

**JANUARY 1 – MARCH 31, 2016 (compared with same period a year ago)**

- Net sales rose 1% (5% excluding exchange rate effects) to SEK 28,177m (27,958)
- Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 3%
- Operating profit, excluding items affecting comparability, rose 13% to SEK 3,247m (2,872)
- The operating margin, excluding items affecting comparability, was 11.5% (10.3%)
- Profit before tax, excluding items affecting comparability, rose 12% to SEK 2,922m (2,602)
- Items affecting comparability totaled SEK -191m (-122), of which SEK -185m (-119) affects cash flow
- Earnings per share were SEK 2.74 (2.43)
- Return on capital employed, excluding items affecting comparability, was 11.9% (10.4%)
- Cash flow from current operations was SEK 1,821m (1,246)
- The acquisition of Wausau Paper Corp. was closed on January 21, 2016

**Earnings trend**

SEKm	<b>1603</b>	1503	%
<b>Net sales</b>	<b>28,177</b>	27,958	1
<b>Gross profit</b>	<b>7,349</b>	7,032	5
<b>Operating profit<sup>1</sup></b>	<b>3,247</b>	2,872	13
Financial items	-325	-270	
<b>Profit before tax<sup>1</sup></b>	<b>2,922</b>	2,602	12
Tax <sup>1</sup>	-736	-676	
<b>Net profit for the period<sup>1</sup></b>	<b>2,186</b>	1,926	13
<b>Earnings per share, SEK</b>	<b>2.74</b>	2.43	

<sup>1</sup> Excluding items affecting comparability; for amounts see page 11.

## CEO'S COMMENTS

Through continued focus on our strategic priorities profitable growth, innovation and efficiency, we delivered favorable organic sales and earnings growth for the first quarter of 2016. We have introduced ten innovations under the Libero, Libresse, Lotus, TENA and Tork brands, among others.

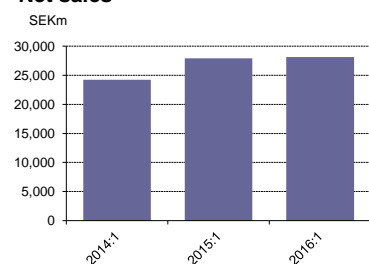
In January 2016 we completed the acquisition of Wausau Paper Corp., a leading North American manufacturer of Away-from-Home tissue. The integration process has been started, and we expect to achieve annual synergies of approximately USD 40m with full effect in three years. After the end of the quarter, on April 1, we integrated our hygiene business in Southeast Asia, Taiwan and South Korea with Vinda, where SCA is the majority shareholder. Work has now begun on leveraging our joint strengths to build a leading Asian hygiene business.

Consolidated net sales for the first quarter of 2016 increased by 1% compared with the same period a year ago. Organic sales growth was 3%. In emerging markets, which accounted for 32% of sales, organic sales growth was 9%, while in mature markets organic sales growth was -1%. The hygiene business showed good organic sales growth, which amounted to 6% for Personal Care and 4% for Tissue. Sales for Forest Products decreased by 6%, mainly attributable to lower prices.

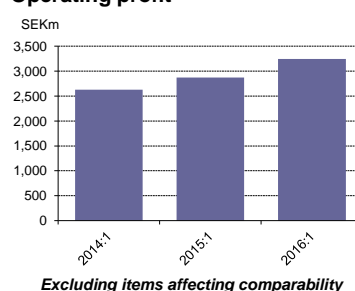
Consolidated operating profit for the first quarter of 2016, excluding items affecting comparability, currency translation effects, acquisitions and divestments, rose 13% compared with the same period a year ago. The increase is mainly attributable to higher volumes, a better price/mix, lower energy costs and cost savings. Higher raw material costs had a negative earnings impact. Operating profit for the hygiene business improved mainly as a result of higher volumes, a better price/mix, cost savings and lower energy costs for Tissue. The lower operating profit for Forest Products was mainly attributable to lower prices.

Consolidated operating margin, excluding items affecting comparability, increased by 1.2 percentage points to 11.5%. Operating cash flow increased by 40%. Return on capital employed, excluding items affecting comparability, grew by 1.5 percentage points to 11.9%.

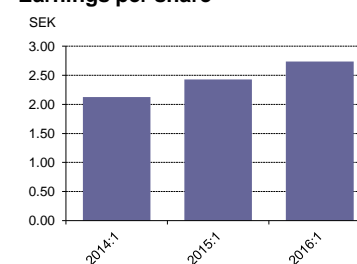
**Net sales**



**Operating profit**



**Earnings per share**



**EARNINGS TREND FOR THE GROUP**

SEKm	1603	1503	%
<b>Net sales</b>	<b>28,177</b>	27,958	1
Cost of goods sold	-20,828	-20,926	
<b>Gross profit</b>	<b>7,349</b>	7,032	5
Sales, general and administration	-4,102	-4,160	
<b>Operating profit<sup>1</sup></b>	<b>3,247</b>	2,872	13
Financial items	-325	-270	
<b>Profit before tax<sup>1</sup></b>	<b>2,922</b>	2,602	12
Tax <sup>1</sup>	-736	-676	
<b>Net profit for the period<sup>1</sup></b>	<b>2,186</b>	1,926	13
<sup>1</sup> Excluding items affecting comparability; for amounts see page 11.			
<b>Earnings per share, SEK owners of the parent company</b>			
- after dilution effects	2.74	2.43	
<b>Margins (%)</b>			
<b>Gross margin</b>	<b>26.1</b>	25.2	
<b>Operating margin<sup>1</sup></b>	<b>11.5</b>	10.3	
Financial net margin	-1.2	-1.0	
<b>Profit margin<sup>1</sup></b>	<b>10.3</b>	9.3	
Tax <sup>1</sup>	-2.6	-2.4	
<b>Net margin<sup>1</sup></b>	<b>7.7</b>	6.9	

<sup>1</sup> Excluding items affecting comparability; for amounts see page 11.

