

## 1 JANUARY–31 MARCH 2010 (compared with corresponding period a year ago)

- Net sales decreased by 6% (excluding exchange rate effects, net sales increased by 1%) to SEK 26,722m (28,327)
- Profit before tax excluding restructuring costs rose 16% (excluding exchange rate effects, by 20%) to SEK 1,748m (1,511)
- Restructuring costs in Packaging amounted to SEK 244m (0)
- Profit for the period, excluding restructuring costs, increased to SEK 1,259m (1,119)
- Earnings per share were SEK 1.53 (1.58)
- Cash flow from current operations was SEK 1,148m (1,640)

### EARNINGS TREND

| SEKm   | 1003          | 0903   | %  |
|--|---------------|--------|----|
| <b>Net sales</b>                             | <b>26,722</b> | 28,327 | -6 |
| <b>Gross profit</b>                          | <b>6,035</b>  | 6,332  | -5 |
| <b>Operating profit<sup>1</sup></b>          | <b>2,027</b>  | 2,136  | -5 |
| Financial items                              | -279          | -625   |    |
| <b>Profit before tax<sup>1</sup></b>         | <b>1,748</b>  | 1,511  | 16 |
| Tax <sup>1</sup>                             | -489          | -392   |    |
| <b>Net profit for the period<sup>1</sup></b> | <b>1,259</b>  | 1,119  | 13 |
| Earnings per share, SEK                      | 1.53          | 1.58   | -3 |

<sup>1</sup> Excluding restructuring costs for 2010 before tax SEK 244m and after tax SEK 176m.

### CEO'S COMMENTS

*Profit before tax, excluding restructuring costs, rose 16% (excluding exchange rate effects, 20%) to SEK 1,748m. Operating profit excluding restructuring costs decreased by 5% (excluding exchange rate effects, by 1%) to SEK 2,027m. Cash flow from current operations was SEK 1,148m. SCA's net debt decreased by SEK 9,129m, to SEK 38,713m. The debt repayment capacity rose to 35% (25%). Excluding the effect of exchange rate movements, net sales rose 1%.*

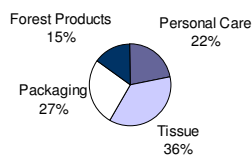
*For Personal Care, operating profit improved by 5% (excluding exchange rate effects, by 9%), mainly due to higher volumes and lower raw material costs. Operating profit for Tissue decreased by 18% (excluding exchange rate effects, by 13%) compared with the same period a year ago, mainly due to higher raw material costs and lower prices.*

*For Packaging, operating profit increased to SEK 192m (81). The improvement is mainly attributable to savings achieved from the restructuring programme, better capacity utilisation and higher prices. Costs for the restructuring programme have now been booked, and of the projected annual savings of SEK 1,070m, 70% have been achieved on an annual basis. Operating profit for Forest Products decreased by 16%. Improved earnings for pulp and solid-wood products failed to compensate for the lower earnings for publication papers, mainly on account of lower prices.*

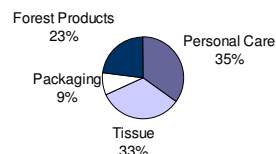
*Sharply higher raw material costs for pulp and recycled paper have an adverse impact on earnings. To address this, SCA is now carrying out price increases along with cost-cutting activities. The effects of these will be felt gradually during the second half of the year.*

*Demand for SCA's hygiene products remains stable, with favourable growth in prioritised emerging markets. In Packaging, market demand is expected to rise. The publication papers market in Europe is showing signs of a slight recovery, but from a low level. In solid-wood products, the market balance remains favourable.*

### SHARE OF NET SALES 1003



### SHARE OF OPERATING PROFIT 1003



## EARNINGS TREND FOR THE GROUP

| SEKm   | 1003          | 0903    | %  |
|--|---------------|---------|----|
| <b>Net sales</b>                             | <b>26,722</b> | 28,327  | -6 |
| Cost of goods sold                           | -20,687       | -21,995 |    |
| <b>Gross profit</b>                          | <b>6,035</b>  | 6,332   | -5 |
| Sales, general and administration            | -4,008        | -4,196  |    |
| <b>Operating profit<sup>1</sup></b>          | <b>2,027</b>  | 2,136   | -5 |
| Financial items                              | -279          | -625    |    |
| <b>Profit before tax<sup>1</sup></b>         | <b>1,748</b>  | 1,511   | 16 |
| Tax <sup>1</sup>                             | -489          | -392    |    |
| <b>Net profit for the period<sup>1</sup></b> | <b>1,259</b>  | 1,119   | 13 |

<sup>1</sup> Excluding restructuring costs for 2010 before tax SEK 244m and after tax SEK 176m.

### Earnings per share, SEK - owners of the parent

|                          |      |      |    |
|--------------------------|------|------|----|
| - after dilution effects | 1.53 | 1.58 | -3 |
|--------------------------|------|------|----|

### Margins (%)

|                                     |             |      |  |
|-------------------------------------|-------------|------|--|
| <b>Gross margin<sup>1</sup></b>     | <b>22.6</b> | 22.4 |  |
| <b>Operating margin<sup>1</sup></b> | <b>7.6</b>  | 7.5  |  |
| Financial net margin                | -1.0        | -2.2 |  |
| <b>Profit margin<sup>1</sup></b>    | <b>6.6</b>  | 5.3  |  |
| Tax <sup>1</sup>                    | -1.8        | -1.4 |  |
| <b>Net margin<sup>1</sup></b>       | <b>4.8</b>  | 3.9  |  |

<sup>1</sup> Excluding restructuring costs for 2010.

## OPERATING PROFIT PER BUSINESS AREA

| SEKm  | 1003         | 0903  | %   |
|---|--------------|-------|-----|
| Personal Care                                 | 737          | 704   | 5   |
| Tissue  | 710          | 864   | -18 |
| Packaging                                     | 192          | 81    | 137 |
| Forest Products                               | 487          | 583   | -16 |
| - <i>Publication papers</i>                   | -15          | 288   | n/a |
| - <i>Pulp, timber and solid-wood products</i> | 502          | 295   | 70  |
| Other   | -99          | -96   |     |
| <b>Total<sup>1</sup></b>                      | <b>2,027</b> | 2,136 | -5  |

<sup>1</sup> Excluding restructuring costs for 2010.

## OPERATING CASH FLOW PER BUSINESS AREA

| SEKm            | 1003         | 0903  | %   |
|-----------------|--------------|-------|-----|
| Personal Care   | 825          | 755   | 9   |
| Tissue          | 1,020        | 997   | 2   |
| Packaging       | -211         | -113  | -87 |
| Forest Products | 231          | 742   | -69 |
| Other           | -149         | 133   |     |
| <b>Total</b>    | <b>1,716</b> | 2,514 | -32 |

## GROUP

### MARKET/EXTERNAL ENVIRONMENT

The recovery in the global economy continues, but with significant regional differences. The emerging markets in Asia are driving the development, while Europe is showing a slow recovery.

