

JANUARY 1 – MARCH 31, 2017 (compared with the corresponding period a year ago)

- Net sales totaled SEK 25,268m (24,248)
- Organic sales, excluding exchange rate effects, acquisitions and divestments, increased 1,0%
- Operating profit before amortization of acquisition-related intangible assets (EBITA) rose 1% to SEK 2,596m (2,558)
- Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 6% to SEK 2,917m (2,744)
- Adjusted operating profit increased 7% to SEK 2,896m (2,713)
- The adjusted EBITA margin was 11.5% (11.3)
- Adjusted profit before tax rose 9% to SEK 2,630m (2,410)
- Items affecting comparability totaled SEK -409m (-191), of which SEK -134m (-185) affected cash flow
- Profit for the period was SEK 1,656m (1,625)
- Earnings per share¹ amounted to SEK 2.08 (2.15)
- The adjusted return on capital employed was 15.6% (15.5)
- Cash flow from current operations was SEK 2,282m (1,043)
- The acquisition of BSN medical was closed on April 3, 2017
- SCA's Annual General Meeting approved the distribution and listing of the hygiene business – the future hygiene and health company Essity AB. The preparations for the distribution and the listing of SCA Hygiene AB are under way, and the intention is that the first day of separate trading in the two companies will be in June 2017.
- The financial targets for the Group have been changed and are now annual organic growth of above 3% and an adjusted return on capital employed of above 15%

¹ Indicative earnings per share on the assumption that the number of issued shares in SCA Hygiene AB as of March 31, 2017 corresponded to the number of issued shares in SCA (702.3 millions) at the same date. The actual number of shares issued in SCA Hygiene AB as of March 31, 2017 was 5,000.

EARNINGS TREND

SEKm	1703	1603	%
Net sales	25,268	24,248	4
Adjusted operating profit before amortization of acquisition related intangible assets (EBITA) ²	2,917	2,744	6
Operating profit before amortization of acquisition related intangible assets (EBITA)	2,596	2,558	1
Amortization of acquisition related intangible assets	-21	-31	
Adjusted operating profit ²	2,896	2,713	7
Items affecting comparability	-409	-191	
Operating profit	2,487	2,522	-1
Financial items	-266	-303	
Profit before tax	2,221	2,219	0
Adjusted profit before tax ²	2,630	2,410	9
Tax	-565	-594	
Profit for the period	1,656	1,625	2
Earnings per share, SEK	2.08	2.15	

² Excluding items affecting comparability; for amounts see page 13.

CEO'S COMMENTS

At the AGM on April 5, 2017, SCA's shareholders decided to split SCA into two listed companies: SCA, an efficient and well-invested forest products company, and Essity, a leading global hygiene and health company. The split aims to increase value for shareholders in the long term through increased focus, customer value and development opportunities and by enabling each company to successfully realize its strategies. We look forward to an exciting future for these two strong listed companies.

On April 3, 2017, the Group completed the acquisition of BSN medical, a leading medical solutions company. The acquisition of BSN medical is an excellent strategic fit for SCA and will contribute to the realization of our vision – dedicated to improving well-being through leading hygiene and health solutions. BSN medical has leading market positions in several attractive medical product categories and represents a new growth platform.

We further developed our customer and consumer offerings, and launched five innovations during the quarter. In Latin America, we launched innovations in Consumer Tissue under the Familia brand and in Feminine Care under the Saba brand. In Russia, we upgraded our Baby Care offering under the Libero brand. For Incontinence Products, we launched two innovations under the globally leading TENA brand. In France, during April 2017, we launched products in Baby Care under our strong Lotus brand.

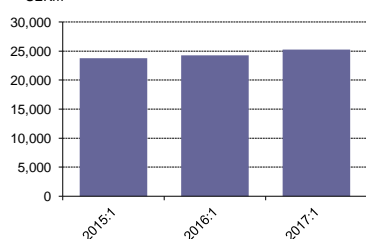
Our activities to continuously enhance efficiency and reduce costs across the supply chain continued. As part of our Tissue Roadmap, we approved investments during the quarter in Mexico and the UK to strengthen our product offerings. Furthermore, a tissue machine was closed and a tissue plant was divested in the UK. These measures are aligned with our strategy to streamline production and secure capacity for future growth to increase value creation in the Consumer Tissue and Professional Hygiene business areas.