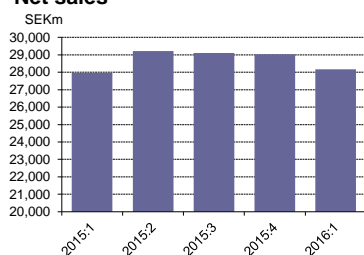
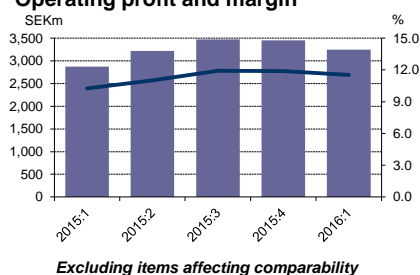
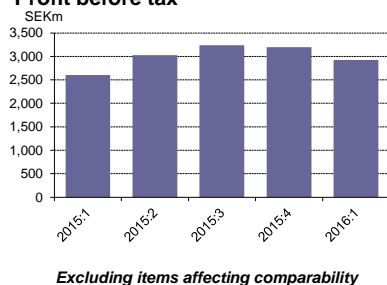
**OPERATING PROFIT PER BUSINESS AREA**

SEKm	1603	1503	%
Personal Care	974	869	12
Tissue	1,826	1,556	17
Forest Products	548	678	-19
Other	-101	-231	
<b>Total<sup>1</sup></b>	<b>3,247</b>	2,872	13

<sup>1</sup> Excluding items affecting comparability; for amounts see page 11.

**OPERATING CASH FLOW PER BUSINESS AREA**

SEKm	1603	1503	%
Personal Care	930	404	130
Tissue	1,424	1,667	-15
Forest Products	694	315	120
Other	-313	-426	
<b>Total</b>	<b>2,735</b>	1,960	40

**Net sales****Operating profit and margin****Profit before tax****Change in net sales (%)**

	1603 vs. 1503
<b>Total</b>	<b>1</b>
Price/mix	1
Volume	2
Currency	-4
Acquisitions	2
Divestments	0

**Change in operating profit (%)**

	1603 vs. 1503
<b>Total</b>	<b>13</b>
Price/mix	4
Volume	12
Raw materials	-5
Energy	6
Currency	-3
Other	-1

**GROUP****MARKET/EXTERNAL ENVIRONMENT****January–March 2016 compared with corresponding period a year ago**

The global market for hygiene products showed low growth in mature markets and continued favorable growth in emerging markets.

The European and North American markets for incontinence products showed low growth in the institutional and home care sectors, and high growth in the retail market. Emerging markets showed favorable growth in demand for incontinence products. The global market for incontinence products was characterized by continued high competition.

In Europe, demand for baby diapers was stable, while demand for feminine care products decreased slightly. In emerging markets, demand grew for baby diapers and feminine care products. The global market for baby diapers was characterized by intense competition and campaign activity.

The European market for consumer tissue and AfH tissue showed low growth. The North American market for AfH tissue showed growth. Higher demand was noted in the Chinese tissue market.

In Europe, demand increased for kraftliner and solid-wood products. Demand in Europe for publication papers continued to fall.

**SALES AND EARNINGS****January–March 2016 compared with corresponding period a year ago**

Net sales rose 1% to SEK 28,177m (27,958). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 3%, of which volume accounted for 2% and price/mix for 1%. Organic sales growth was -1% in mature markets and 9% in emerging markets. Emerging markets accounted for 32% of sales. Exchange rate effects decreased sales by 4%. The acquisition of Wausau Paper Corp. increased sales by 2%.

Operating profit, excluding items affecting comparability, rose 13% (13% excluding currency translation effects, acquisitions and divestments) to SEK 3,247m (2,872). Higher volumes, a better price/mix, lower energy costs, cost savings and acquisition contributed to the earnings growth. Higher raw material costs had a negative earnings impact. In Personal Care, investments were made in increased marketing activities. Operating profit for Personal Care, excluding items affecting comparability, increased by 12% (15% excluding currency translation effects and divestments). Operating profit for Tissue, excluding items affecting comparability, increased by 17% (15% excluding currency translation effects and acquisitions). For Forest Products, operating profit, excluding items affecting comparability, decreased by 19%.

Items affecting comparability amounted to SEK -191m (-122) and consisted primarily of revaluation effects pertaining to Wausau's inventory valuation in connection with the acquisition balance, transaction costs, and a provision of approximately SEK 100m related to the Colombian competition authority's ongoing review of the jointly owned company Productos Familia S.A., in Colombia.

Financial items increased to SEK -325m (-270). The increase is primarily attributable to nonrecurring costs related to early repayment of loans in Wausau in connection with refinancing. Lower average net debt had a positive impact on financial items during the period.

Profit before tax, excluding items affecting comparability, rose 12% (12% excluding currency translation effects, acquisitions and divestments) to SEK 2,922m (2,602). The tax expense, excluding effects of items affecting comparability, was SEK 736m (676).

Net profit for the period, excluding items affecting comparability, rose 13% (13% excluding currency translation effects, acquisitions and divestments) to SEK 2,186m (1,926). Earnings per share, including items affecting comparability, were SEK 2.74 (2.43).

Return on capital employed, excluding items affecting comparability, was 11.9% (10.4%) for the first quarter and 12.2% (11.2%) on a moving 12-month basis.

## CASH FLOW AND FINANCING

### January–March 2016 compared with corresponding period a year ago

The operating cash surplus amounted to SEK 4,414m (4,118). The cash flow effect of changes in working capital was SEK -721m (-1,028). Decreased inventories did not compensate for lower trade payables. Current capital expenditures amounted to SEK -738m (-903). Operating cash flow amounted to SEK 2,735m (1,960).

Financial items increased to SEK -325m (-270). The increase is primarily attributable to nonrecurring costs related to early repayment of loans in Wausau in connection with refinancing. Lower average net debt had a positive impact on financial items during the period. Tax payments totaled SEK 665m (511). Cash flow from current operations amounted to SEK 1,821m (1,246) during the period. The improvement is mainly attributable to a higher operating surplus and lower change in working capital.

Strategic capital expenditures totaled SEK -809m (-444). The increase is mainly attributable to the investment in increased capacity at Östrand pulp mill in Sweden and in a new production plant for incontinence products in Brazil. The net sum of acquisitions and divestments was SEK -6,474m (-21). The increase is mainly attributable to the acquisition of Wausau Paper Corp. Net cash flow totaled SEK -5,475m (765).

Net debt increased by SEK 7,059m during the year, to SEK 36,537m. Excluding pension liabilities, net debt amounted to SEK 31,688m. Net cash flow increased net debt by SEK 5,475m. Fair value measurement of pension assets and updated assumptions and assessments that affect measurement of the net pension liability, together with fair value measurement of financial instruments, increased net debt by SEK 2,002m. Exchange rate movements decreased net debt by SEK 418m.

