw material

Pine and spruce (softwood)

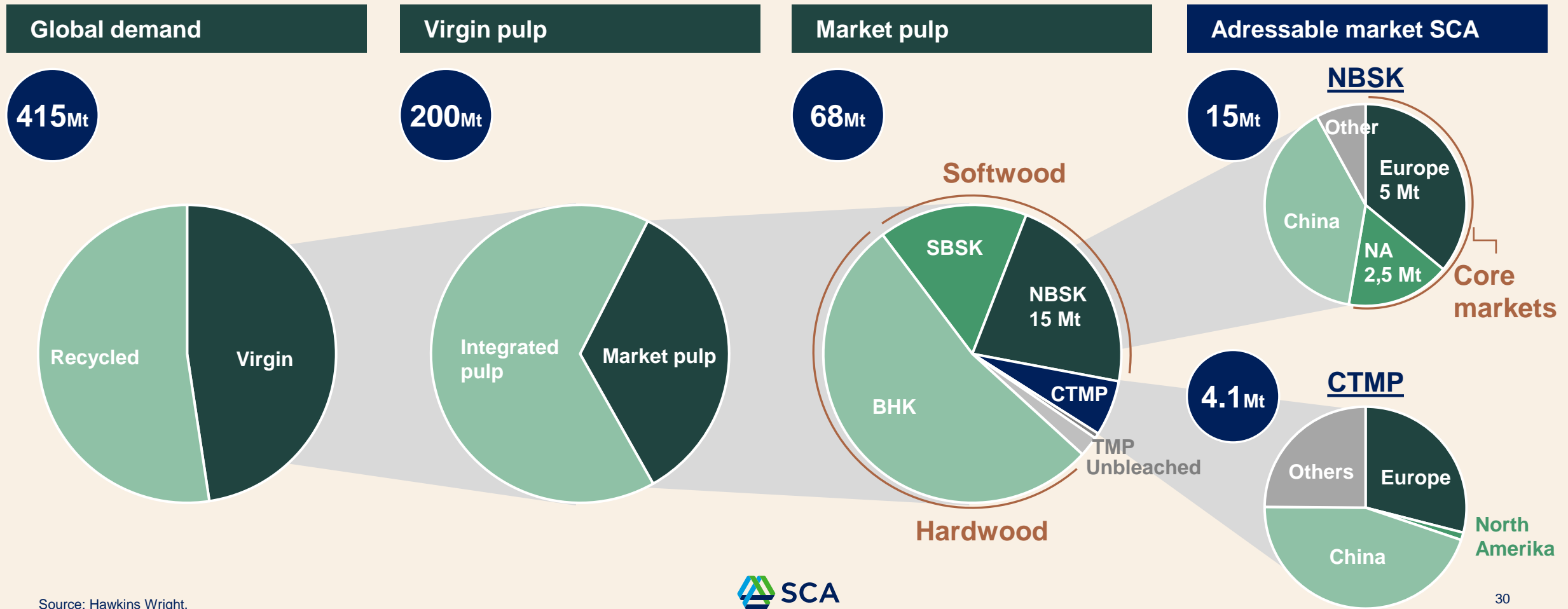
Both softwood and hardwood

### SCA capacity

900k tonnes at Östrand

300k tonnes at Ortvikén (year 2025)

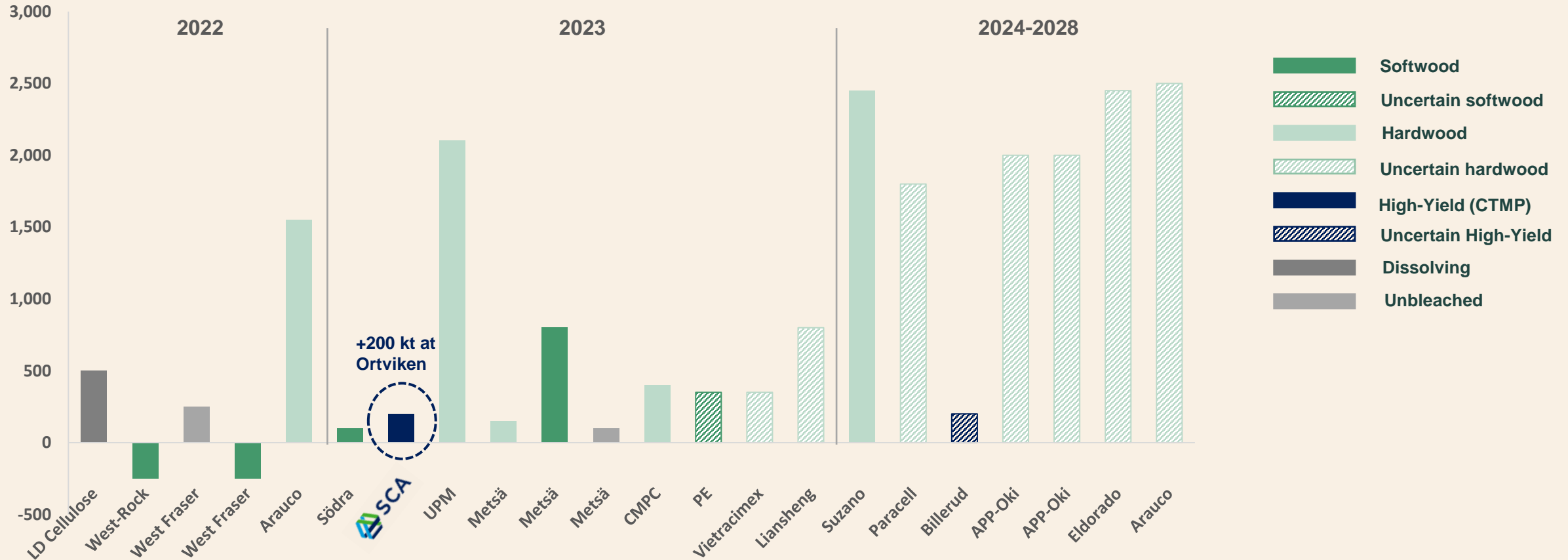
# Global pulp market 70 Mt of which 20 Mt addressable for SCA



Source: Hawkins Wright.

# Softwood grows with 1.0-2.0% per year, limited new capacity

New pulp capacity (k tonnes)



Source: Brian McClay & Associates (BMA).



# Northern Swedish fiber for premium pulp products

1

Premium strength

2

Wet strength

3

Filter application

4

Custom-made grades



# CTMP improves customer product properties at lower cost

	Product properties	Cost-cutting for customer Replaces more expensive pulp
1 <b>Board</b>	High bulk and bending rigidity Good smell and taste properties	Lower weight at a given strength provides a lower production cost
2 <b>Tissue</b>	High absorption and wet-strength	Increased absorption per kg product
3 <b>Special products</b>	High bulk, strength and porosity in e.g. filter products	Increased bulk. Creates strong and porous networks in the web
4 <b>Graphic papers</b>	High bulk and opacity	Increased paper caliper