We continued our efforts to improve or exit underperforming market positions. Significantly improved profitability for Incontinence Products in North America and the discontinuation of Baby Care operations in Mexico and the hygiene business in India had a positive impact on the margin in Personal Care during the first quarter.

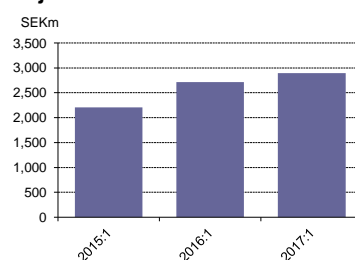
Net sales for the Group in the first quarter of 2017 rose 4.2% compared with the corresponding period a year ago. Organic sales increased 1.0%. Organic sales increased 5.2% in emerging markets, which accounted for 36% of net sales, and decreased 0.9% in mature markets.

Adjusted EBITA for the Group in the first quarter of 2017, excluding currency translation effects, acquisitions and divestments, rose 4% compared with the corresponding period a year ago. This increase was primarily attributable to higher volumes, a better price/mix, cost savings and other measures to improve profitability. Selling costs were higher, and investments were made in increased marketing activities. Higher energy and raw material costs had a negative earnings effect. The Group's adjusted EBITA margin increased 0.2 percentage points to 11.5%. Operating cash flow rose 60%. The adjusted return on capital employed increased 0.1 percentage points to 15.6%.

Net sales
SEKm

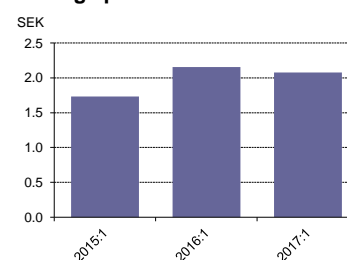


Adjusted EBITA
SEKm



Excluding items affecting comparability

Earnings per share
SEK



ADJUSTED EARNINGS TREND

SEKm	1703	1603	%
Net sales	25 268	24 248	4
Cost of goods sold ¹	-18 050	-17 576	
Adjusted gross profit ¹	7 218	6 672	8
Sales, general and administration ¹	-4 301	-3 928	
Adjusted operating profit before amortization of acquisition related intangible assets (EBITA) ¹	2 917	2 744	6
Amortization of acquisition related intangible assets	-21	-31	
Adjusted operating profit ¹	2 896	2 713	7
Financial items	-266	-303	
Adjusted profit before tax ¹	2 630	2 410	9
Adjusted tax ¹	-659	-634	
Adjusted profit for the period ¹	1 971	1 776	11
¹ Excluding items affecting comparability; for amounts see page 13.			
Adjusted Margins (%)			
Gross margin ¹	28,6	27,5	
EBITA margin ¹	11,5	11,3	
Operating margin ¹	11,5	11,2	
Financial net margin	-1,1	-1,2	
Profit margin ¹	10,4	10,0	
Tax ¹	-2,6	-2,6	
Net margin ¹	7,8	7,4	
¹ Excluding items affecting comparability; for amounts see page 13.			

ADJUSTED EBITA BY BUSINESS AREA

SEKm	1703	1603	%
Personal Care	1,228	977	26
Consumer Tissue	1,151	1,078	7
Professional Hygiene	720	777	-7
Other	-182	-88	
Total ¹	2,917	2,744	6
¹ Excluding items affecting comparability; for amounts see page 13.			

ADJUSTED OPERATING PROFIT BY BUSINESS AREA

SEKm	1703	1603	%
Personal Care	1,224	974	26
Consumer Tissue	1,149	1,061	8
Professional Hygiene	705	765	-8
Other	-182	-87	
Total ¹	2,896	2,713	7
¹ Excluding items affecting comparability; for amounts see page 13.			

OPERATING CASH FLOW BY BUSINESS AREA

SEKm	1703	1603	%
Personal Care	1,063	930	14
Consumer Tissue	1,245	1,272	-2
Professional Hygiene	848	152	458
Other	-70	-420	
Total	3,086	1,934	60

GROUP

MARKET/EXTERNAL ENVIRONMENT

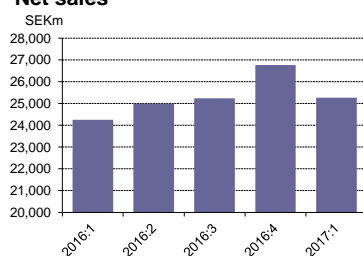
January-March 2017 compared with the corresponding period a year ago

The global market for hygiene products was somewhat challenging in the first quarter of 2017.