The debt/equity ratio was 0.48 (0.46). Excluding pension liabilities, the debt/equity ratio was 0.42 (0.40). The debt payment capacity was 48% (41%).

## EQUITY

### January–March 2016 compared with corresponding period a year ago

Consolidated equity increased by SEK 372m during the period, to SEK 76,063m. Net profit for the period increased equity by SEK 2,035m. Equity decreased by SEK 1,509m net after tax as a result of fair value measurement of pension assets and updated assumptions and assessments that affect the valuation of the pension liability. Fair value measurement of financial instruments increased equity by SEK 73m after tax. Exchange rate movements, including the effects of hedges of net investments in foreign assets, after tax, decreased equity by SEK 189m. Other items decreased equity by SEK 38m.

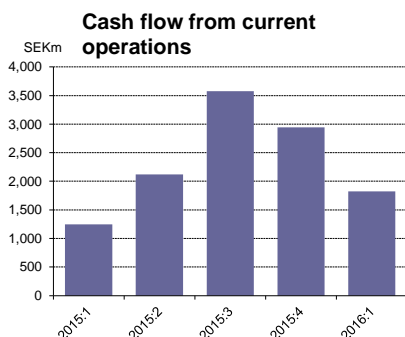
## TAX

### January–March 2016 compared with corresponding period a year ago

A tax expense of SEK 736m is reported for the period, excluding items affecting comparability. The reported tax expense corresponds to a tax rate of 25.2%. The tax expense, including items affecting comparability, was SEK 696m corresponding to a tax rate of 25.5%.

## EVENTS DURING THE QUARTER

On January 21, 2016, SCA announced that the acquisition of Wausau Paper Corp., a leading North American Away-from-Home tissue company, has been closed for total consideration of USD 513m in cash. SCA consolidates the company as of January 21, 2016. The company manufactures and markets Away-from-Home towel and tissue products and markets soap and dispensing systems. The combined operations provide customers access to a comprehensive portfolio of food service offerings, and premium tissue and washroom products. SCA will continue to honor Wausau Paper's existing customer contracts and programs. The acquisition is expected to generate annual synergies of approximately USD 40m,



with full effect three years after closing. Synergies are expected in sourcing, production, logistics, reduced imports, increased volumes of premium products and reduced selling and administrative costs. Restructuring costs are expected to amount to approximately USD 50m.

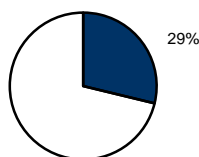
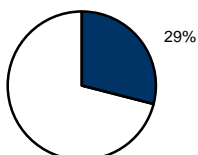
In 2004, SCA conducted an internal reorganization in which SCA concentrated its financing operations to Sweden. The internal reorganization was implemented following the prior approval of the transaction by the Swedish Board of Advance Tax Rulings in the form of an advance ruling, which was also sanctioned by the Swedish Tax Agency. In 2012, the Swedish Tax Agency changed its opinion regarding this issue and a dispute has been ongoing since 2014, when the Tax Agency imposed additional taxes and tax surcharges totaling approximately SEK 1,188m on SCA. This amount was reported as a contingent liability in the 2014 and 2015 annual reports, since it was judged that the tax claim would not be upheld in a final, legal review. During the quarter, the Administrative Court ruled in favor of the Swedish Tax Agency. This ruling has not affected SCA's opinion of the final outcome. As a result, no provision in the accounts has been made. SCA has appealed the matter to the Administrative Court of Appeal.

## EVENTS AFTER THE END OF THE QUARTER

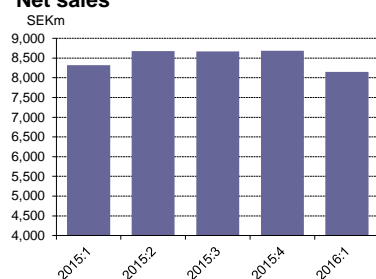
On April 1, 2016, SCA announced that its divestment of the hygiene business in Southeast Asia, Taiwan and South Korea for integration with Vinda International Holdings Limited ("Vinda") had closed. SCA is the majority shareholder in Vinda, one of China's largest hygiene companies. As part of the transaction, SCA and Vinda have signed an agreement regarding the exclusive license to market and sell the SCA brands TENA (incontinence products), Tork (Away-from-Home tissue), Tempo (consumer tissue), Libero (baby diapers), and Libresse (feminine care) in Southeast Asia, Taiwan and South Korea. Through this agreement, Vinda holds the rights to these product brands in these Asian markets. Vinda has acquired the brands Drypers, Dr.P, Sealer, Prokids, EQ Dry and Control Plus in these markets. The purchase consideration was HKD 2.8bn on a debt-free basis. Vinda is listed on the Hong Kong stock exchange.

On April 8, 2016, SCA sold its 33.33% ownership stake in the recycling company IL Recycling for consideration of SEK 236m. The capital gain amounted to approximately SEK 200m and will be recognized as an item affecting comparability during the second quarter of 2016. The transaction is contingent upon approval from the pertinent authorities.

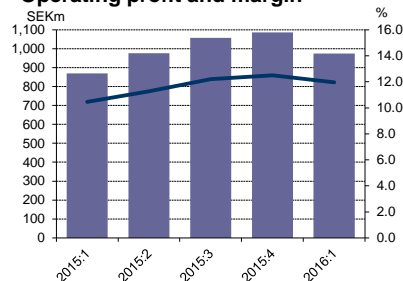
SCA has made a provision of approximately SEK 100m related to the Colombian competition authority's ongoing review of the jointly owned company Productos Familia S.A., Colombia. The amount was reported as an item affecting comparability during the first quarter of 2016. The amount of the provision is based on SCA's best estimate, but is uncertain since it pertains to ongoing processes.