The sharp rise in raw material prices that began during the second half of 2009 continued into the start of the year. Compared with the first quarter a year ago, the price of OCC, which is used to manufacture liner, rose more than 140% in Europe. In the USA, the price of recycled paper, which is used in our away-from-home (AFH) tissue segment, has risen by approximately 80%. In Europe the price has risen by 30%. The price of pulp, which is a key raw material for Tissue, has risen by more than 40%.

Growth in the European market for incontinence care products has been curbed by the economic downturn and strained public finances. The retail market continues show strong growth, but competition is fierce. In the USA, passage of the new healthcare reform will give new users access to incontinence care products over time.

In the consumer tissue market in Europe, campaign activity for branded products was at a continued high level. Demand in Europe for tissue in the away-from-home (AFH) market remains weak. However, in pace with the economic recovery, activity in key segments, such as the manufacturing industry and tourism, is now rising. Following last year's falling demand, the market in the USA is now showing signs of recovery.

Demand in Europe for corrugated board was up 3% through February 2010 compared with the same period a year ago. Prices of liner continued to rise during the first quarter of the year, and prices of corrugated board are now also beginning to rise.

During the first quarter of 2010, demand in Europe for magazine paper (SC and LWC paper) rose nearly 4%, while demand for newsprint rose 2%. The price of publication papers has fallen by 15%-20%.

The market balance for solid-wood product is currently relatively favourable. New construction has bottomed out, and several markets are showing signs of a cautious recovery. In many markets, remodelling activity has been at a high level.

### SALES AND EARNINGS

Net sales decreased by 6% (excluding exchange rate effects, net sales increased by 1%) compared with a year ago and amounted to SEK 26,722m (28,327). Lower prices, particularly for tissue and publication papers, affected sales negatively by 1%. Higher volumes increased sales by 2%.

Operating profit, excluding restructuring costs of SEK 244m, decreased by 5% (excluding exchange rate effects, by 1%) to SEK 2,027m (2,136). Higher volumes for Personal Care and Packaging increased profit. Lower energy costs, particularly for Tissue, also had a favourable effect. Lower prices, particularly for tissue and publication papers, and higher costs for raw materials, had a lowering effect on profit.

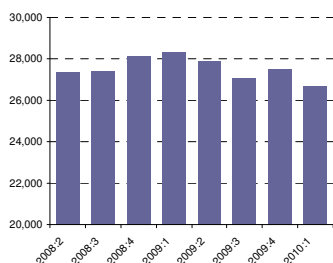
Net financial items decreased to SEK -279m (-625). Lower interest rates, together with the effect of lower net debt and exchange rate movements, had a favourable impact. Profit before tax, excluding restructuring costs, increased by 16% (excluding exchange rate effects, by 20%) to SEK 1,748m (1,511). The tax expense excluding restructuring costs was SEK -489m (-392).

Profit for the period, excluding restructuring costs of SEK 176m after tax, improved by 13% to SEK 1,259m (1,119). Earnings per share were SEK 1.53 (1.58).

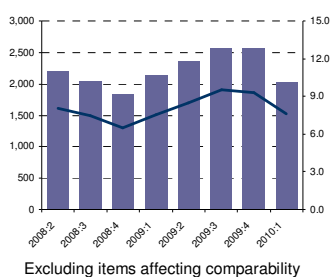
#### First quarter 2010 compared with fourth quarter 2009

Net sales decreased by 3% (excluding exchange rate effects, by 1%) to SEK 26,722m (27,507). Lower volumes reduced sales by 1%.

Net sales

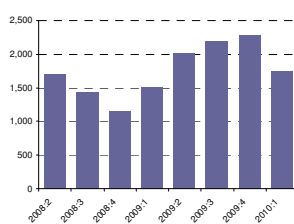


Operating profit and margin



Excluding items affecting comparability

Profit before tax



Excluding items affecting comparability

Operating profit fell 21% excluding restructuring costs, which amounted to SEK 244m during the first quarter of 2010 and SEK 632m during the fourth quarter of 2009. Higher raw material and energy costs together with seasonally lower volumes for hygiene products reduced profit. Savings from the restructuring programme in Packaging had a favourable effect on profit. Exchange rate movements had a marginal impact on operating profit.

Profit before tax, excluding restructuring costs, deteriorated by 23%. Profit for the first quarter, excluding restructuring costs, was SEK 1,259m (1,727). Earnings per share were SEK 1.53 (1.72).

## CASH FLOW AND FINANCING

Operating cash surplus decreased to SEK 3,319m (3,526). Working capital increased as a result of higher trade accounts receivable and larger inventories. The increase in inventories is attributable to higher raw material prices. The cash flow effect of the change in working capital was SEK -1,107m (123). Working capital in relation to net sales was 8% (10%). Current capital expenditures were lower than a year ago and amounted to SEK 326m (898). Operating cash flow was lower than a year ago and amounted to SEK 1,716m (2,514).

Financial items decreased to SEK -279m (-625). Tax payments were slightly higher than a year ago and totalled SEK 290m (240). Cash flow from current operations was lower and amounted to SEK 1,148m (1,640).

Strategic investments amounted to SEK 379m (715), while acquisitions and divestments amounted to SEK -5m (-1). Net cash flow was SEK 764m (924).

Net debt decreased by SEK 1,717m since the start of the year, to SEK 38,713m. Net cash flow reduced net debt by SEK 764m, while fair value measurement of pension assets, pension obligations and financial instruments decreased net debt by SEK 276m. Exchange rate movements caused by the strengthening of the Swedish krona decreased net debt by SEK 677m. The debt/equity ratio was 0.57 (0.60 at the beginning of the year). The debt payment capacity improved to 35% (22%).

As per 31 March 2010, SCA had outstanding commercial paper worth SEK 6,041m maturing in 12 months. On this same date, unutilised long-term credit facilities amounted to SEK 32,048m. Cash and cash equivalents amounted to SEK 2,534m.

## EQUITY

Consolidated equity increased during the period by SEK 131m to SEK 68,037m. Net profit for the period increased equity by SEK 1,083m. Equity increased through measurement of the net pension liability at fair value, by SEK 155m after tax. Fair value measurement of financial instruments increased equity by SEK 165m after tax. Exchange rate movements, including the effect of hedges of net foreign assets, decreased equity by SEK 1,272m.