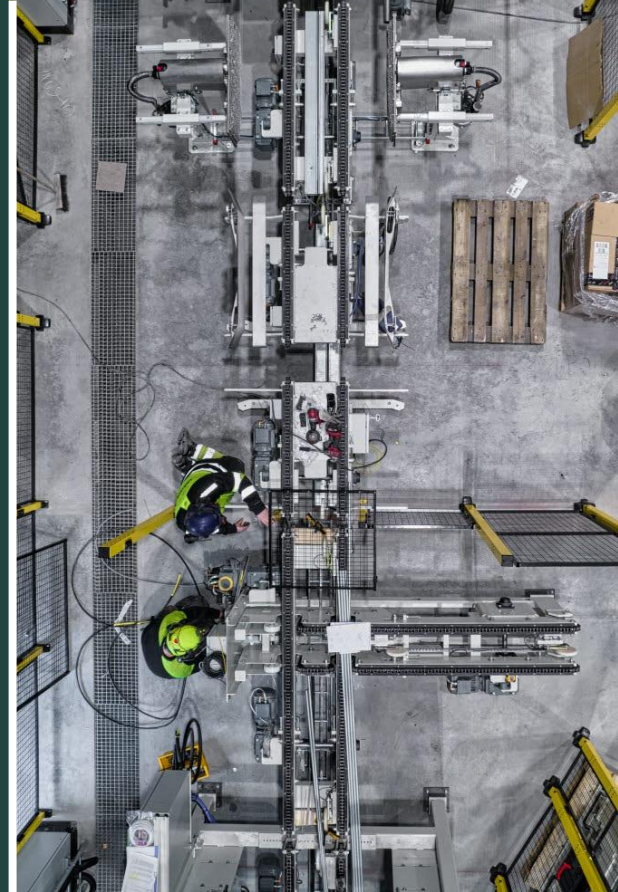
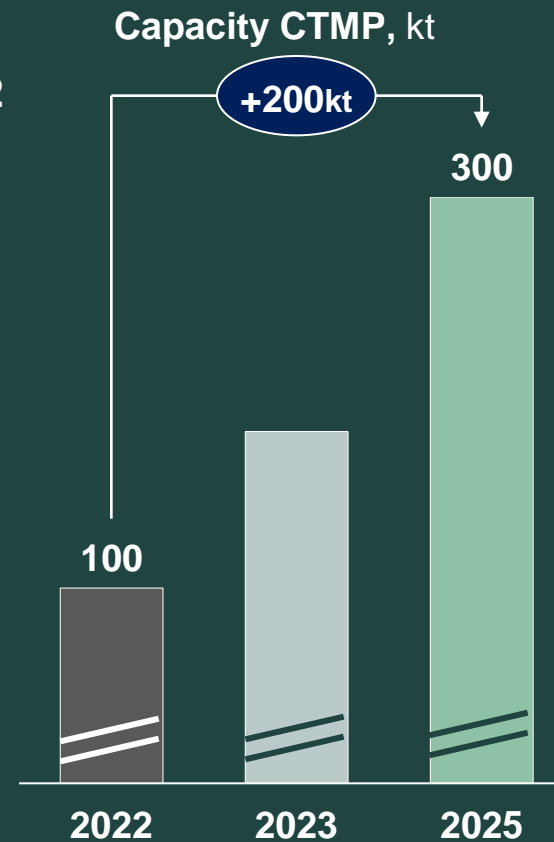
# Increased CTMP production

## New CTMP line at Ortviken started up year-end 2022

- Top quartile in cost position
- Capacity of 300kt

## CTMP improves customer product properties at lower cost

- Cost-cutting for customer, replaces more expensive pulp
- High share of growth with existing customers
- Product development in collaboration with customers





# Pulp – strategic direction

1

Continue to strengthen competitiveness through increased productivity.

2

Realize the full potential of the new CTMP mill in Ortviken.

3

Maximize the value of by-products such as electricity, crude tall oil and district heating.

# Containerboard



# Leading kraftliner supplier

Sales (SEKm)

5,850

EBITDA (SEKm)

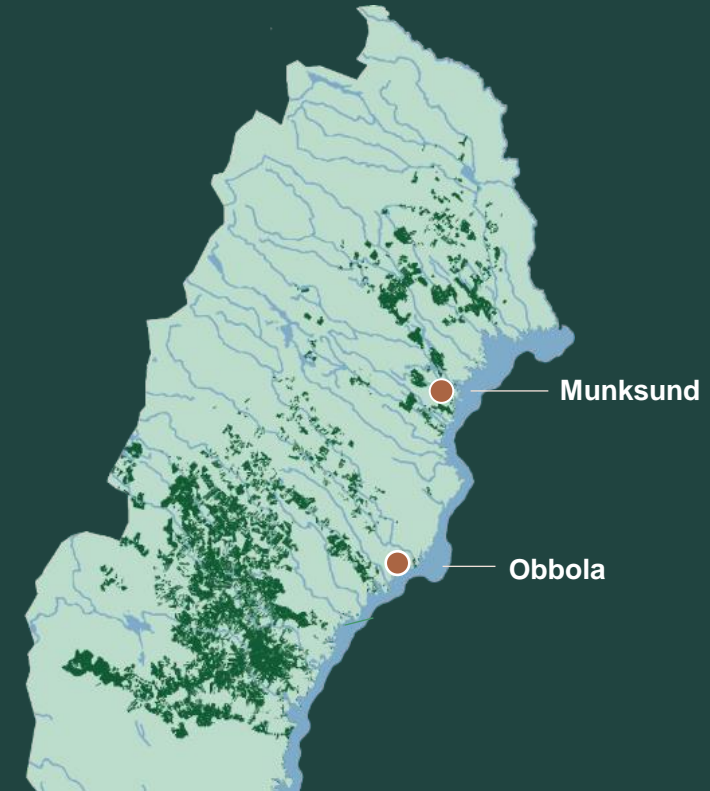
1,212

EBITDA margin

21%

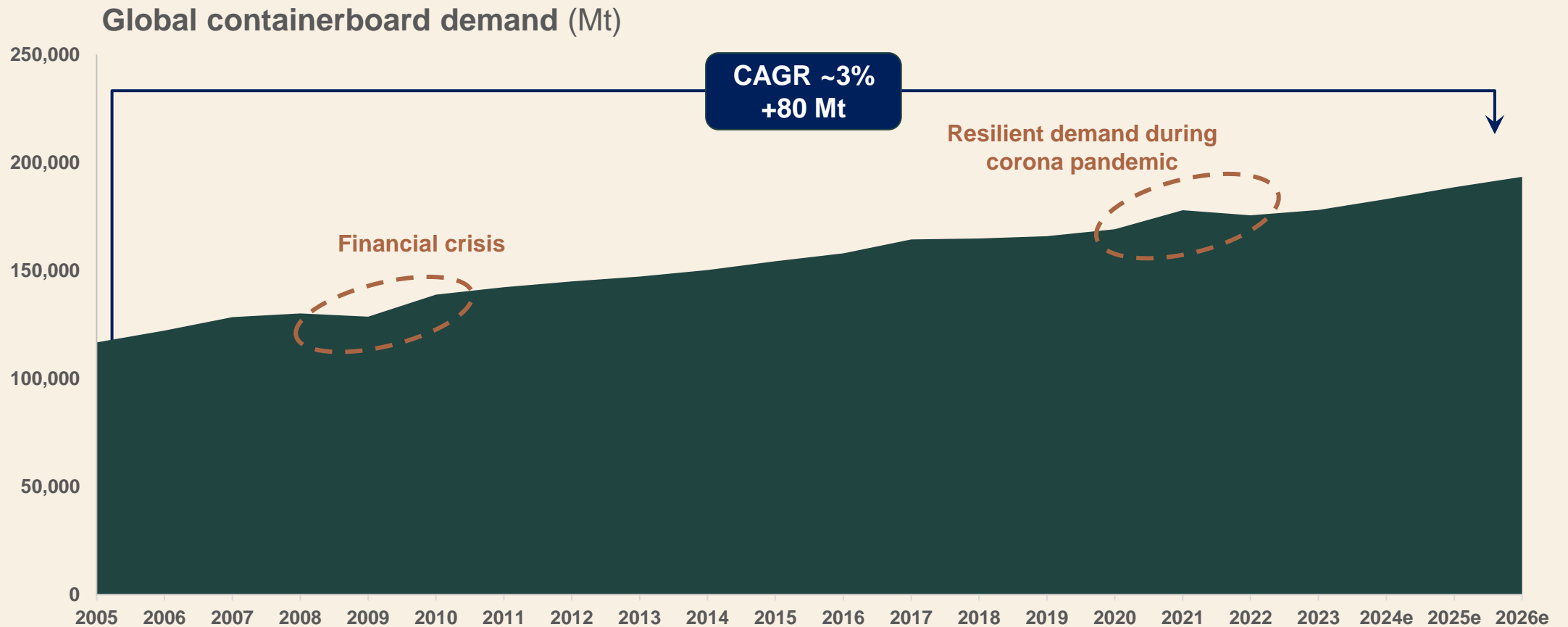
## No.1 independent producer of Kraftliner in Europe

- Strong Nordic fresh fiber for high quality packaging
- **Capacity:** 1,140 kt/year (year 2026)
- **Products:** brown and white-top kraftliner for consumer and transport packaging, including specialized heavy-duty and wet-strength grades
- New kraftliner paper machine in Obbola site with additional capacity of 275 kt/year started up end of 2022





# Discontinuities in economy effects containerboard demand short-term but long-term trend resilient



Source: Numera.