Share of Group, net sales  
1603Share of Group, operating profit  
1603

Net sales



Operating profit and margin



Change in net sales (%)

	1603 vs. 1503
<b>Total</b>	<b>-2</b>
Price/mix	1
Volume	5
Currency	-7
Acquisitions	0
Divestments	-1

Change in operating profit (%)

	1603 vs. 1503
<b>Total</b>	<b>12</b>
Price/mix	4
Volume	24
Raw materials	-6
Energy	0
Currency	-4
Other	-6

## PERSONAL CARE

SEKm	1603	1503	%
Net sales	<b>8,151</b>	8,319	-2
Operating surplus	<b>1,217</b>	1,131	8
Operating profit*	<b>974</b>	869	12
Operating margin, %*	<b>11.9</b>	10.4	
Return on capital employed, %*	<b>28.9</b>	25.6	
Operating cash flow	<b>930</b>	404	

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

### January–March 2016 compared with corresponding period a year ago

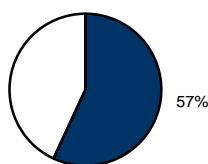
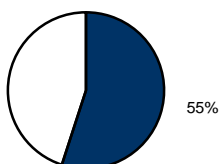
Net sales decreased by 2% to SEK 8,151m (8,319). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 6%, of which volume accounted for 5% and price/mix for 1%. The divestment of the baby diaper operation in South Africa decreased net sales by 1%. Organic sales growth was 4% in mature markets and 8% in emerging markets. Emerging markets accounted for 40% of sales. Exchange rate effects decreased sales by 7%.

For incontinence products, under the globally leading TENA brand, organic sales growth was 4%. Growth is attributable to emerging markets and western Europe. For baby diapers, organic sales growth was 2%. Growth is mainly attributable to Europe. For feminine care products, organic sales growth was 18%, attributable to emerging markets and western Europe.

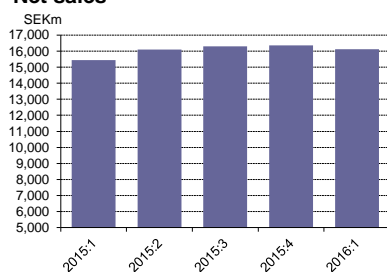
Operating profit, excluding items affecting comparability, rose 12% (15% excluding currency translation effects and divestment) to SEK 974m (869). Profit was favorably affected by higher volumes, a better price/mix and cost savings. Investments were made in increased marketing activities, particularly in Latin America. Higher raw material costs had a negative earnings impact.

Return on capital employed, excluding items affecting comparability, was 28.9% (25.6%) for the first quarter and 30.1% (26.1%) on a moving 12-month basis.

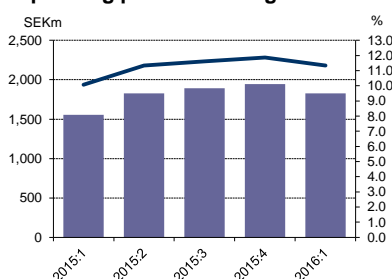
The operating cash surplus amounted to SEK 1,218m (1,131). Operating cash flow increased to SEK 930m (404).

Share of Group, net sales  
1603Share of Group, operating profit  
1603

Net sales



Operating profit and margin



Change in net sales (%)

	1603 vs. 1503
<b>Total</b>	<b>4</b>
Price/mix	2
Volume	2
Currency	-4
Acquisitions	4
Divestments	0

Change in operating profit (%)

	1603 vs. 1503
<b>Total</b>	<b>17</b>
Price/mix	13
Volume	10
Raw materials	-5
Energy	8
Currency	-3
Other	-6

## TISSUE

SEKm	1603	1503	%
Net sales	<b>16,114</b>	15,435	4
Operating surplus	<b>2,750</b>	2,422	14
Operating profit*	<b>1,826</b>	1,556	17
Operating margin, %*	<b>11.3</b>	10.1	
Return on capital employed, %*	<b>12.6</b>	11.4	
Operating cash flow	<b>1,424</b>	1,667	

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

### January–March 2016 compared with corresponding period a year ago

Net sales rose 4% to SEK 16,114m (15,435). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 4%, of which volume accounted for 2% and price/mix for 2%. The acquisition of Wausau Paper Corp. increased sales by 4%. Organic sales growth was 0% in mature markets and 12% in emerging markets. Emerging markets accounted for 31% of sales. Exchange rate effects decreased sales by 4%.

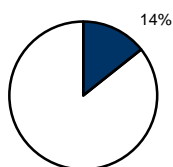
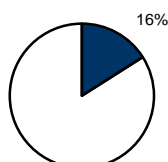
For consumer tissue, organic sales growth was 5%. Growth is related to high growth in emerging markets, particularly China, Latin America and Russia. In western Europe sales were stable. For AfH tissue, organic sales growth was 3%. The increase was related to Europe and Latin America.

Operating profit, excluding items affecting comparability, rose 17% (15% excluding currency translation effects and acquisition) to SEK 1,826m (1,556). A better price/mix, higher volumes, lower energy costs, cost savings and acquisition contributed to the earnings increase. The acquisition of Wausau Paper Corp. increased operating profit by 5%. Higher raw material costs had a negative earnings impact.

Return on capital employed, excluding items affecting comparability, was 12.6% (11.4%) for the first quarter and 13.1% (12.5%) on a moving 12-month basis.

The operating cash surplus increased to SEK 2,751m (2,421). Operating cash flow was SEK 1,424m (1,667).



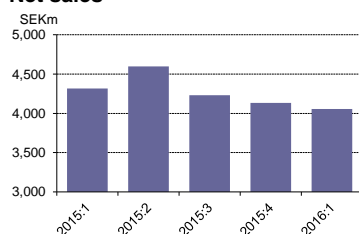
Share of Group, net sales  
1603Share of Group, operating profit  
1603

## FOREST PRODUCTS

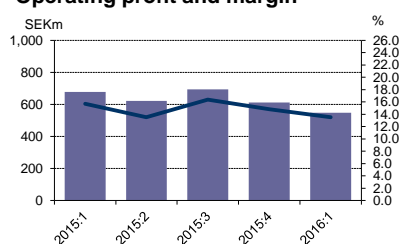
SEKm	1603	1503	%
Deliveries			
- Publication papers, thousand tonnes	193	212	-9
- Solid-wood products, thousand m <sup>3</sup>	599	528	13
- Kraftliner products, thousand tonnes	198	219	-10
- Pulp products, thousand tonnes	123	127	-3
Net sales	4,055	4,316	-6
Operating surplus	828	981	-16
Operating profit*	548	678	-19
Operating margin, %*	13.5	15.7	
Return on capital employed, %*	5.8	7.1	
Operating cash flow	694	315	

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

### Net sales



### Operating profit and margin



### Change in net sales (%)

	1603 vs. 1503
<b>Total</b>	<b>-6</b>
Price/mix	-5
Volume	-1
Currency	0
Acquisitions	0
Divestments	0

### Change in operating profit (%)

	1603 vs. 1503
<b>Total</b>	<b>-19</b>
Price/mix*	-21
Volume	-1
Raw materials	-1
Energy	4
Currency	0
Other	0

\*Price/mix includes exchange rate effects of approximately -4% (SEK -27m)

During the second quarter of 2016, maintenance stops will be carried out at two production plants, which is expected to have a negative earnings impact of approximately SEK 60m.