## TAX

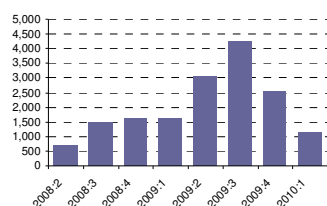
A tax expense of approximately 28% is reported for the period, which is also the estimated tax rate for the full year 2010.

## OTHER EVENTS

SCA has initiated an efficiency improvement project in its European baby diaper operations by initiating the closure of the plant for personal care products in Linselles, France. The plant closure is planned for mid-2011 and will affect approximately 280 employees. A reduction in the workforce at the company's plant in Hoogezaand, Netherlands, will also be carried out. The efficiency improvement project will affect approximately 50 employees by year-end 2010. The total cost is estimated to be EUR 60m, including EUR 10m for asset depreciation, and will be booked during the second and third quarters of 2010.

The annual savings are estimated at EUR 15m and are expected to be achieved starting with the third quarter of 2011.

Cashflow from current operations

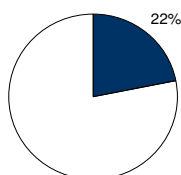


### **EVENTS AFTER THE END OF THE QUARTER**

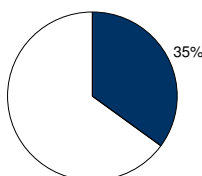
In early April 2010, Camilla Weiner was named as the new Senior Vice President of Corporate Communications. Ms Weiner will assume her position after summer 2010 and will be a member of SCA's Corporate Senior Management Team.

## PERSONAL CARE

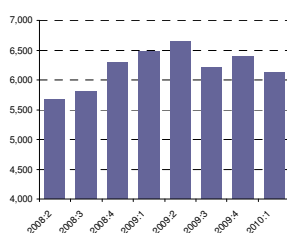
Share of Group, net sales  
1003



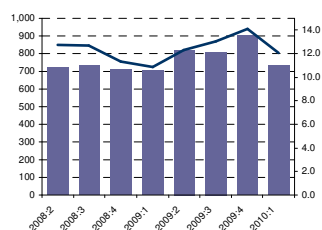
Share of Group, operating profit  
1003



Net sales



Operating profit and margin



Deviations, operating profit (%)  
1003 vs. 0903

| Category     | Deviation (%) |
|--------------|---------------|
| Price/mix    | -13           |
| Volume       | 15            |
| Raw material | 22            |
| Energy       | 0             |
| Currency     | -4            |
| Other        | -15           |
| <b>Total</b> | <b>5</b>      |

| SEKm                | 1003  | 0903  | %  |
|---------------------|-------|-------|----|
| Net sales           | 6,109 | 6,476 | -6 |
| Operating surplus   | 1,043 | 988   | 6  |
| Operating profit    | 737   | 704   | 5  |
| Operating margin, % | 12.1  | 10.9  |    |
| Operating cash flow | 825   | 755   |    |

In Europe, SCA – through its Tena brand – is the market leader in all incontinence care product segments, despite tougher competition. In the retail market, which continues to show strong growth, Tena is clearly the dominant brand in most Western European markets. SCA is now selectively launching an economy line of products in this segment in Europe.

In baby diapers, SCA is upholding its strong market-leading position in the Nordic countries, with an approximate 60% market share for the Libero brand. In Russia, SCA successfully launched a new pant diaper in the budget segment under the Libero brand. All of SCA's markets in south-east Asia are showing continued favourable growth, and SCA has strengthened its position as the market leader in Malaysia.

In the Nordic market for feminine care products, demand for products under SCA's Libresse brand is rising. Demand is favourable in Mexico, and with its Saba brand SCA has a strong position.

### January–March 2010 compared with corresponding period a year ago

Net sales decreased by 6% (excluding exchange rate effects, net sales were unchanged) to SEK 6,109m (6,476). Sales rose by 2% as a result of higher volumes and acquisitions, but decreased by 2% as a result of a slight change in the product mix and lower prices. In emerging markets, sales rose by 7% excluding currency movements.

Sales of Tena-brand incontinence products rose 3%, excluding exchange rate effects. Growth in the markets in Latin America, Russia and Eastern Europe remained very favourable.

Sales of baby diapers fell 9%, excluding exchange rate effects. The decrease is mainly associated with lower volumes in Europe for products sold under retailers' private labels.

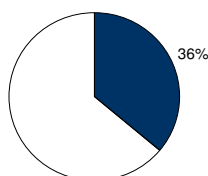
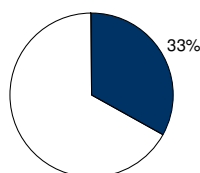
Sales of feminine care products rose 9%, excluding exchange rate effects. Favourable growth in the markets in Russia and Eastern Europe, together with the acquisition in Argentina, contributed to the increase.

Operating profit was 5% higher (excluding exchange rate effects, 9%) than a year ago and amounted to SEK 737m (704). Profit was favourably affected by higher volumes for incontinence care products and lower raw material costs. Lower prices and a changed product mix, as well as higher manufacturing and marketing costs, had a negative effect on earnings. The higher marketing costs, which are included in the item Other in the deviation analysis, are partly attributable to the continued focus on emerging markets in Russia and Eastern Europe.

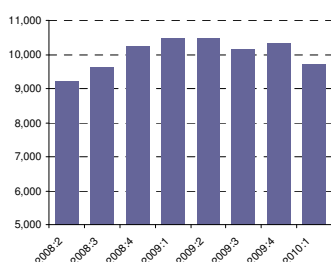
Operating cash surplus increased slightly to SEK 1,043m (997), while operating cash flow increased to SEK 825m (755). Cash flow increased as a result of the higher operating cash surplus and lower level of current capital expenditures, while a higher level of working capital reduced cash flow.

### First quarter 2010 compared with fourth quarter 2009

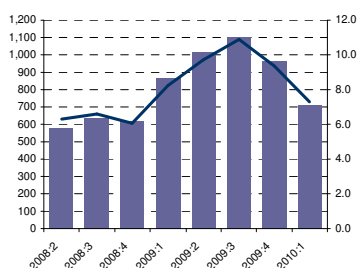
Net sales were down 4% compared with the fourth quarter of 2009. Operating profit decreased by 18%. Earnings fell as a result of a changed product mix, together with lower volumes resulting from high sales prior to year-end. Exchange rate movements had only a marginal impact on profit.