# Long-term structural trends drive growth

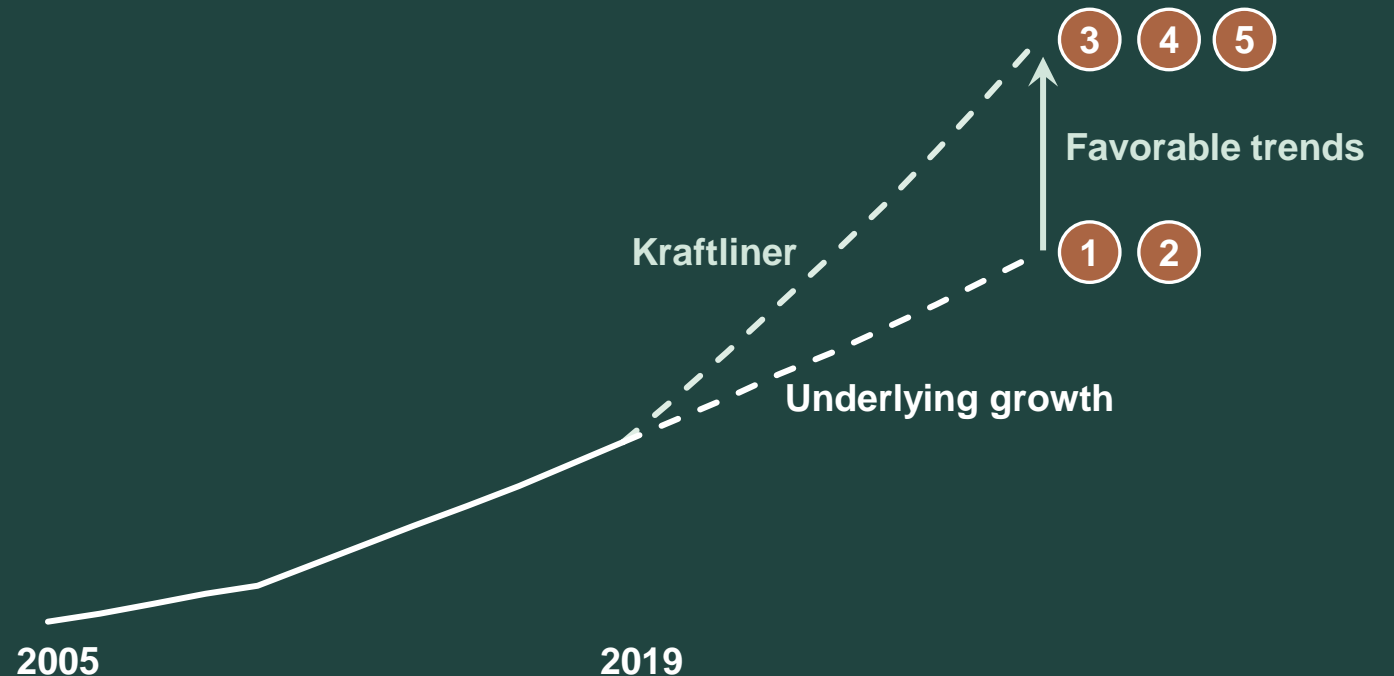
## Economic drivers

- 1 Industrial production
- 2 Consumer spending

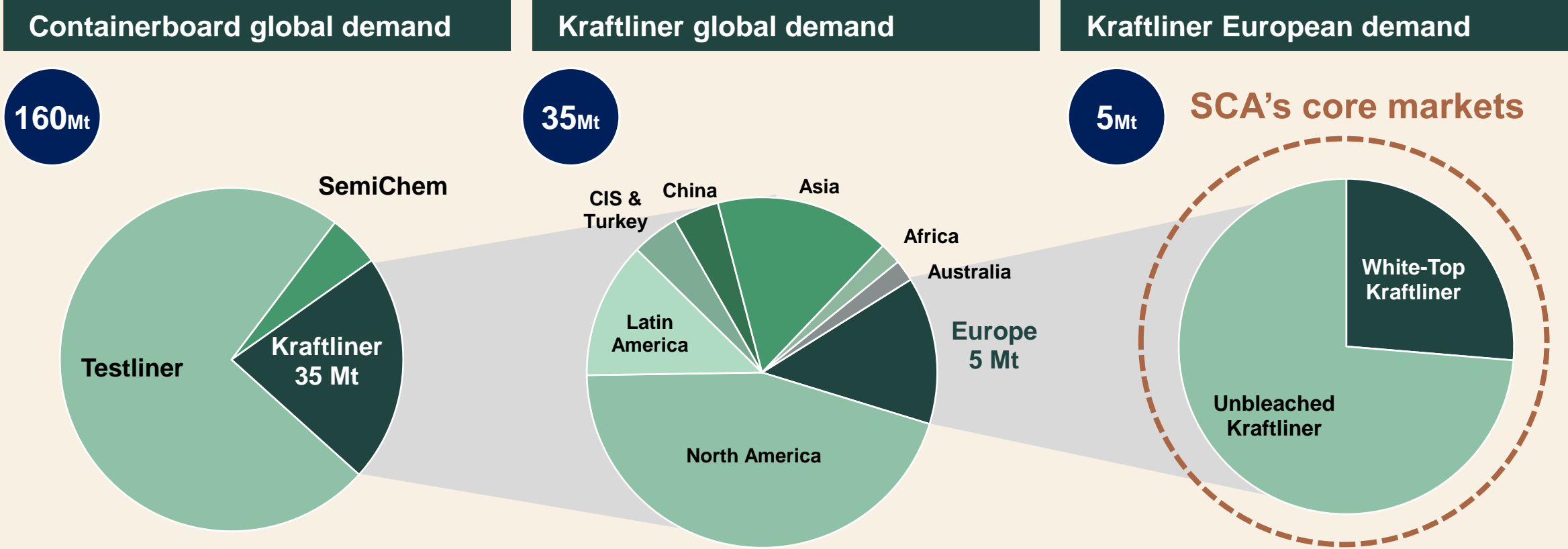
## Structural growth

- 3 E-commerce
- 4 Changes in retail
- 5 Sustainable packaging

Kraftliner demand growth



# SCA focuses on the European kraftliner market



Source: Numera. Deliveries.