### January–March 2016 compared with corresponding period a year ago

Net sales decreased by 6% to SEK 4,055m (4,316). Sales growth excluding exchange rate effects was -6%, of which volume accounted for -1% and price/mix for -5%.

Solid-wood products showed lower prices (including exchange rate effects) and higher volumes. Kraftliner, pulp and publication papers showed lower prices (including exchange rate effects) and lower volumes.

Operating profit, excluding items affecting comparability, decreased by 19% to SEK 548m (678). Lower prices, (including exchange rate effects), lower volumes and higher raw material costs led to lower earnings. Lower energy costs had a positive earnings impact.

Return on capital employed, excluding items affecting comparability, was 5.8% (7.1%) for the first quarter and 6.6% (6.8%) on a moving 12-month basis.

The operating cash surplus was SEK 528m (780), and operating cash flow totaled SEK 694m (315).

## SHARE DISTRIBUTION

March 31, 2016	Class A	Class B	Total
Registered number of shares	66,271,453	638,838,641	705,110,094
- of which treasury shares		2,767,605	2,767,605

At the end of the reporting period the proportion of Class A shares was 9.4%. During the first quarter, at the request of shareholders a total of 1,170,156 Class A shares were converted to Class B shares. The total number of votes in the company is thereafter 1,301,553,171.

## FUTURE REPORTS

During 2016 interim reports will be published on July 19 and October 27. The year-end report for 2016 will be published on January 26, 2017.

## INVITATION TO PRESS CONFERENCE ON Q1 INTERIM REPORT 2016

Media and analysts are invited to a press conference, where this interim report will be presented by Magnus Groth, President and CEO.

Time: 10:00 CET, Thursday, April 28, 2016

Location: SCA's headquarters, Waterfront Building, Klarabergsviadukten 63, Stockholm, Sweden

The presentation will be webcast at [www.sca.com](http://www.sca.com). To participate, call: +44 (0)20 7162 0077, +1 334 323 6201 or +46 (0)8 5052 0110. Specify "SCA" or conference ID no. 958264.

Stockholm, April 28, 2016  
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

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### NB

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 govern. Submitted for publication at 08:00 CET on April 28, 2016. This report has not been reviewed by the company's auditors.

**STATEMENT PROFIT OR LOSS**

SEKm	2016:1	2015:1	2015:4	1603	1503
<b>Net sales</b>	<b>28,177</b>	27,958	29,040	<b>28,177</b>	27,958
Cost of goods sold <sup>1</sup>	-20,828	-20,926	-21,372	-20,828	-20,926
<b>Gross profit</b>	<b>7,349</b>	7,032	7,668	<b>7,349</b>	7,032
Sales, general and administration <sup>1</sup>	-4,134	-4,198	-4,270	-4,134	-4,198
Items affecting comparability <sup>2</sup>	-191	-122	697	-191	-122
Share of profits of associates and joint ventures	32	38	56	32	38
<b>Operating profit</b>	<b>3,056</b>	2,750	4,151*	<b>3,056</b>	2,750
Financial items	-325	-270	-259**	-325	-270
<b>Profit before tax</b>	<b>2,731</b>	2,480	3,892	<b>2,731</b>	2,480
Tax	-696	-632	-985	-696	-632
<b>Net profit for the period</b>	<b>2,035</b>	1,848	2,907	<b>2,035</b>	1,848
<b>Earnings attributable to:</b>					
Owners of the parent	1,922	1,705	2,827	1,922	1,705
Non-controlling interests	113	143	80	113	143
<b>Earnings per share, SEK - owners of the parent total operations</b>					
- before dilution effects	2.74	2.43	4.03	2.74	2.43
- after dilution effects	2.74	2.43	4.03	2.74	2.43
<b>Calculation of earnings per share</b>	<b>2016:1</b>	2015:1	2015:4	<b>1603</b>	1503
Earnings attributable to owners of the parent	1,922	1,705	2,827	1,922	1,705
Average no. of shares before dilution, millions	702.3	702.3	702.3	702.3	702.3
Average no. of shares after dilution, millions	702.3	702.3	702.3	702.3	702.3
<sup>1</sup> Of which, depreciation	-1,504	-1,486	-1,443	-1,504	-1,486
<sup>2</sup> Distribution of items affecting comparability by function					
Cost of goods sold	-22	9	-61	-22	9
Sales, general and administration	-169	-128	-103	-169	-128
Impairment, etc.	0	-3	-109	0	-3
Financial items	0	0	970	0	0
Total items affecting comparability	-191	-122	697	-191	-122
* Including sales of securities, 970 SEKm					
** Not including sales of securities, 970 SEKm					
<b>Gross margin</b>	<b>26.1</b>	25.2	26.4	<b>26.1</b>	25.2
Operating margin	10.8	9.8	11.0	10.8	9.8
Financial net margin	-1.2	-1.0	2.4	-1.2	-1.0
<b>Profit margin</b>	<b>9.6</b>	8.8	13.4	<b>9.6</b>	8.8
Tax	-2.5	-2.3	-3.4	-2.5	-2.3
<b>Net margin</b>	<b>7.1</b>	6.5	10.0	<b>7.1</b>	6.5
<b>Excluding items affecting comparability:</b>	<b>2016:1</b>	2015:1	2015:4	<b>1603</b>	1503
<b>Gross margin</b>	<b>26.1</b>	25.2	26.4	<b>26.1</b>	25.2
Operating margin	11.5	10.3	11.9	11.5	10.3
Financial net margin	-1.2	-1.0	-0.9	-1.2	-1.0
<b>Profit margin</b>	<b>10.3</b>	9.3	11.0	<b>10.3</b>	9.3
Tax	-2.6	-2.4	-3.6	-2.6	-2.4
<b>Net margin</b>	<b>7.7</b>	6.9	7.4	<b>7.7</b>	6.9