Share of Group, net sales  
1003Share of Group, operating profit  
1003

Net sales



Operating profit and margin



Deviations, operating profit (%)

| 1003 vs. 0903 |     |
|---------------|-----|
| Price/mix     | -24 |
| Volume        | 5   |
| Raw material  | -39 |
| Energy        | 15  |
| Currency      | -5  |
| Other         | 30  |

## TISSUE

| SEKm                | 1003  | 0903   | %   |
|---------------------|-------|--------|-----|
| Net sales           | 9,728 | 10,466 | -7  |
| Operating surplus   | 1,256 | 1,498  | -16 |
| Operating profit    | 710   | 864    | -18 |
| Operating margin, % | 7.3   | 8.3    |     |
| Operating cash flow | 1,020 | 997    |     |

Implementation of the new brand platform in Europe continues in the aim of reducing the number of brands and using specific brands for personal care products and products for use in the home and households, respectively. In Russia, SCA's Zewa brand strengthened its leading position in consumer tissue.

As a result of sharply rising raw material costs, price increases are now being carried out for both consumer tissue and tissue in the AFH segment. These will gradually have effect during the second half of the year.

### January–March 2010 compared with corresponding period a year ago

Net sales fell 7% to SEK 9,728m (10,466) (excluding exchange rate effects, net sales were unchanged). Sales increased by 1% as a result of higher volumes in the AFH segment. Sales in emerging markets increased by 2%, excluding exchange rate movements.

Sales of consumer tissue fell 3%, excluding exchange rate effects. The decrease is mainly related to markets in Western Europe.

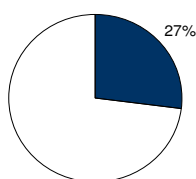
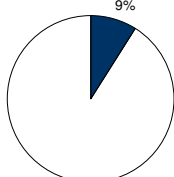
For AFH tissue, sales rose 6%, excluding exchange rate effects. The markets in Western Europe and Latin American showed favourable growth.

Operating profit decreased by 18% (excluding exchange rate effects, by 13%) to SEK 710m (864). Higher raw material costs, together with lower prices and a changed product mix, had a negative effect on profit. Higher volumes and lower energy costs, together with lower distribution costs, had a favourable effect on profit.

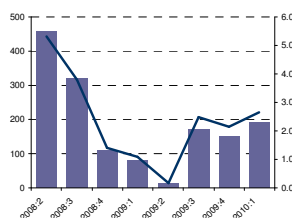
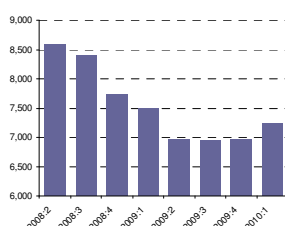
Operating cash surplus decreased to SEK 1,261m (1,486), and operating cash flow increased to SEK 1,020m (997). Despite the lower operating cash surplus, cash flow strengthened as a result of a lower level of tied-up working capital and lower level of current net capital expenditures.

### First quarter 2010 compared with fourth quarter 2009

Net sales were down 6% compared with the fourth quarter of 2009. Operating profit deteriorated by 26%. Higher raw material costs and slightly lower volumes reduced profit. Exchange rate movements had only a marginal impact on operating profit.

Share of Group, net sales  
1003Share of Group, operating profit  
1003

Net sales



Deviations, operating profit (%)

| 1003 vs. 0903 | 137  |
|---------------|------|
| Price/mix     | -42  |
| Volume        | 151  |
| Raw material  | -248 |
| Energy        | 23   |
| Currency      | -15  |
| Other         | 268  |

## PACKAGING

| SEKm                                       | 1003  | 0903  | %   |
|--|-------|-------|-----|
| Deliveries                                 |       |       |     |
| - Liner products, thousand tonnes          | 526   | 540   | -3* |
| - Corrugated board, million m <sup>2</sup> | 875   | 834   | 5   |
| Net sales                                  | 7,253 | 7,495 | -3  |
| Operating surplus <sup>1</sup>             | 567   | 518   | 9   |
| Operating profit <sup>1</sup>              | 192   | 81    | 137 |
| Operating margin, % <sup>1</sup>           | 2.6   | 1.1   |     |
| Operating cash flow                        | -211  | -113  |     |

1) Excluding restructuring costs, which are reported as items affecting comparability outside of the Packaging business area.

\*) Adjusted for the change in volume resulting from the closure of the New Hythe testliner mill, deliveries increased by 6%.

Demand for corrugated board in Europe is rising, as are prices.

In the ongoing restructuring programme, the announced closures of 11 corrugated board plants and the testliner plant in the UK have been carried out. Personnel reductions corresponding to approximately 1,600 positions have been carried out. The restructuring costs for the first quarter of 2010 amounted to SEK 244m, and all costs for the restructuring programme have thereby been booked. At the end of the first quarter of 2010, 70% of the projected annual savings of SEK 1,070m had been achieved.

### January–March 2010 compared with corresponding period a year ago

Net sales decreased by 3% (excluding exchange rate movements, an increase by 5%) to SEK 7,253m (7,495). The closure of the New Hythe testliner mill in the UK in 2009 reduced sales by 2%. Higher prices and volumes increased sales by 2% and 5%, respectively.

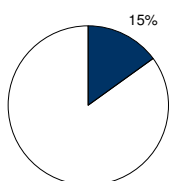
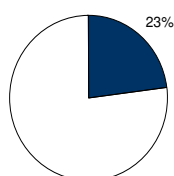
Operating profit improved by 137% (excluding exchange rate effects, by 152%) to SEK 192m (81), mainly due to higher prices and volumes, and savings from the ongoing restructuring programme. Higher raw material costs reduced the earnings improvement.

Operating cash surplus improved slightly to SEK 559m (503), and operating cash flow was SEK -211m (-113). A higher level of tied-up working capital and higher outgoing payments for the restructuring programme were partly compensated by positive effects from a lower level of current capital expenditures.

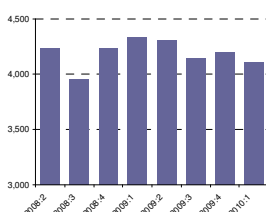
### First quarter 2010 compared with fourth quarter 2009

Net sales were up 4% over the fourth quarter of 2009. Operating profit rose 29% (excluding exchange rate effects, 33%). Higher prices and volumes, and savings from the restructuring programme increased profit. Higher raw material costs reduced profit.