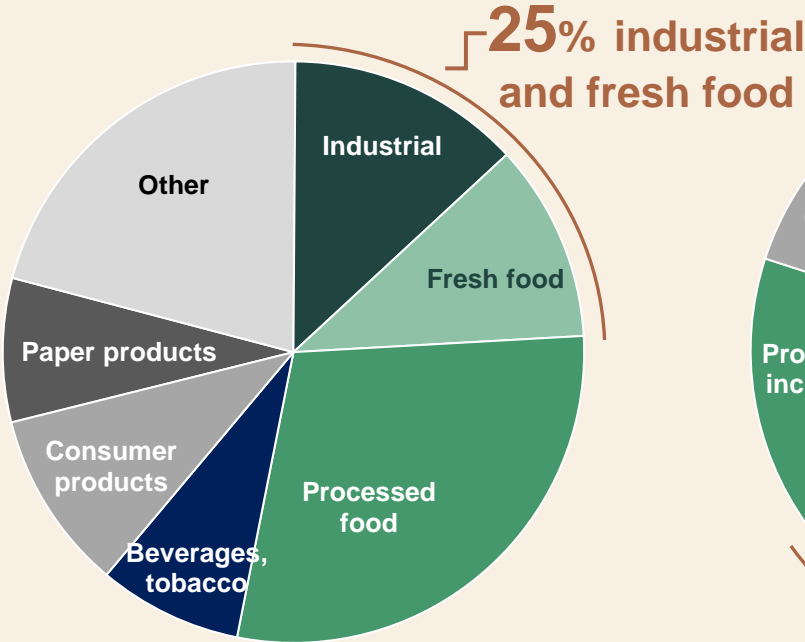




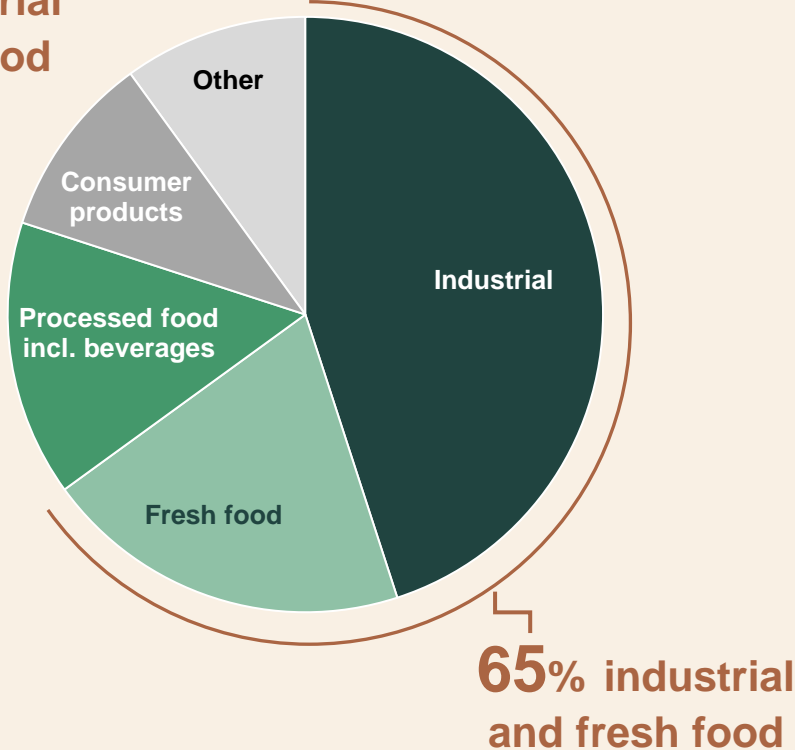
# Kraftliner for packaging that requires strength

## SCA's strong fiber suitable for kraftliner applications

Applications Containerboard



Applications Kraftliner



- 1 Climate variations in supply chain
- 2 Long distance transport
- 3 Material reduction
- 4 Food safety
- 5 Product safety

Source: Pöyry.

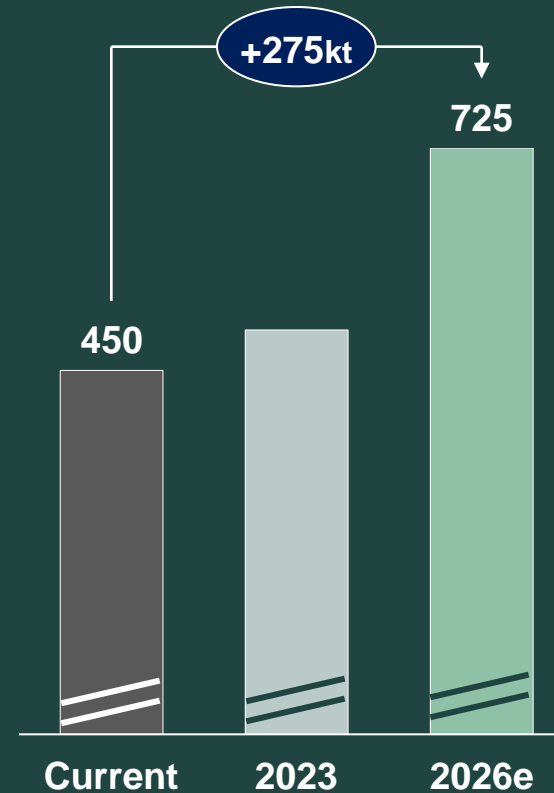


# Increased kraftliner production

New paper machine in Obbola started up year-end 2022

- Capacity of 725kt per year
  - Of which 275kt increased capacity
- 2026 first full year with full capacity

Production kraftliner in Obbola, kt



# Containerboard – strategic direction

1

Realize the full potential of the new paper machine in Obbola.

2

Continue to offer the market's best service and product range.

3

Continue to evaluate an expansion of the Munksund paper mill with a focus on speciality products, such as white-top and wet-strength kraftliner.



# Renewable energy

# Leading producer of renewable energy

Sales (SEKm)

1,879

EBITDA (SEKm)