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SEKm	2016:1	2015:1	2015:4	1603	1503
<b>Profit for the period</b>	<b>2,035</b>	1,848	2,907	<b>2,035</b>	1,848
<b>Other comprehensive income for the period</b>					
<b>Items that may not be reclassified to the income statement</b>					
Actuarial gains/losses on defined benefit pension plans	-2,000	54	332	-2,000	54
Income tax attributable to components of other comprehensive income	491	-26	-7	491	-26
	-1,509	28	325	-1,509	28
<b>Items that have been or may be reclassified subsequently to the income statement</b>					
Available-for-sale financial assets	-2	340	-842	-2	340
Cash flow hedges	82	77	-124	82	77
Translation differences in foreign operations	175	2,188	-1,582	175	2,188
Gains/losses from hedges of net investments in foreign operations	-464	-668	416	-464	-668
Other comprehensive income from associated companies	-24	0	-17	-24	0
Income tax attributable to components of other comprehensive income	93	128	-67	93	128
	-140	2,065	-2,216	-140	2,065
<b>Other comprehensive income for the period, net of tax</b>	<b>-1,649</b>	2,093	-1,891	<b>-1,649</b>	2,093
<b>Total comprehensive income for the period</b>	<b>386</b>	3,941	1,016	<b>386</b>	3,941
<b>Total comprehensive income attributable to:</b>					
Owners of the parent	336	3,387	1,059	336	3,387
Non-controlling interests	50	554	-43	50	554

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	1603	1503
<b>Attributable to owners of the parent</b>		
Opening balance, January 1	70,401	67,622
Total comprehensive income for the period	336	3,387
Acquisition of non-controlling interests	0	-19
Remeasurement effect upon acquisition of non-controlling interests	-1	-1
<b>Closing balance</b>	<b>70,736</b>	70,989
<b>Non-controlling interests</b>		
Opening balance, January 1	5,290	5,250
Total comprehensive income for the period	50	554
Dividend	-13	-16
<b>Closing balance</b>	<b>5,327</b>	5,788
<b>Total equity, closing balance</b>	<b>76,063</b>	76,777

**CONSOLIDATED OPERATING CASH FLOW ANALYSIS**

SEKm	<b>1603</b>	1503
Operating cash surplus	4,414	4,118
Change in working capital	-721	-1,028
Current capital expenditures, net	-738	-903
Restructuring costs, etc.	-220	-227
<b>Operating cash flow</b>	<b>2,735</b>	1,960
Financial items	-325	-270
Income taxes paid	-665	-511
Other	76	67
<b>Cash flow from current operations</b>	<b>1,821</b>	1,246
Acquisitions	-6,492	-21
Strategic capital expenditures in non-current assets	-809	-444
Divestments	18	0
<b>Cash flow before dividend</b>	<b>-5,462</b>	781
Dividend	-13	-16
<b>Net cash flow</b>	<b>-5,475</b>	765
<b>Net debt at the start of the period</b>	<b>-29,478</b>	-35,947
Net cash flow	-5,475	765
Remeasurement to equity	-2,002	394
Translation differences	418	-826
<b>Net debt at the end of the period</b>	<b>-36,537</b>	-35,614
<b>Debt/equity ratio</b>	<b>0.48</b>	0.46
<b>Debt payment capacity, %</b>	<b>48</b>	41

**CONSOLIDATED CASH FLOW STATEMENT**

SEKm	1603	1503
<b>Operating activities</b>		
Profit before tax	2,731	2,480
Adjustment for non-cash items <sup>1</sup>	1,204	1,153
	3,935	3,633
Paid tax	-665	-511
<b>Cash flow from operating activities before changes in working capital</b>	<b>3,270</b>	3,122
<b>Cash flow from changes in working capital</b>		
Change in inventories	214	-466
Change in operating receivables	13	-1,216
Change in operating liabilities	-948	654
<b>Cash flow from operating activities</b>	<b>2,549</b>	2,094
<b>Investing activities</b>		
Acquisitions	-4,387	-1
Divestments	18	0
Investment in tangible and intangible assets	-1,610	-1,406
Sale of tangible assets	63	59
Loan granted to external parties	-167	0
Repayment of loans from external parties	0	11
<b>Cash flow from investing activities</b>	<b>-6,083</b>	-1,337
<b>Financing activities</b>		
Acquisition of non-controlling interests	0	-4
New borrowing	6,552	5,567
Amortization of loans	-3,394	-2,481
Dividend	-13	-16
<b>Cash flow from financing activities</b>	<b>3,145</b>	3,066
<b>Cash flow for the period</b>	<b>-389</b>	3,823
Cash and cash equivalents at the beginning of the period	5,042	3,815
Translation differences in cash and cash equivalents	7	117
<b>Cash and cash equivalents at the end of the period</b>	<b>4,660</b>	7,755
Cash flow from operating activities per share, SEK	3.62	2.97
<b>Reconciliation with consolidated operating cash flow statement</b>		
<b>Cash flow for the period</b>	<b>-389</b>	3,823
<b>Less:</b>		
Loans granted to external parties	167	0
Repayment of loans from external parties	0	-11
New borrowings	-6,552	-5,567
Financial liabilities (additional purchase price) at acquisitions	0	-15
<b>Add:</b>		
Net debt in acquired and divested operations	-2,105	2,481
Amortization of borrowing	3,394	0
Accrued interest	10	54
<b>Net cash flow according to consolidated operating cash flow statement</b>	<b>-5,475</b>	765
<sup>1</sup> Depreciation/amortization and impairment of non-current assets	1,504	1,489
Fair-value measurement of forest assets	-272	-200
Gains/loss on assets sales and swaps of assets	-26	-2
Unpaid related to efficiency programs	0	11
Payments related to efficiency programs, already recognized	-86	-119
Other	84	-26
<b>Total</b>	<b>1,204</b>	1,153