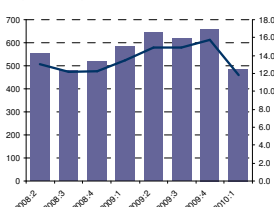


Share of Group, net sales  
1003Share of Group, operating profit  
1003

Net sales



Operating profit and margin



Deviations, operating profit (%)

| 1003 vs. 0903 |     |
|---------------|-----|
| Price/mix     | -31 |
| Volume        | 3   |
| Raw material  | 4   |
| Energy        | 6   |
| Currency      | 0   |
| Other         | 2   |

## FOREST PRODUCTS

| SEKm   | 1003  | 0903  | %   |
|--|-------|-------|-----|
| Deliveries                                     |       |       |     |
| - Publication papers, thousand tonnes          | 397   | 380   | 4   |
| - Solid-wood products, thousand m <sup>3</sup> | 424   | 416   | 2   |
| Net sales                                      | 4,110 | 4,333 | -5  |
| Operating surplus                              | 828   | 928   | -11 |
| Operating profit                               | 487   | 583   | -16 |
| Operating margin, %                            | 11.8  | 13.5  |     |
| Operating cash flow                            | 231   | 742   |     |

The advertising market is still sluggish, and the improvement in demand in Europe for publication papers is taking place in the context of weak comparison figures. Prices in the European market are now judged to have stabilised following a sharp downturn at the start of the year.

The market balance for solid-wood products is relatively favourable, and prices are showing a positive trend.

### January–March 2010 compared with corresponding period a year ago

Net sales fell 5% (excluding exchange rate effects, 3%) to SEK 4,110m (4,333). Sales decreased by 9% as a result of lower prices for publication papers, while higher prices for pulp and solid-wood products had a favourable effect on sales, by 5%. Higher volumes increased sales by 1%.

Operating profit fell 16% to SEK 487 (583). Profit for the publication paper operations fell sharply to SEK -15m (288) as a result of lower prices. Operating profit for the pulp and solid-wood operations increased as a result of higher prices. Exchange rate movements had only a marginal impact on profit.

Operating cash surplus decreased to SEK 547m (612), and operating cash flow decreased to SEK 231m (742). The lower operating cash surplus, together with a higher level of tied-up working capital, contributed to the decrease.

### First quarter 2010 compared with fourth quarter 2009

Net sales were down 2% compared with the fourth quarter of 2009. Operating profit fell 26%. Lower prices and higher raw material costs in the publishing paper operations were slightly counteracted by higher prices in the pulp operations. Exchange rate movements had a marginal impact on profit.

## SHARE DISTRIBUTION

| 31 March 2010               | Class A     | Class B     | Total       |
|-----------------------------|-------------|-------------|-------------|
| Registered number of shares | 102,152,099 | 602,957,995 | 705,110,094 |
| - of which treasury shares  |             | 2,767,605   | 2,767,605   |

At the end of the period, the proportion of Class A shares was 14.5%. After the end of the first quarter, at the request of shareholders, a total of 228 Class A shares were converted to Class B shares. The total number of votes in the company thereafter amounts to 1,624,476,933.

## RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 46–51 of the 2009 Annual Report. No significant changes have taken place that have affected the reported risks.

Risks in conjunction with company acquisitions are analysed in the due diligence processes that SCA carries out prior to all acquisitions. In cases where acquisitions have been carried out that may affect the assessment of SCA's risk exposure, these are described under the heading "Other events" in interim reports. No significant acquisitions have been made during the period.

### Risk management processes

SCA's board decides on the Group's strategic focus, based on recommendations made by Group management. Responsibility for the long-term, overall management of strategic risks corresponds to the company's delegation structure, from the Board to the CEO and from the CEO to the business area heads. This means that most operational risks are managed by SCA's business areas at the local level, but that they are co-ordinated when considered necessary. The tools used in this co-ordination consist primarily of the business areas' regular reporting and the annual strategy process, where risks and risk management are a part of the process.

SCA's financial risk management is centralised, as is the Group's internal bank for the Group companies' financial transactions and management of the Group's energy risks. Financial risks are managed in accordance with the Group's finance policy, which is adopted by SCA's board and which – together with SCA's energy risk policy – makes up a framework for risk management. Risks are compiled and followed up on a regular basis to ensure compliance with these guidelines. SCA has also centralised other risk management.

SCA has a staff function for internal audit, which ensures that the organisation is in compliance with the Group's policies.

## RELATED PARTY TRANSACTIONS

No transactions have been carried out between SCA and related parties that had a material impact on the company's financial position and results of operations.

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1.3 of the Swedish Financial Reporting Board (RFR), and with regard to the Parent Company, according to RFR 2.3. The accounting principles applied correspond to those described in the 2009 Annual Report, except for with respect to a number of amendments to existing standards and new interpretations that took effect on 1 January 2010. For SCA, IFRS 3 (revised) Business Combinations and IAS 27 (revised) Consolidated and Separate Financial Statements, are judged to be relevant for the structuring of the financial statements and their accounting principles.

## FUTURE REPORTS

Interim reports will be released in 2010 on 21 July and 28 October.

### Invitation to press conference on Q1

The media and analysts are invited to attend a webcast press conference at which SCA's first quarter interim report will be presented by Jan Johansson, President and CEO.

Time: Monday, 26 April, 13.00 CET.

The press conference will be webcast live at [www.sca.com](http://www.sca.com), as it is being held on the same date as SCA's Annual General Meeting. The Annual General Meeting will be held at Tonhallen in Sundsvall, Sweden, and will begin at 15.00 CET.

It is also possible to participate in the press conference by phone, by calling +44 20 7162 0077, +1 334 323 6201, or +46-8-5052 0110.

Stockholm, 26 April 2010  
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Jan Johansson  
President and CEO

**OPERATING CASH FLOW ANALYSIS**

| SEKm   | 1003           | 0903           |
|--|----------------|----------------|
| Operating cash surplus                       | 3,319          | 3,526          |
| Change in working capital                    | -1,107         | 123            |
| Current capital expenditures, net            | -326           | -898           |
| Restructuring costs, etc.                    | -170           | -237           |
| <b>Operating cash flow</b>                   | <b>1,716</b>   | <b>2,514</b>   |
| Financial items                              | -279           | -625           |
| Income taxes paid                            | -290           | -240           |
| Other  | 1              | -9             |
| <b>Cash flow from current operations</b>     | <b>1,148</b>   | <b>1,640</b>   |
| Acquisitions                                 | -5             | -1             |
| Strategic capital expenditures, fixed assets | -379           | -715           |
| Divestments                                  | 0              | 0              |
| <b>Cash flow before dividend</b>             | <b>764</b>     | <b>924</b>     |
| Dividend                                     | 0              | 0              |
| <b>Cash flow after dividend</b>              | <b>764</b>     | <b>924</b>     |
| Sale of treasury shares                      | 0              | 0              |
| <b>Net cash flow</b>                         | <b>764</b>     | <b>924</b>     |
| <b>Net debt at the start of the period</b>   | <b>-40,430</b> | <b>-47,002</b> |
| Net cash flow                                | 764            | 924            |
| Remeasurement to equity                      | 276            | -1,348         |
| Currency effects                             | 677            | -416           |
| <b>Net debt at the end of the period</b>     | <b>-38,713</b> | <b>-47,842</b> |
| <b>Debt/equity ratio</b>                     | <b>0.57</b>    | <b>0.70</b>    |
| <b>Debt payment capacity, %</b>              | <b>35</b>      | <b>25</b>      |