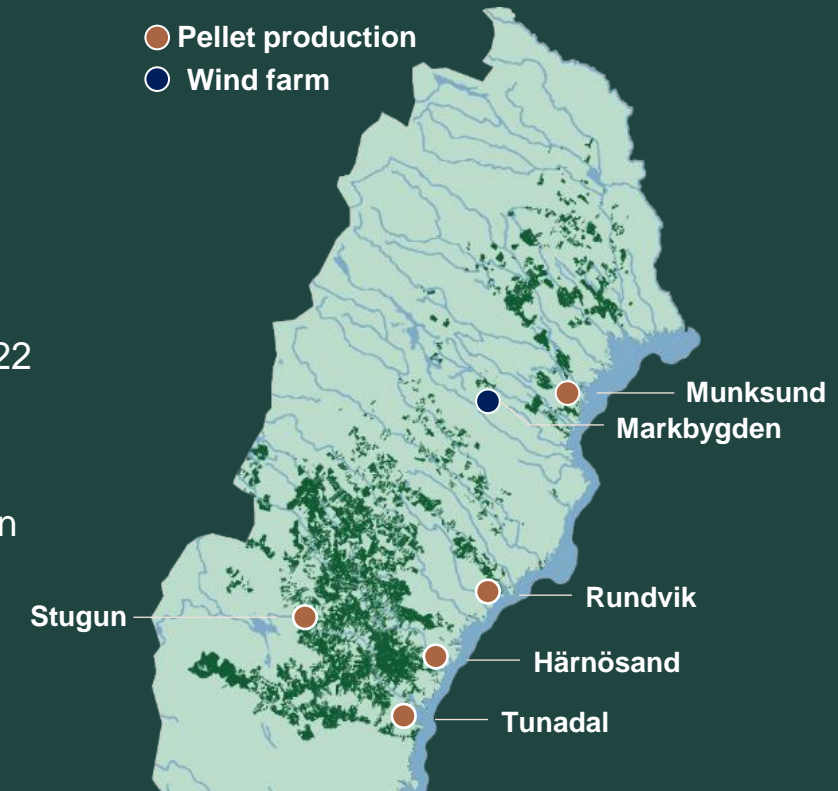
690

EBITDA margin

37%

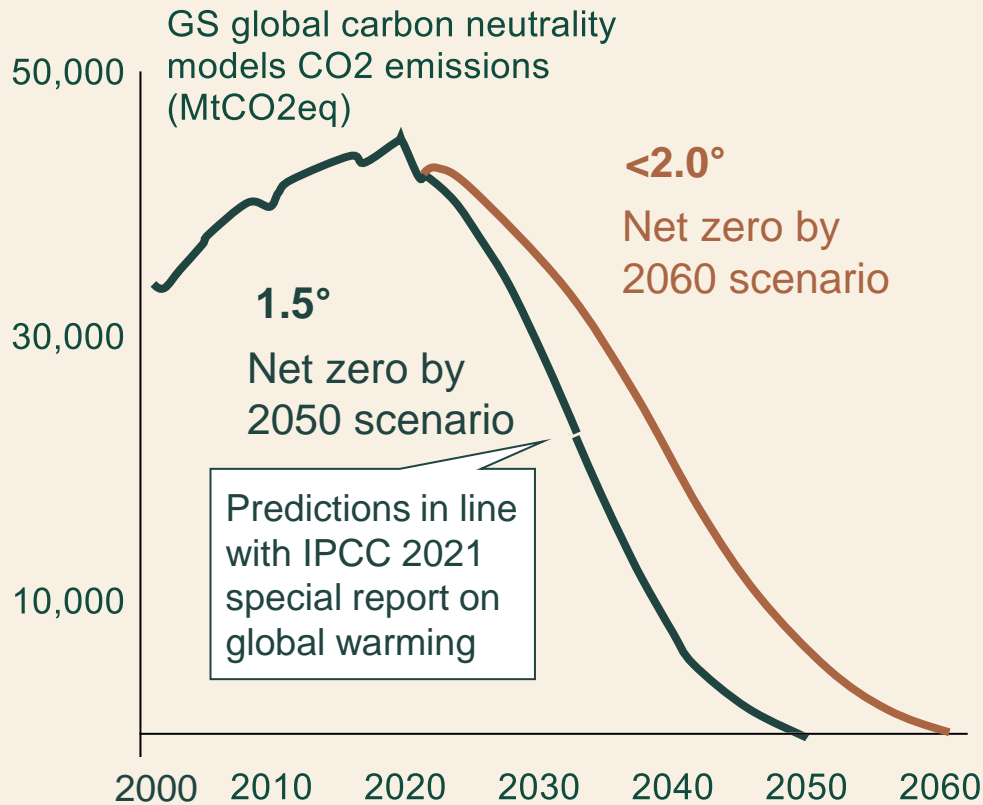
## SCA is a leading producer of renewable energy

- 20% of Sweden's wind power capacity installed at SCA's land
- Leading European producer of bioenergy
  - of which 9 TWh used internally
- Produces ~1% of Sweden's total electricity consumption in 2022 – 1.4 TWh green electricity
  - of which 300 GWh from own wind power
- **Products:** solid biofuels, wind power (leasing out land and own wind power), liquid biofuels (biorefinery in Gothenburg)

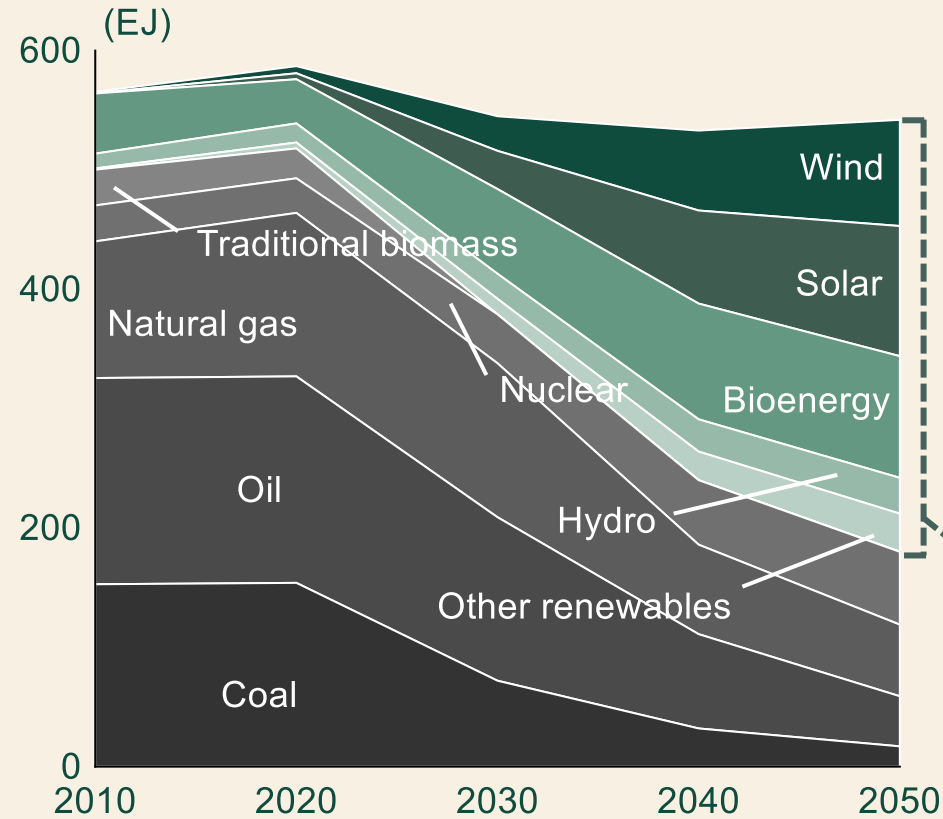


# Net Zero policy will shape demand for renewables

Global CO<sub>2</sub> emissions pathways to Net Zero



Global energy supply towards Net Zero



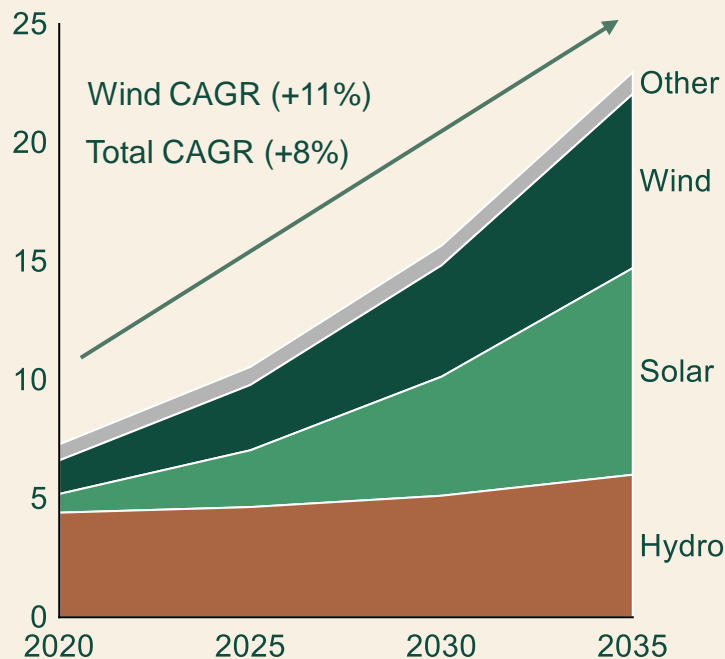
SCA has competitive advantages in...

- ➔ 1 Wind
- ➔ 2 Biofuels
- ➔ 3 Hydrogen & E-fuels  
More renewable energy enables PtX



# Renewable demand is growing significantly

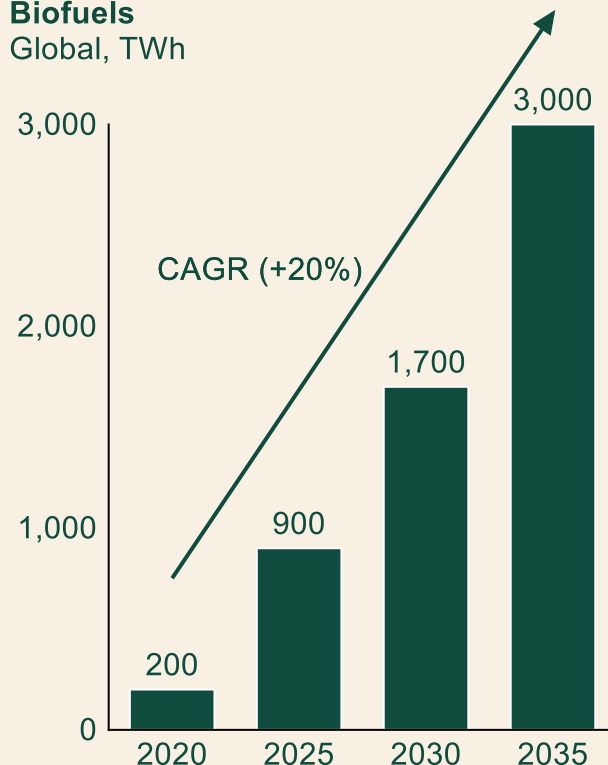
**1** Renewable electricity generation, Globally by source, PWh