**CONSOLIDATED BALANCE SHEET**

SEKm	Note	March 31, 2016	December 31, 2015
<b>Assets</b>			
Goodwill		18,261	15,412
Other intangible assets		7,685	7,440
Tangible assets		87,393	84,651
Shares and participations		1,078	1,123
Non-current financial assets	4	1,090	1,403
Other non-current receivables	4	1,278	1,213
<b>Total non-current assets</b>		<b>116,785</b>	111,242
Operating receivables and inventories	4	35,606	35,194
Current financial assets	4	783	774
Non-current assets held for sale		119	120
Cash and cash equivalents		4,660	5,042
<b>Total current assets</b>		<b>41,168</b>	41,130
<b>Total assets</b>		<b>157,953</b>	152,372
<b>Equity</b>			
Owners of the parent		70,736	70,401
Non-controlling interests		5,327	5,290
<b>Total equity</b>		<b>76,063</b>	75,691
<b>Liabilities</b>			
Provisions for pensions		4,884	2,771
Other provisions		10,395	11,076
Non-current financial liabilities	4	21,546	21,475
Other non-current liabilities	4	1,299	1,159
<b>Total non-current liabilities</b>		<b>38,124</b>	36,481
Current financial liabilities <sup>1</sup>	4	16,546	12,346
Other current liabilities	4	27,220	27,854
<b>Total current liabilities</b>		<b>43,766</b>	40,200
<b>Total liabilities</b>		<b>81,890</b>	76,681
<b>Total equity and liabilities</b>		<b>157,953</b>	152,372
<sup>1</sup> Committed credit lines amount to SEK 18 505m of which unutilized SEK 18 505m.			
Debt/equity ratio		0.48	0.39
Equity/assets ratio		45%	46%
Return on capital employed*		10.3%	10.1%
Return on equity		10.1%	9.9%
<b>Excluding items affecting comparability:</b>			
Return on capital employed*		12.2%	12.0%
Return on equity		11.9%	11.6%
Equity per share, SEK		108	107
Capital employed		112,600	105,169
- of which working capital		9,105	8,167
Provisions for restructuring costs are included in the balance sheet as follows:			
- Other provisions**		1,014	901
- Operating liabilities		465	548
** ) of which, provision for tax risks		806	798
Net debt		36,537	29,478
Total Equity		76,063	75,691

**NET SALES (business area reporting)**

SEKm	1603	1503	2016:1	2015:4	2015:3	2015:2	2015:1	2014:4
Personal Care	8,151	8,319	8,151	8,681	8,668	8,676	8,319	8,106
Tissue	16,114	15,435	16,114	16,366	16,292	16,091	15,435	15,366
Forest Products	4,055	4,316	4,055	4,133	4,232	4,598	4,316	4,037
Other	-17	0	-17	2	13	-24	0	-14
Intra-group deliveries	-126	-112	-126	-142	-106	-122	-112	-98
<b>Total net sales</b>	<b>28,177</b>	<b>27,958</b>	<b>28,177</b>	<b>29,040</b>	<b>29,099</b>	<b>29,219</b>	<b>27,958</b>	<b>27,397</b>

**OPERATING PROFIT (business area reporting)**

SEKm	1603	1503	2016:1	2015:4	2015:3	2015:2	2015:1	2014:4
Personal Care	974	869	974	1,086	1,058	977	869	930
Tissue	1,826	1,556	1,826	1,943	1,892	1,826	1,556	1,867
Forest Products <sup>3</sup>	548	678	548	612	693	622	678	683
Other	-101	-231	-101	-187	-172	-208	-231	-230
<b>Total operating profit<sup>1</sup></b>	<b>3,247</b>	<b>2,872</b>	<b>3,247</b>	<b>3,454</b>	<b>3,471</b>	<b>3,217</b>	<b>2,872</b>	<b>3,250</b>
Financial items	-325	-270	-325	-259	-233	-193	-270	-209
<b>Profit before tax<sup>1</sup></b>	<b>2,922</b>	<b>2,602</b>	<b>2,922</b>	<b>3,195</b>	<b>3,238</b>	<b>3,024</b>	<b>2,602</b>	<b>3,041</b>
Tax	-736	-676	-736	-1,046	-803	-781	-676	-648
<b>Net profit for the period<sup>2</sup></b>	<b>2,186</b>	<b>1,926</b>	<b>2,186</b>	<b>2,149</b>	<b>2,435</b>	<b>2,243</b>	<b>1,926</b>	<b>2,393</b>

<sup>1</sup> Excluding items affecting comparability before tax amounting to: -191 -122 -191 697 -2,484 -158 -122 -887

<sup>2</sup> Excluding items affecting comparability after tax amounting to: -151 -78 -151 758 -1,867 -114 -78 -789

<sup>3</sup> Including gains on forest swaps, before tax 0 0 0 0 0 0 0 3

**OPERATING MARGIN (business area reporting)**

%	1603	1503	2016:1	2015:4	2015:3	2015:2	2015:1	2014:4
Personal Care	11.9	10.4	11.9	12.5	12.2	11.3	10.4	11.5
Tissue	11.3	10.1	11.3	11.9	11.6	11.3	10.1	12.2
Forest Products	13.5	15.7	13.5	14.8	16.4	13.5	15.7	16.9

**STATEMENT OF PROFIT OR LOSS**

SEKm	2016:1	2015:4	2015:3	2015:2	2015:1
<b>Net sales</b>	<b>28,177</b>	<b>29,040</b>	<b>29,099</b>	<b>29,219</b>	<b>27,958</b>
Cost of goods sold	-20,828	-21,372	-21,443	-21,735	-20,926
<b>Gross profit</b>	<b>7,349</b>	<b>7,668</b>	<b>7,656</b>	<b>7,484</b>	<b>7,032</b>
Sales, general and administration	-4,134	-4,270	-4,244	-4,313	-4,198
Items affecting comparability	-191	697	-2,484	-158	-122
Share of profits of associates and joint ventures	32	56	59	46	38
<b>Operating profit</b>	<b>3,056</b>	<b>4,151</b>	<b>987</b>	<b>3,059</b>	<b>2,750</b>
Financial items	-325	-259	-233	-193	-270
<b>Profit before tax</b>	<b>2,731</b>	<b>3,892</b>	<b>754</b>	<b>2,866</b>	<b>2,480</b>
Taxes	-696	-985	-186	-737	-632
<b>Net profit for the period</b>	<b>2,035</b>	<b>2,907</b>	<b>568</b>	<b>2,129</b>	<b>1,848</b>



**INCOME STATEMENT PARENT COMPANY**

SEKm	1603	1503
Administrative expenses	-156	-300
Other operating income	59	71
Other operating expenses	-54	-55
<b>Operating profit</b>	<b>-151</b>	<b>-284</b>
Financial items	3,237	-335
<b>Profit before tax</b>	<b>3,086</b>	<b>-619</b>
Untaxed reserve and Tax	73	122
<b>Net profit for the period</b>	<b>3,159</b>	<b>-497</b>

**BALANCE SHEET PARENT COMPANY**

SEKm	March 31, 2016	December 31, 2015
Intangible assets	0	0
Tangible assets	8,178	8,190
Financial assets	140,204	140,198
Total non-current assets	148,382	148,388
Total current assets	986	2,430
<b>Total assets</b>	<b>149,368</b>	<b>150,818</b>
Restricted equity	10,996	10,996
Unrestricted equity	52,042	48,883
Total equity	63,038	59,879
Untaxed reserves	230	230
Provisions	1,686	1,674
Non-current liabilities	16,435	16,555
Current liabilities	67,979	72,480
<b>Total equity, provisions and liabilities</b>	<b>149,368</b>	<b>150,818</b>

## NOTES

### 1 ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1 of the Swedish Financial Reporting Board (RFR), and with regards to the Parent Company, RFR 2.