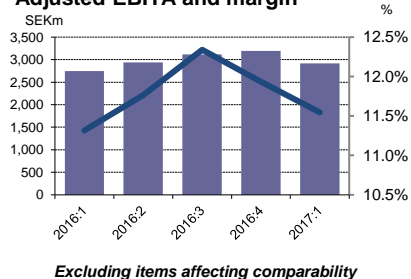
The European and North American markets for incontinence products in the healthcare sector displayed higher demand, but with continued price pressure as a result of fierce competition. The European and North American retail markets for incontinence products showed high growth. Emerging markets noted higher demand for incontinence products. The global market for incontinence products was characterized by a continued high level of competition. In Europe, demand for baby care was stable, while a slight decline was reported for feminine care. In emerging markets, demand rose for baby care and feminine care. The global market for baby care and several markets for feminine care were characterized by increased competition and campaign activity.

The European market for consumer tissue demonstrated low growth and increased competition. The Chinese consumer tissue market noted higher demand. The European and North American markets for professional hygiene displayed low growth.

Net sales



Adjusted EBITA and margin



NET SALES AND EARNINGS

January-March 2017 compared with the corresponding period a year ago

Net sales increased 4.2% compared with the corresponding period a year ago to SEK 25,268m (24,248). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 1.0%, of which volume accounted for 0.7% and price/mix for 0.3%. Organic sales decreased 0.9% in mature markets and increased 5.2% in emerging markets. Emerging markets accounted for 36% of net sales. Exchange rate effects increased net sales by 2.6%. The acquisition of Wausau Paper Corp. increased net sales by 0.6%.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 6% (4% excluding currency translation effects and acquisitions) to SEK 2,917m (2,744). Higher volumes, a better price/mix, cost savings, the acquisition of Wausau Paper Corp. and the discontinuation of the Baby Care business in Mexico and the hygiene business in India increased earnings. Cost savings amounted to SEK 214m. Selling costs were higher, and investments were made in increased marketing activities. Higher energy and raw material costs had a negative earnings effect.

Change in net sales (%)

	1703 vs. 1603
Total	4.2
Price/mix	0.3
Volume	0.7
Currency	2.6
Acquisitions	0.6
Divestments	0

Items affecting comparability amounted to SEK -409m (-191) and include costs of approximately SEK -460m attributable to the split of the SCA Group into two listed companies. The bulk is related to foreign tax of a non-recurring nature on non-current assets outside Sweden. Furthermore, the amount includes integration costs related to the Wausau Paper Corp. acquisition totaling SEK -30m, restructuring costs of SEK -80m for the closure of a tissue machine in the UK, and other costs amounting to SEK -104m. A release of a provision relating to a competition case in Poland had a positive impact of about SEK 265m.

Financial items decreased to SEK -266m (-303). Lower interest had a positive impact on financial items during the period.

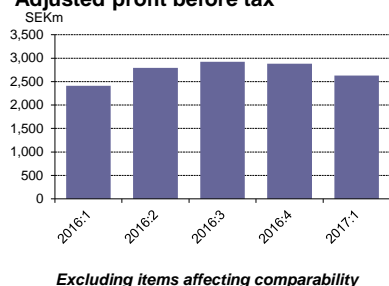
Change in adjusted EBITA (%)

	1703 vs. 1603
Total	6
Price/mix	2
Volume	4
Raw materials	-1
Energy	-1
Currency	1
Other	1

Adjusted profit before tax rose 9% (6% excluding currency translation effects and acquisitions) to SEK 2,630m (2,410).

The tax expense, excluding effects of items affecting comparability, was SEK 659m (634).

Adjusted profit for the period rose 11% (8% excluding currency translation effects and acquisitions) to SEK 1,971m (1,776).

Adjusted profit before tax

Profit for the period rose 2% (declined 1% excluding currency translation effects and acquisitions) to SEK 1,656m (1,625). Earnings per share, including items affecting comparability, were SEK 2.08 (2.15).

The adjusted return on capital employed was 15.6% (15.5).