Drivers of growth

LV transportation, industry processes & heating

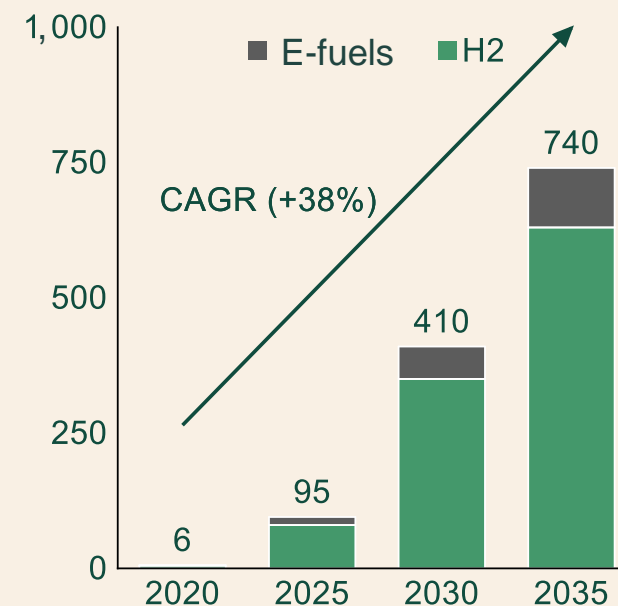
**2** Biofuels Global, TWh



Drivers of growth

Aviation, maritime & HD transportation

**3** Renewable hydrogen and E-fuels Global consumption, Mt



Drivers of growth

Industrial feedstock, maritime, aviation & HD transportation



# SCA uniquely positioned to capitalize on transformation towards renewables



## Wind power

**Ownership of land** with good wind conditions

**Current land lease agreements**

**Experience** from co-developing ~10 projects



**20% of Swedish wind power** on SCA land



## Biofuels

**Access to sustainable biomass feedstock**

**Existing infrastructure**

**Relation** to key technology suppliers and partners



**100kt liquid bio JV with St1**



## E-fuels

**Access to low-cost renewable energy**

**Access to biogenic CO<sub>2</sub>**

**Competences** from running large scale processing plants



**Future project opportunities at all of our mills**

# SCAs wind strategy for profitable growth

Working with three different business models to create maximum value

	Wind electricity producer	Project development	Land lease
Value creation	<ul style="list-style-type: none"><li>• High degree of self sufficiency in electricity</li></ul>	<ul style="list-style-type: none"><li>• Own project development on SCA land<ul style="list-style-type: none"><li>– For sale or own investment</li></ul></li></ul>	<ul style="list-style-type: none"><li>• SCA leases out land areas well-suited for electricity production</li></ul>
Position today	<ul style="list-style-type: none"><li>• 0.2 TWh today, 0.5 TWh including Fasikan (2026)<ul style="list-style-type: none"><li>– 100% self sufficiency</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Own pipeline</li><li>• Partnership with established project developers</li></ul>	<ul style="list-style-type: none"><li>• 20% of Sweden's wind power on SCA land</li></ul>

# SCA grows in wind power

Invests in wind power project and secures high degree of self sufficiency

Wind power investment of SEK 1.7 bn made 2023

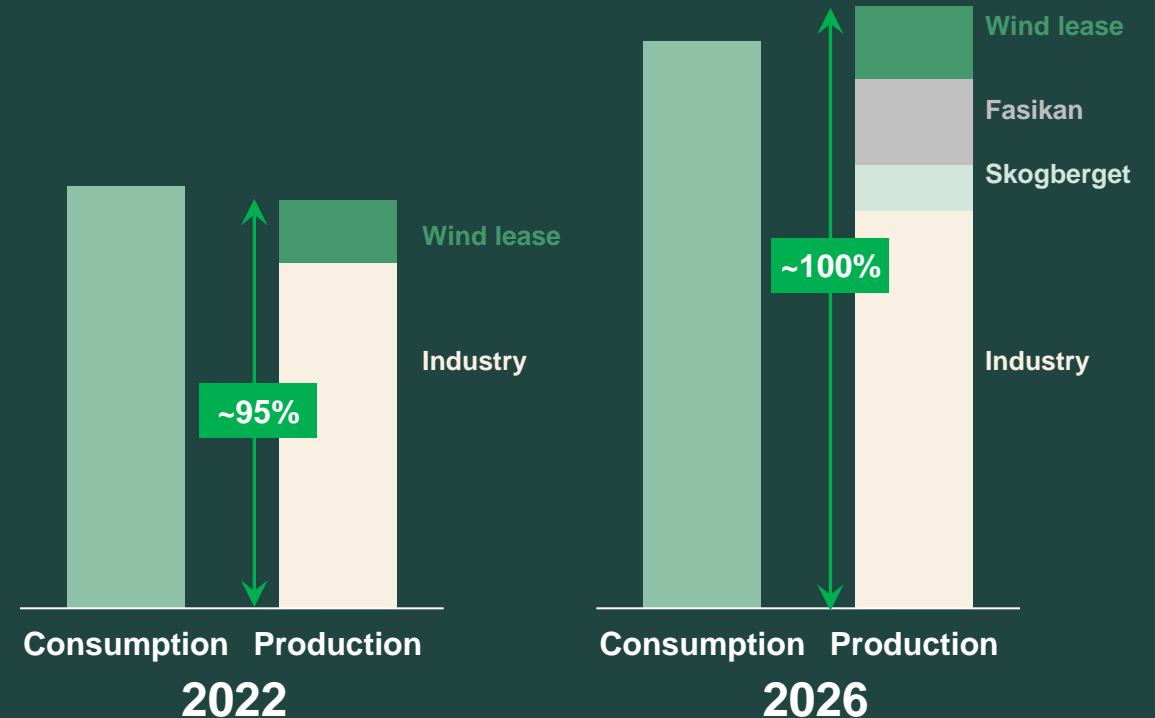
100% degree of self sufficiency in electricity

- Production capacity of 0,33 TWh/year fully located on SCA land

Expected start up beginning of 2026

- 15 turbines with installed effect of 105 MW

Good wind conditions and 240 meters tip heights gives very low production cost





# SCA is a leading producer of solid biofuels

## Yearly pellets production of 350k tonnes

- ~20% market share in Sweden

## 2.0 TWh external deliveries of wood pellets and unrefined residual products

- Customers mainly in Northern Sweden and Europe

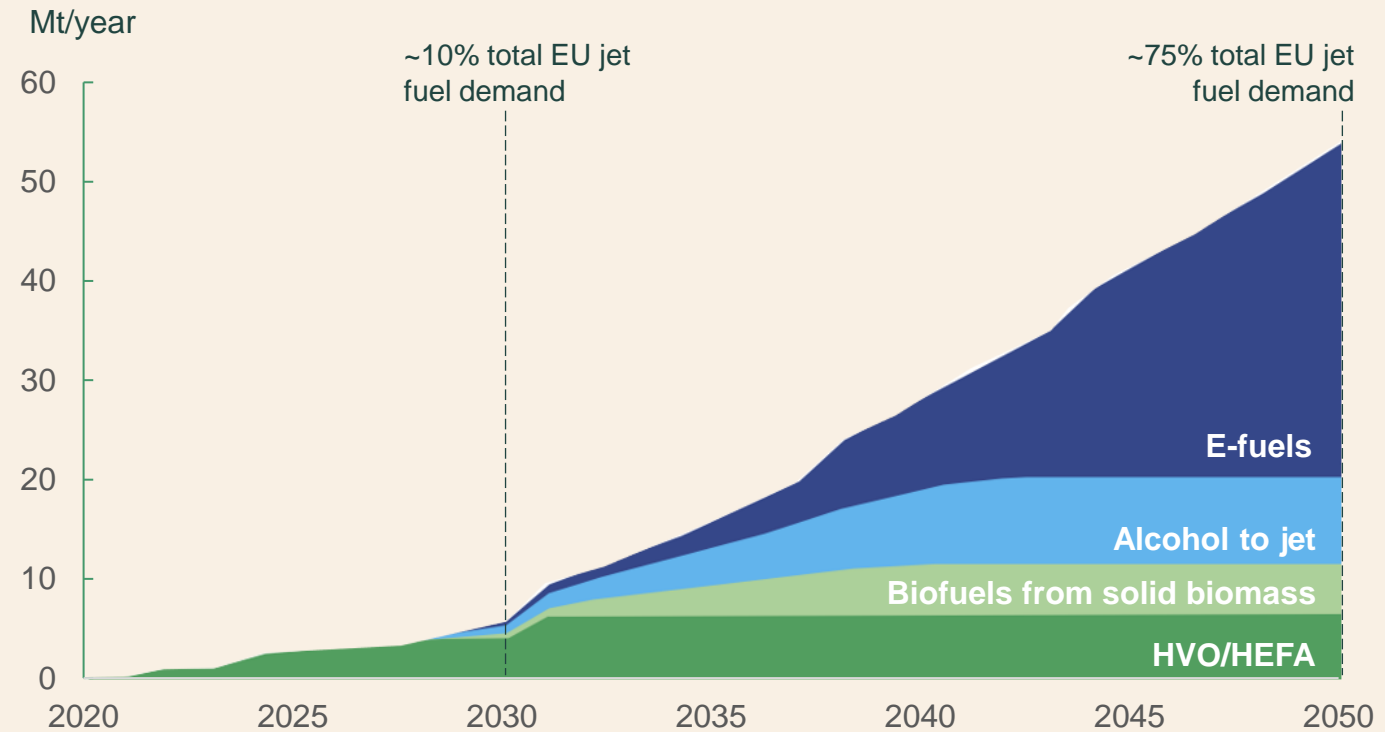
## Maintained leading position in Northern Sweden enables future transition towards liquid biofuels