Effective January 1, 2016, SCA applies the following new or amended IFRSs:

- IAS 1 Amendments to IAS 1: Disclosure Initiative
- Annual improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations Improvements to IFRSs 2011-2013 Cycle

These standards are not judged to have any material impact on the Group's or Parent Company's result of operations or financial position.

In other respects, the accounting principles applied correspond to those described in the 2015 Annual Report.

### 2 RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 76–81 of the 2015 Annual Report. No significant changes have taken place that have affected the reported risks.

Risks in conjunction with company acquisitions are analyzed 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.

#### **Risk management processes**

SCA's board decides on the Group's strategic direction, 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 unit presidents. This means that most operational risks are managed by SCA's business units at the local level, but that they are coordinated when considered necessary. The tools used in this coordination consist primarily of the business units' regular reporting and the annual strategy process, where risks and risk management are a part of the process.

SCA's financial risk management is centralized, 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 aggregated and monitored on a regular basis to ensure compliance with these guidelines. SCA has also centralized other risk management.

SCA has a staff function for internal audit, which monitors compliance in the organization with the Group's policies.

### 3 RELATED PARTY TRANSACTIONS

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

## 4 FINANCIAL INSTRUMENTS PER CATEGORY

Distribution by level for measurement at fair value.

SEKm	Carrying amount in the balance sheet	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Of which fair value by level <sup>1</sup>	
						1	2
<b>March 31, 2016</b>							
Derivatives	1,198	390	808	-	-	-	1,198
Non-current financial assets	85	-	-	85	-	77	8
<b>Total assets</b>	<b>1,283</b>	<b>390</b>	<b>808</b>	<b>85</b>	<b>-</b>	<b>77</b>	<b>1,206</b>
Derivatives	921	365	556	-	-	-	921
Financial liabilities							
Current financial liabilities	16,191	6,103	-	-	10,088	-	6,103
Non-current financial liabilities	21,481	10,915	-	-	10,566	-	10,915
<b>Total liabilities</b>	<b>38,593</b>	<b>17,383</b>	<b>556</b>	<b>-</b>	<b>20,654</b>	<b>-</b>	<b>17,939</b>
<b>December 31, 2015</b>							
Derivatives	1,225	576	649	-	-	-	1,225
Non-current financial assets	83	-	-	83	-	75	8
<b>Total assets</b>	<b>1,308</b>	<b>576</b>	<b>649</b>	<b>83</b>	<b>-</b>	<b>75</b>	<b>1,233</b>
Derivatives	1,090	538	552	-	-	-	1,090
Financial liabilities							
Current financial liabilities	11,866	5,634	-	-	6,232	-	5,634
Non-current financial liabilities	21,353	10,967	-	-	10,386	-	10,967
<b>Total liabilities</b>	<b>34,309</b>	<b>17,139</b>	<b>552</b>	<b>-</b>	<b>16,618</b>	<b>-</b>	<b>17,691</b>

<sup>1</sup> No financial instruments have been classified to level 3

The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, trade payables and other current and non-current liabilities is estimated to be equal to their book value. The total fair value of financial liabilities amounts to SEK 38,331m (33,877).

No transfers between level 1 and 2 were made during the period.

The fair value of financial instruments is calculated based on current market quotations on the balance sheet date. The value of derivatives is based on published prices in an active market. The fair value of debt instruments is set using valuation models, such as discounting of future cash flows to quoted market interest rates for the respective durations.

## 5 ACQUISITIONS AND DIVESTMENTS

On October 13, 2015, SCA announced that it had made a public offer for Wausau Paper Corp., one of the largest Away-from-Home tissue companies in North America. On November 17, 2015, the deal was approved by the US authorities, and at a shareholder meeting on January 20, 2016, Wausau Paper's shareholders accepted the offer from SCA. The transaction was closed on January 21, 2016, and SCA consolidates the company as from that date. The purchase consideration was USD 513m (SEK 4,401) in cash. In the purchase price allocation below, calculations of intangible assets and goodwill are only preliminary. Goodwill is justified by synergies between SCA and Wausau Paper, among other things by giving customers a broad portfolio of products. The acquisition is expected to generate annual synergies of approximately USD 40m, with full effect three years after closing. Synergies are expected in sourcing, production, logistics, reduced imports, higher volumes of premium products, and reduced selling and administrative costs. Restructuring costs are expected to amount to approximately USD 50m.

The acquisition has affected consolidated net sales from the date of acquisition, by SEK 625m, operating profit excluding items affecting comparability, by SEK 78m, and profit for the period after tax, including items affecting comparability, by SEK -9m. If the acquisition had been consolidated as from January 1, 2016, the effect on anticipated net sales would have been SEK 793m, and the effect on profit after tax, including items affecting comparability, would have been SEK 1m.

<b>Purchase price allocation, Wausau Paper Corp.</b>	Preliminary
<b>SEKm</b>	
Intangible assets	203
Non-current assets	3,070
Current assets	676
Cash and cash equivalents	14
Net debt	-2,105
Provisions and other non-current liabilities	-127
Operating liabilities	-523
<b>Net identifiable assets and liabilities</b>	<b>1,208</b>
Goodwill	3,193
<b>Consideration paid</b>	<b>4,401</b>
Consideration paid	-4,401
Cash and cash equivalents in acquired operations	14
<b>Effect on the Group's cash and cash equivalents (Consolidated cash flow statement)</b>	<b>-4,387</b>
Acquired net debt excluding cash and cash equivalents	-2,105
<b>Acquisition of operations including net debt taken over (Consolidated operating cash flow statement)</b>	<b>-6,492</b>

### Acquisitions and divestments after the end of the reporting period

On October 29, 2015, SCA announced that the company is divesting its business in Southeast Asia, Taiwan and South Korea for integration with Vinda International Holdings Limited ("Vinda"), a subsidiary that is 51.4%-owned by SCA and listed on the Hong Kong Stock Exchange. The purchase consideration was HKD 2.8bn on a debt-free basis. The transaction was closed on April 1, 2016.