**CASH FLOW STATEMENT**

| SEKm   | 1003          | 0903          |
|--|---------------|---------------|
| <b>Operating activities</b>  |               |               |
| Profit before tax  | 1,504         | 1,511         |
| Adjustment for non-cash items <sup>1</sup>                                   | 1,327         | 960           |
|  | 2,831         | 2,471         |
| Paid tax   | -290          | -240          |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>2,541</b>  | <b>2,231</b>  |
| <b>Cash flow from changes in working capital</b>                             |               |               |
| Change in inventories  | -523          | 59            |
| Change in operating receivables  | -1,527        | 1,187         |
| Change in operating liabilities  | 943           | -1,123        |
| <b>Cash flow from operating activities</b>                                   | <b>1,434</b>  | <b>2,354</b>  |
| <b>Investing activities</b>  |               |               |
| Acquisition of operations  | -5            | -1            |
| Sold operations  | -1            | 0             |
| Acquisition tangible and intangible assets                                   | -773          | -1,645        |
| Sale of tangible assets  | 75            | 34            |
| Repayment of loans from external parties                                     | 177           | 224           |
| <b>Cash flow from investing activities</b>                                   | <b>-527</b>   | <b>-1,388</b> |
| <b>Financing activities</b>  |               |               |
| Amortisation of debt   | -3,499        | -1,815        |
| <b>Cash flow from financing activities</b>                                   | <b>-3,499</b> | <b>-1,815</b> |
| <b>Cash flow for the period</b>  | <b>-2,592</b> | <b>-849</b>   |
| Cash and cash equivalents at the beginning of the year                       | 5,148         | 5,738         |
| Exchange differences in cash and cash equivalents                            | -22           | 7             |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>2,534</b>  | <b>4,896</b>  |
| <b>Reconciliation with operating cash flow analysis</b>                      |               |               |
| <b>Cash flow for the period</b>  | <b>-2,592</b> | <b>-849</b>   |
| <b>Deducted items:</b>   |               |               |
| Repayment of loans from external parties                                     | -177          | -224          |
| Amortisation of debt   | 3,499         | 1,815         |
| <b>Added items:</b>  |               |               |
| Net debt in acquired and divested operations                                 | 1             | 0             |
| Accrued interest   | 40            | 184           |
| Investments through finance leases   | -7            | -2            |
| <b>Net cash flow according to operating cash flow analysis</b>               | <b>764</b>    | <b>924</b>    |
| <sup>1</sup> Depreciation and impairment, fixed assets                       | 1,616         | 1,722         |
| Fair value valuation of forest assets  | -275          | -312          |
| Unpaid related to efficiency programmes                                      | 223           | 0             |
| Payments related to efficiency programmes                                    | -161          | -240          |
| Other  | -76           | -210          |
| <i>Total</i>   | <i>1,327</i>  | <i>960</i>    |

**CONSOLIDATED INCOME STATEMENT**

| SEKm   | 1003          | 0903    | 0912    |
|--|---------------|---------|---------|
| <b>Net sales</b>   | <b>26,722</b> | 28,327  | 110,857 |
| Cost of goods sold <sup>1</sup>  | -20,687       | -21,995 | -84,744 |
| <b>Gross profit</b>  | <b>6,035</b>  | 6,332   | 26,113  |
| Sales, general and administration <sup>1</sup>                           | -4,021        | -4,204  | -16,500 |
| Items affecting comparability <sup>2</sup>                               | -244          | 0       | -1,458  |
| Share in profits of associates   | 13            | 8       | 35      |
| <b>Operating profit</b>  | <b>1,783</b>  | 2,136   | 8,190   |
| Financial items  | -279          | -625    | -1,644  |
| <b>Profit before tax</b>   | <b>1,504</b>  | 1,511   | 6,546   |
| Tax  | -421          | -392    | -1,716  |
| <b>Net profit for the period</b>   | <b>1,083</b>  | 1,119   | 4,830   |
| <b>Earnings attributable to:</b>   |               |         |         |
| Owners of the parent   | 1,074         | 1,110   | 4,765   |
| Non-controlling interests  | 9             | 9       | 65      |
| <b>Earnings per share, SEK - owners of the parent</b>                    |               |         |         |
| - before dilution effects  | 1.53          | 1.58    | 6.78    |
| - after dilution effects   | 1.53          | 1.58    | 6.78    |
| <b>Calculation of earnings per share</b>                                 |               |         |         |
|  | <b>1003</b>   | 0903    | 0912    |
| Earnings attributable to owners of the parent                            | 1,074         | 1,110   | 4,765   |
| Average no. of shares before dilution, millions                          | 702.3         | 702.3   | 702.3   |
| Warrants   | 0.0           | 0.0     | 0.0     |
| Average no. of shares after dilution                                     | 702.3         | 702.3   | 702.3   |
| <sup>1</sup> Of which, depreciation                                      | -1,595        | -1,722  | -6,829  |
| <sup>2</sup> Distribution of items affecting comparability, per function |               |         |         |
| Cost of goods sold   | -150          | 0       | -1,029  |
| Sales, general and administration  | -94           | 0       | -429    |
|  | <b>1003</b>   | 0903    | 0912    |
| Gross margin   | <b>22.6</b>   | 22.4    | 23.6    |
| Operating margin   | <b>6.7</b>    | 7.5     | 7.4     |
| Financial net margin   | -1.0          | -2.2    | -1.5    |
| Profit margin  | <b>5.7</b>    | 5.3     | 5.9     |
| Tax  | -1.6          | -1.4    | -1.5    |
| Net margin   | <b>4.1</b>    | 3.9     | 4.4     |
| <b>Excluding restructuring costs:</b>                                    |               |         |         |
|  | <b>1003</b>   | 0903    | 0912    |
| Gross margin   | <b>22.6</b>   | 22.4    | 22.4    |
| Operating margin   | <b>7.6</b>    | 7.5     | 7.5     |
| Financial net margin   | -1.0          | -2.2    | -2.2    |
| Profit margin  | <b>6.6</b>    | 5.3     | 5.3     |
| Tax  | -1.8          | -1.4    | -1.4    |
| Net margin   | <b>4.8</b>    | 3.9     | 3.9     |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| SEKm  | 1003         | 0903   | 0912   |
|---|--------------|--------|--------|
| <b>Profit for the period</b>                                      | <b>1,083</b> | 1,119  | 4,830  |
| <b>Other comprehensive income for the period, net of tax:</b>     |              |        |        |
| Actuarial gains/losses on defined benefit pension plans           | 204          | -1,361 | -949   |
| Available-for-sale financial assets                               | 92           | 15     | 331    |
| Cash flow hedges  | 96           | -18    | 107    |
| Exchange differences on translating foreign operations            | -3,191       | 1,211  | -2,750 |
| Gains/losses from hedges of net investments in foreign operations | 1,920        | -112   | 1,391  |
| Income tax relating to components of other comprehensive income   | -72          | 360    | 192    |
| <b>Other comprehensive income for the period, net of tax</b>      | <b>-951</b>  | 95     | -1,678 |
| <b>Total comprehensive income for the period</b>                  | <b>132</b>   | 1,214  | 3,152  |
| <b>Total comprehensive income attributable to:</b>                |              |        |        |
| Owners of the parent  | 160          | 1,199  | 3,164  |
| Non-controlling interests   | -28          | 15     | -12    |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| SEKm  | 1003          | 0903   | 0912   |
|---|---------------|--------|--------|
| <b>Attributable to owners of the parent</b> |               |        |        |
| Opening balance, 1 January                  | 67,156        | 66,450 | 66,450 |
| Total comprehensive income for the period   | 160           | 1,199  | 3,164  |
| Dividend                                    | 0             | 0      | -2,458 |
| <b>Closing balance</b>                      | <b>67,316</b> | 67,649 | 67,156 |
| <b>Non-controlling interests</b>            |               |        |        |
| Opening balance, 1 January                  | 750           | 802    | 802    |
| Total comprehensive income for the period   | -28           | 15     | -12    |
| Dividend                                    | 0             | 0      | -40    |
| Change in Group composition                 | -1            | 0      | 0      |
| <b>Closing balance</b>                      | <b>721</b>    | 817    | 750    |
| <b>Total equity, closing balance</b>        | <b>68,037</b> | 68,466 | 67,906 |