# The market for renewable liquid fuels is expected to grow

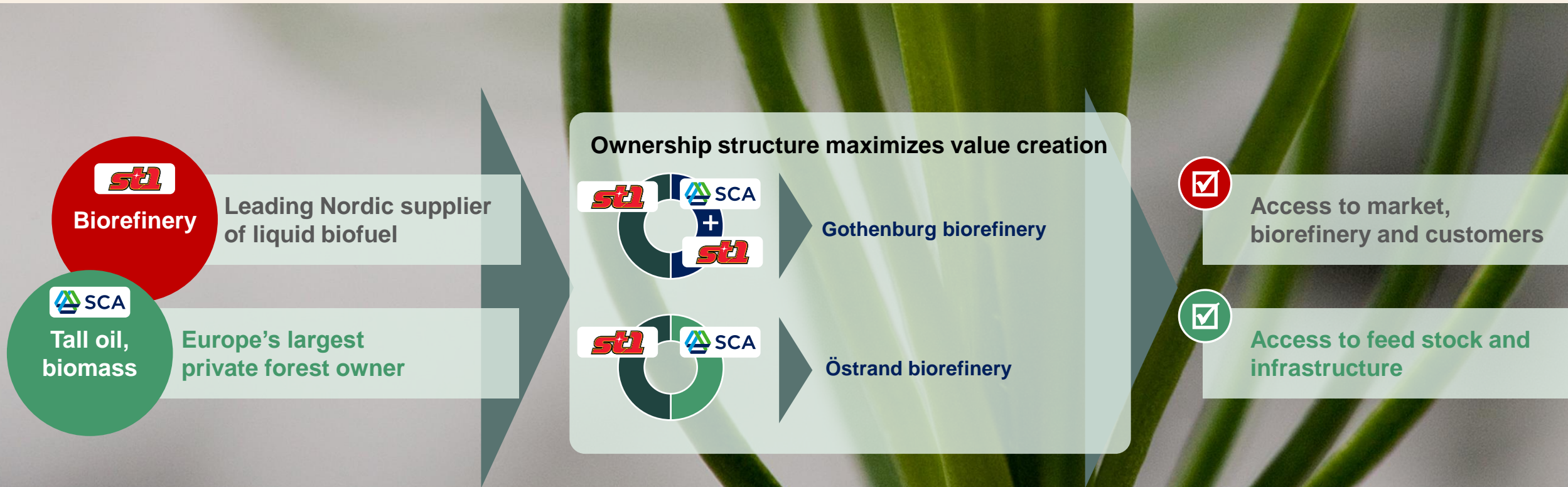
- 1 Greenhouse gas reduction quotas will increase as Europe redirects
- 2 Available biomass will not be sufficient
- 3 Access to renewable carbon dioxide and renewable electricity crucial

EU potential ramp-up of sustainable aviation fuel 2020-2050



# SCA and St1 creating two companies

## – from forest to fuel station



# Production of liquid biofuels

## Biorefinery in Gothenburg commissioned year-end 2023

- Jointly owned with St1
- Yearly capacity of 200 kt (SCA share 50 kt)

## Flexible design allowing the use of a wide range of feedstocks

## Capable of meeting current and future specifications of renewable fuels

- Includes HVO diesel, jet fuel, and naphtha





# Renewable energy – strategic direction

## 1 Wind power

- Invest in SCA's own wind power production to achieve a high degree of self-sufficiency in electricity.
- Develop a project portfolio for divestment or investment.
- Maximize wind power on SCA's land and increase lease income.

## 2 Liquid biofuels

- Realize the full potential of the biorefinery in Gothenburg.
- Develop opportunities for a possible biorefinery adjacent to Östrand.

## 3 Solid biofuels

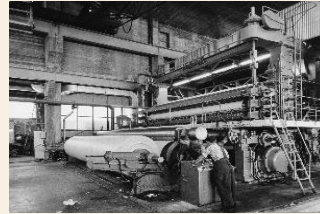
- Optimize production, product portfolio and profitability.
- Guarantee access to feedstock fuel.

# Share information

# Constantly changing world – but the forest always creates value



SCA invested in new kraft pulp production with the construction of the Östrand pulp mill



A newsprint mill was built in Ortvisen comprising two machines with a total capacity of 160,000 tonnes



SCA took the first step towards becoming a consumer goods company with the acquisition of the Swedish personal care company Mölnlycke



SCA is ramping up the newly commissioned strategic investments in Wood, Pulp and Containerboard, and entering renewable biofuel, creating value in and from the forest

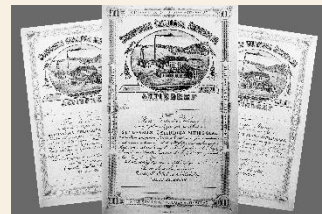
1929

The SCA Group was founded November 27, 1929

1932

1950

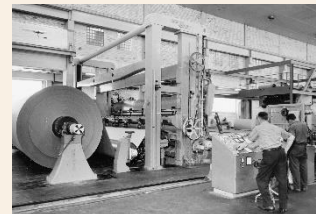
SCA was listed on the Stockholm Stock Exchange in 1950



1958

1961

SCA started its first kraftliner machine in Munksund marking the starting point for SCA's packaging business