CASH FLOW AND FINANCING**January–March 2017 compared with the corresponding period a year ago**

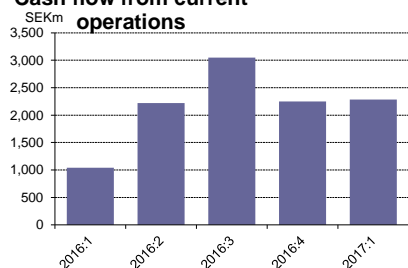
The operating cash surplus amounted to SEK 4,146m (3,900). The cash flow effect of changes in working capital was SEK -253m (-1,071). Working capital as a share of net sales decreased. Current capital expenditures amounted to SEK -596m (-664). Operating cash flow was SEK 3,086m (1,934).

Financial items decreased to SEK -266m (-303). Lower interests had a positive impact on financial items during the period. Tax payments totaled SEK 627m (662). Cash flow from current operations amounted to SEK 2,282m (1,043) during the period. The improvement is mainly attributable to a lower level of tied-up capital and a higher operating cash surplus.

Strategic capital expenditures amounted to SEK -256m (-422). The net sum of acquisitions and divestments was SEK 23m (-6,474). Net cash flow totaled SEK 2,262m (-5,317).

Net debt decreased SEK 3,051m during the period, to SEK 32,122m. Excluding pension liabilities, net debt amounted to SEK 28,030m. Net cash flow reduced net debt by SEK 2,262m. 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, reduced net debt by SEK 779m. Exchange rate movements reduced net debt by SEK 10m.

The debt/equity ratio was 0.75 (0.53). Excluding pension liabilities, the debt/equity ratio was 0.65 (0.42). The debt payment capacity was 37% (56).

Cash flow from current operations**EQUITY****January–March 2017**

Consolidated equity increased SEK 3,528m during the period, to SEK 43,108m. Net profit for the period increased equity by SEK 1,656m. Equity increased SEK 543m 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 reduced equity by SEK 135m after tax. Exchange rate movements, including the effects of hedges of net investments in foreign assets, after tax, increased equity by SEK 306m. Equity increased as a result of a private placement of SEK 960m to non-controlling interests in Vinda. Transactions with shareholders (SCA AB) increased equity by SEK 243m. Other items reduced equity by SEK 45m.

TAX**January–March 2017**

A tax expense of SEK 659m was reported, excluding items affecting comparability. The reported tax expense corresponds to a tax rate of about 25.1% for the period.

The tax expense including items affecting comparability was SEK 565m, corresponding to a tax rate of 25.4% for the period.

EVENTS DURING THE QUARTER

SCA Hygiene AB strengthens tissue business in the UK

On January 26, 2017, SCA announced that, to meet the growing demand for high-quality tissue and strengthen the product offering in the UK, SCA is investing in a through-air drying (TAD) machine at its tissue plant in Skelmersdale. SCA Hygiene AB has also decided to close an older tissue machine in Stubbins and signed an agreement to divest its tissue plant in Chesterfield to Sidcot Group Limited. These measures are part of SCA Hygiene AB's Tissue Roadmap and are aligned with the company's strategy to streamline production and secure capacity for future growth to increase value creation in the Consumer Tissue and Professional Hygiene business areas.

Following the investment at the Skelmersdale tissue plant of approximately SEK 160m, the production capacity of high-quality TAD products will be 28,000 tons.

The cost for closing the older tissue machine in Stubbins, with an annual production capacity of 20,000 tons, is expected to amount to approximately SEK 120m and will be recognized as an item affecting comparability, of which SEK 80m was recognized in the first quarter of 2017. Approximately SEK 70m of these costs are expected to impact cash flow.

Sidcot Group Limited paid a consideration of approximately GBP 3m (approximately SEK 35m) for the production facility in Chesterfield. The facility produces mother reels but has no converting capacity. SCA Hygiene AB will have no internal need for the type of mother reels produced at the plant. The annual production capacity is 31,000 tons. An impairment loss of approximately SEK 10m was recognized as an item affecting comparability in the fourth quarter of 2016. The transaction was completed in the first quarter of 2017.

SCA Hygiene AB invests to further strengthen tissue operations in Mexico and baby diaper operations in Europe

On February 23, 2017, SCA announced that, to further strengthen competitiveness and enable future growth in the tissue operations in Mexico, the company has decided to invest about USD 105m (approximately SEK 950m) in one of the company's facilities in the country. To strengthen its baby diaper product offering in Europe, SCA Hygiene AB has also decided to invest about EUR 40m (approximately SEK 380m) in facilities in Europe. The investment in Mexico will support SCA's high-quality tissue offering under the Regio brand.