**CONSOLIDATED BALANCE SHEET**

|  | 31 March 2010<br>SEKm | 31 December 2009<br>SEKm |
|--|-----------------------|--------------------------|
| <b>Assets</b>  |                       |                          |
| Goodwill   | 18,611                | 19,147                   |
| Other intangible assets  | 3,509                 | 3,404                    |
| Tangible assets  | 84,811                | 86,801                   |
| Shares and participations  | 1,046                 | 1,059                    |
| Non-current financial assets <sup>1</sup>  | 2,120                 | 2,062                    |
| Other non-current receivables  | 1,368                 | 1,334                    |
| <b>Total non-current assets</b>  | <b>111,465</b>        | <b>113,807</b>           |
| Operating receivables and inventories  | 31,680                | 30,605                   |
| Current financial assets   | 162                   | 194                      |
| Non-current assets held for sale   | 100                   | 105                      |
| Cash and cash equivalents  | 2,534                 | 5,148                    |
| <b>Total current assets</b>  | <b>34,476</b>         | <b>36,052</b>            |
| <b>Total assets</b>  | <b>145,941</b>        | <b>149,859</b>           |
| <b>Equity</b>  |                       |                          |
| Owners of the parent   | 67,316                | 67,156                   |
| Minority interests   | 721                   | 750                      |
| <b>Total equity</b>  | <b>68,037</b>         | <b>67,906</b>            |
| <b>Liabilities</b>   |                       |                          |
| Provisions for pensions  | 3,270                 | 3,567                    |
| Other provisions   | 9,867                 | 9,784                    |
| Non-current financial liabilities  | 21,549                | 30,343                   |
| Other non-current liabilities  | 865                   | 662                      |
| <b>Total non-current liabilities</b>   | <b>35,551</b>         | <b>44,356</b>            |
| Current financial liabilities <sup>2</sup>   | 18,588                | 13,761                   |
| Operating liabilities  | 23,765                | 23,836                   |
| <b>Total current liabilities</b>   | <b>42,353</b>         | <b>37,597</b>            |
| <b>Total liabilities</b>   | <b>77,904</b>         | <b>81,953</b>            |
| <b>Total equity and liabilities</b>  | <b>145,941</b>        | <b>149,859</b>           |
| Debt/equity ratio  | 0.57                  | 0.60                     |
| Visible equity/assets ratio  | 46%                   | 45%                      |
| Return on capital employed   | 7%                    | 7%                       |
| Return on equity   | 7%                    | 7%                       |
| <b>Excluding restructuring costs:</b>  |                       |                          |
| Return on capital employed   | 9%                    | 8%                       |
| Return on equity   | 9%                    | 9%                       |
| <sup>1</sup> Of which pension assets   | 380                   | 230                      |
| <sup>2</sup> Committed credit lines amount to SEK 31,983m of which unutilised SEK 31,983m. |                       |                          |
| Capital employed   | 106,750               | 108,336                  |
| - of which working capital   | 9,278                 | 8,126                    |
| Net debt   | 38,713                | 40,430                   |
| Shareholders' equity   | 68,037                | 67,906                   |
| Provisions for restructuring costs are included in the balance sheet as follows:           |                       |                          |
| - Other provisions*  | 622                   | 346                      |
| - Operating liabilities  | 506                   | 777                      |
| *) of which, provision for tax risks   | 246                   | 258                      |



**NET SALES**

| SEKm                                   | 1003          | 0903          | 2010:1        | 2009:4        | 2009:3        | 2009:2        | 2009:1        | 2008:4        |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Personal Care                          | 6,109         | 6,476         | 6,109         | 6,393         | 6,197         | 6,650         | 6,476         | 6,289         |
| Tissue                                 | 9,728         | 10,466        | 9,728         | 10,338        | 10,147        | 10,474        | 10,466        | 10,256        |
| Packaging                              | 7,253         | 7,495         | 7,253         | 6,960         | 6,946         | 6,958         | 7,495         | 7,746         |
| Forest Products                        | 4,110         | 4,333         | 4,110         | 4,201         | 4,145         | 4,304         | 4,333         | 4,225         |
| - Publication papers                   | 2,164         | 2,535         | 2,164         | 2,292         | 2,457         | 2,475         | 2,535         | 2,373         |
| - Pulp, timber and solid-wood products | 1,946         | 1,798         | 1,946         | 1,909         | 1,688         | 1,829         | 1,798         | 1,852         |
| Other                                  | 374           | 371           | 374           | 418           | 420           | 261           | 371           | 379           |
| Intra-group deliveries                 | -852          | -814          | -852          | -803          | -747          | -732          | -814          | -736          |
| <b>Total net sales</b>                 | <b>26,722</b> | <b>28,327</b> | <b>26,722</b> | <b>27,507</b> | <b>27,108</b> | <b>27,915</b> | <b>28,327</b> | <b>28,159</b> |