1975

2017

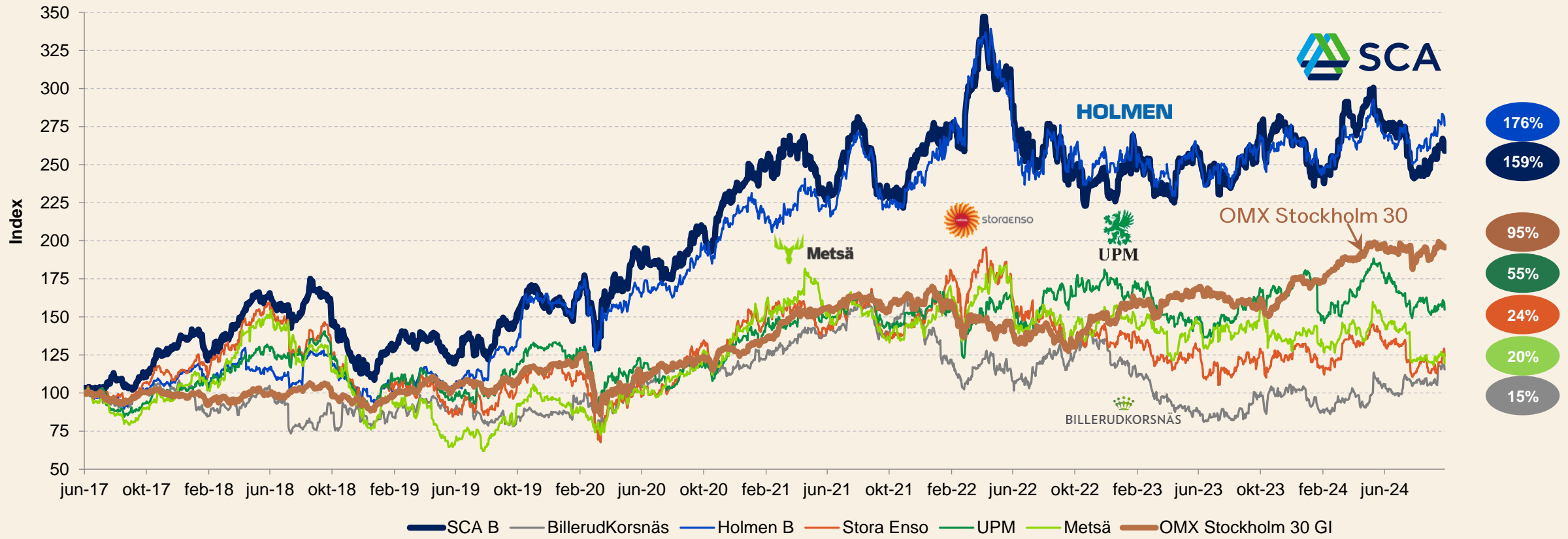
SCA was divided into two listed companies; the forest products company SCA and the hygiene and health company Essity



2023

# SCA's total shareholder return

Total shareholder return (TSR) since 2017



Source: FactSet.





# Shareholder structure

## SCA's largest shareholders as of September 30, 2024

#	Shareholder	Capital	Votes
1	Industrivärden	11.2%	29.6%
2	Norges Bank	7.2%	9.6%
3	AMF Pension & Fonder	9.5%	7.0%
4	Handelsbanken Pensionsstiftelse	1.4%	3.5%
5	BlackRock	4.9%	2.7%
6	Alecta Tjänstepension	4.8%	2.6%
7	T. Rowe Price	4.2%	2.3%
8	Vanguard	3.4%	2.0%
9	Livförsäkringsbolaget Skandia	0.5%	1.3%
10	Pensionskassan SHB Försäkringsförening	0.7%	1.3%
<b>Top 10</b>		<b>47.7%</b>	<b>61.9%</b>
Others		52.3%	38.1%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>

Number of shareholders

**~110,000**

Swedish ownership

**~61%**

Number of shares

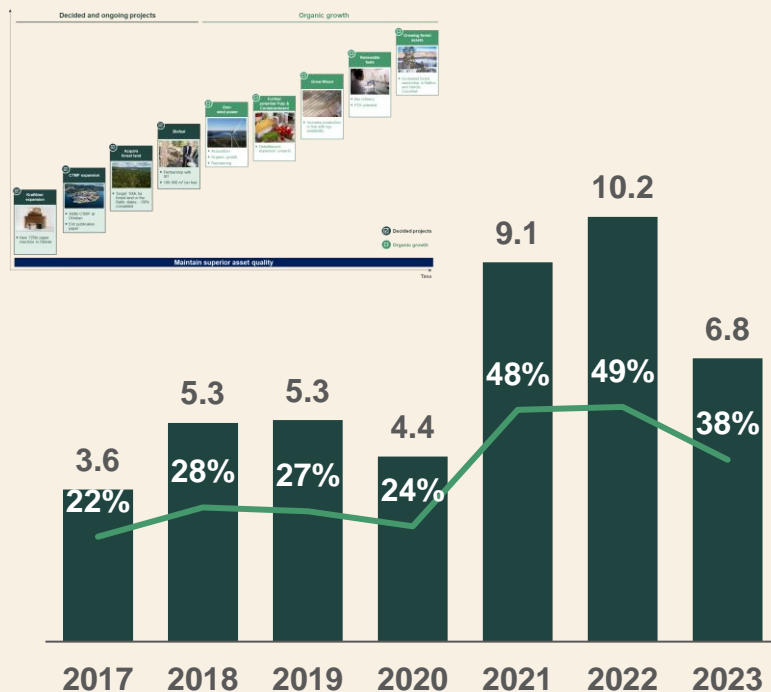
**702m**

# Capital allocation to secure long term profitable growth

1

## Profitable growth strategy

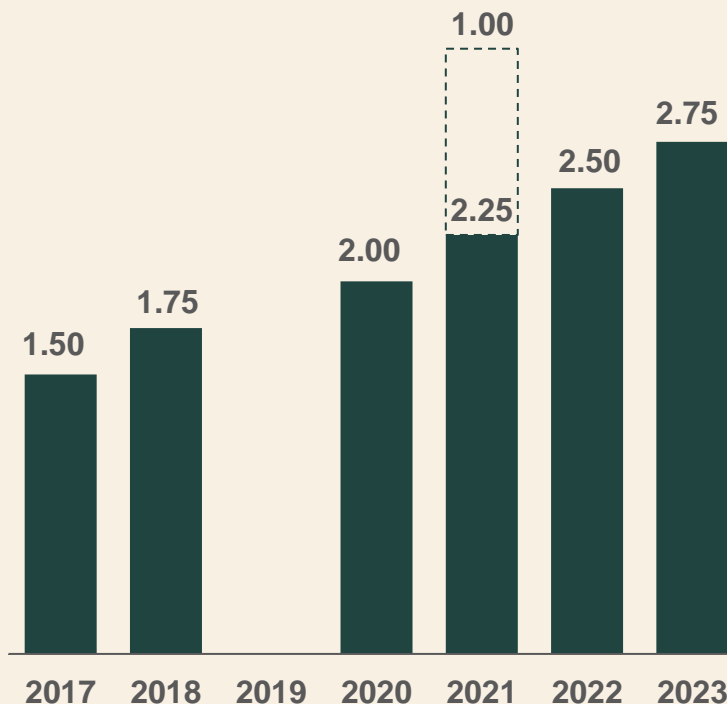
EBITDA (SEKbn) and EBITDA margin



2

## Stable and increasing dividend

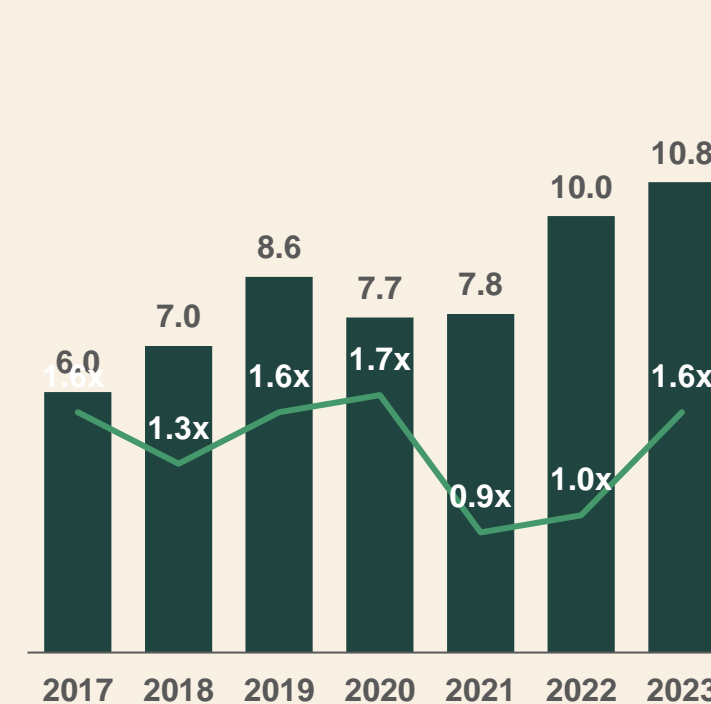
Dividend (SEK/share)



3

## Investment grade credit rating

Net debt (SEKbn) and leverage (ND/EBITDA)







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