**OPERATING PROFIT**

| SEKm  | 1003         | 0903         | 2010:1       | 2009:4       | 2009:3       | 2009:2       | 2009:1       | 2008:4       |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Personal Care   | 737          | 704          | 737          | 901          | 810          | 820          | 704          | 712          |
| Tissue  | 710          | 864          | 710          | 965          | 1,102        | 1,015        | 864          | 619          |
| Packaging   | 192          | 81           | 192          | 149          | 172          | 11           | 81           | 109          |
| Forest Products   | 487          | 583          | 487          | 661          | 617          | 642          | 583          | 518          |
| - Publication papers  | -15          | 288          | -15          | 251          | 336          | 378          | 288          | 150          |
| - Pulp, timber and solid-wood products                          | 502          | 295          | 502          | 410          | 281          | 264          | 295          | 368          |
| Other   | -99          | -96          | -99          | -108         | -125         | -120         | -96          | -120         |
| <b>Total operating profit<sup>1</sup></b>                       | <b>2,027</b> | <b>2,136</b> | <b>2,027</b> | <b>2,568</b> | <b>2,576</b> | <b>2,368</b> | <b>2,136</b> | <b>1,838</b> |
| Financial items   | -279         | -625         | -279         | -288         | -377         | -354         | -625         | -688         |
| <b>Profit before tax<sup>1</sup></b>                            | <b>1,748</b> | <b>1,511</b> | <b>1,748</b> | <b>2,280</b> | <b>2,199</b> | <b>2,014</b> | <b>1,511</b> | <b>1,150</b> |
| Tax <sup>1</sup>  | -489         | -392         | -489         | -553         | -628         | -525         | -392         | 276          |
| <b>Net profit for the period<sup>1</sup></b>                    | <b>1,259</b> | <b>1,119</b> | <b>1,259</b> | <b>1,727</b> | <b>1,571</b> | <b>1,489</b> | <b>1,119</b> | <b>1,426</b> |
| <sup>1</sup> Excl. restructuring costs before tax amounting to: | -244         |              | -244         | -632         | -387         |              |              |              |
| After tax amounting to:   | -176         |              | -176         | -473         | -278         |              |              |              |

**OPERATING MARGIN**

| %                                      | 1003 | 0903 | 2010:1 | 2009:4 | 2009:3 | 2009:2 | 2009:1 | 2008:4 |
|--|------|------|--------|--------|--------|--------|--------|--------|
| Personal Care                          | 12.1 | 10.9 | 12.1   | 14.1   | 13.1   | 12.3   | 10.9   | 11.3   |
| Tissue                                 | 7.3  | 8.3  | 7.3    | 9.3    | 10.9   | 9.7    | 8.3    | 6.0    |
| Packaging                              | 2.6  | 1.1  | 2.6    | 2.1    | 2.5    | 0.2    | 1.1    | 1.4    |
| Forest Products                        | 11.8 | 13.5 | 11.8   | 15.7   | 14.9   | 14.9   | 13.5   | 12.3   |
| - Publication papers                   | -0.7 | 11.4 | -0.7   | 11.0   | 13.7   | 15.3   | 11.4   | 6.3    |
| - Pulp, timber and solid-wood products | 25.8 | 16.4 | 25.8   | 21.5   | 16.6   | 14.4   | 16.4   | 19.9   |

**CONSOLIDATED INCOME STATEMENT**

| SEKm                              | 2010:1        | 2009:4        | 2009:3        | 2009:2        | 2009:1        |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Net sales</b>                  | <b>26,722</b> | <b>27,507</b> | <b>27,108</b> | <b>27,915</b> | <b>28,327</b> |
| Cost of goods sold                | -20,687       | -20,966       | -20,551       | -21,232       | -21,995       |
| <b>Gross profit</b>               | <b>6,035</b>  | <b>6,541</b>  | <b>6,557</b>  | <b>6,683</b>  | <b>6,332</b>  |
| Sales, general and administration | -4,021        | -3,976        | -3,992        | -4,328        | -4,204        |
| Items affecting comparability     | -244          | -632          | -387          | -439          | 0             |
| Share in profits of associates    | 13            | 3             | 11            | 13            | 8             |
| <b>Operating profit</b>           | <b>1,783</b>  | <b>1,936</b>  | <b>2,189</b>  | <b>1,929</b>  | <b>2,136</b>  |
| Financial items                   | -279          | -288          | -377          | -354          | -625          |
| <b>Profit before tax</b>          | <b>1,504</b>  | <b>1,648</b>  | <b>1,812</b>  | <b>1,575</b>  | <b>1,511</b>  |
| Taxes                             | -421          | -394          | -519          | -411          | -392          |
| <b>Net profit for the period</b>  | <b>1,083</b>  | <b>1,254</b>  | <b>1,293</b>  | <b>1,164</b>  | <b>1,119</b>  |

**INCOME STATEMENT PARENT COMPANY**

| SEKm                             | 1003        | 0903        |
|----------------------------------|-------------|-------------|
| Administration costs             | -103        | -119        |
| Other operating income           | 50          | 54          |
| Other operating expenses         | -50         | -54         |
| <b>Operating profit</b>          | <b>-103</b> | <b>-119</b> |
| Financial items <sup>1</sup>     | -303        | -257        |
| <b>Profit before tax</b>         | <b>-406</b> | <b>-376</b> |
| Taxes                            | 120         | 111         |
| <b>Net profit for the period</b> | <b>-286</b> | <b>-265</b> |

**BALANCE SHEET PARENT COMPANY**

|                                     | 31 March 2010  | 31 December 2009 |
|-------------------------------------|----------------|------------------|
|                                     | SEKm           | SEKm             |
| Intangible assets                   | 1              | 1                |
| Tangible assets                     | 6,366          | 6,360            |
| Financial investments               | 124,504        | 124,404          |
| <b>Total fixed assets</b>           | <b>130,871</b> | <b>130,765</b>   |
| Total current assets                | 748            | 2,422            |
| <b>Total assets</b>                 | <b>131,619</b> | <b>133,187</b>   |
| Restricted equity                   | 10,996         | 10,996           |
| Unrestricted equity                 | 38,573         | 38,859           |
| <b>Total shareholders' equity</b>   | <b>49,569</b>  | <b>49,855</b>    |
| Untaxed reserves                    | 147            | 147              |
| Provisions                          | 618            | 628              |
| Long-term liabilities               | 7,604          | 7,566            |
| Current liabilities                 | 73,681         | 74,991           |
| <b>Total equity and liabilities</b> | <b>131,619</b> | <b>133,187</b>   |

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**Note**

SCA discloses the information provided herein pursuant to the Securities Markets Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall take precedence. The report has not been reviewed by the auditors.