SCA Hygiene AB raises EUR 2 billion in the bond market

On March 15, 2017, SCA announced that SCA Hygiene AB, under its Euro Medium Term Note (EMTN) program, had raised EUR 2bn at an average interest rate of 0.98% and an average tenor of 6.35 years. The purpose of the transaction was to finance the acquisition of BSN medical.

EVENTS AFTER THE END OF THE QUARTER

SCA Hygiene AB's acquisition of BSN medical now closed

On April 3, 2017, SCA announced that the company's acquisition of BSN medical, a leading medical solutions company, had been closed. BSN medical develops, manufactures and sells products within wound care, compression therapy and orthopedics. The purchase price for the shares amounted to EUR 1,400m and takeover of net debt to approximately EUR 1,340m¹⁾. SCA Hygiene AB consolidates BSN medical as of April 3, 2017.

BSN medical's sales for 2016 amounted to EUR 850m (SEK 8,038m) and adjusted EBITDA²⁾ for 2016 was EUR 210m (SEK 1,986m). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 5.3%.

BSN medical will be included in the Personal Care business area. Together with the business unit Incontinence Care, BSN medical will form the new business unit Health and Medical Solutions. This business unit is led by Margareta Lehmann, previously President of SCA Incontinence Care.

The BSN medical acquisition is an excellent strategic fit for SCA Hygiene AB, supporting our vision, dedicated to improving well-being through leading hygiene and health solutions, two closely interlinked areas. SCA Hygiene AB's Incontinence Products

business, with the global leading TENA brand, shares similar positive market characteristics, customer base and sales channels with BSN medical, which provide opportunities for accelerated growth through cross-selling.

BSN medical, with well-known brands such as Leukoplast, Cutimed, JOBST, Delta and Actimove, has leading market positions in several attractive medical product categories and provides a new growth platform with future industry consolidation opportunities.

The acquisition is expected to realize annual synergies of at least EUR 30m with full effect three years after closing. Restructuring costs are expected to amount to a total of approximately EUR 10m to be incurred in the first three years following completion. The BSN medical acquisition is expected to be accretive to SCA Hygiene AB's earnings per share from the first year. The company has high cash conversion and an asset-light business model. The acquisition is fully debt-funded. SCA Hygiene AB remains fully committed to retaining a solid investment grade rating.

¹⁾ Based on net debt as per December 31, 2016. Final takeover of net debt will be based on March 31, 2017.

²⁾ Excluding items affecting comparability.

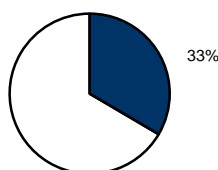
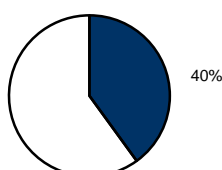
SCA to become two listed companies: the forest products company SCA and the hygiene and health company Essity

On April 5, 2017, the 2017 AGM of SCA decided that all shares in the wholly owned subsidiary SCA Hygiene AB (currently undergoing a change of name to Essity Aktieföretag), comprising the SCA Group's hygiene business, will be distributed to the shareholders of SCA. The preparations for the distribution and the listing of SCA Hygiene AB are under way, and the intention is that the first day of separate trading in the two companies will be in June 2017.

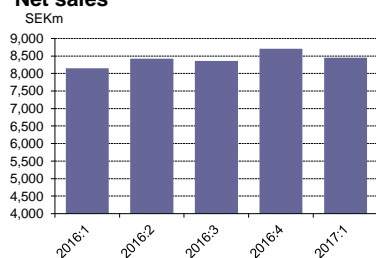
SCA has also convened an extraordinary general meeting at 12:00 CET on May 17, 2017 in Sundsvall to elect new members to the Board of SCA, who are expected to take up their new positions in conjunction with the first day of separate trading in the two companies.

Changed financial targets

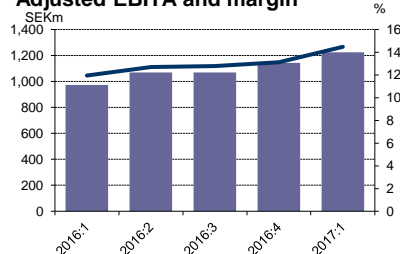
On April 27, 2017, SCA announced that the financial targets for the hygiene business have been updated in conjunction with the split of the Group. The current targets for Personal Care and Tissue have been replaced with targets for the Group. The company will continue to apply targets for organic growth and adjusted return on capital employed (defined as adjusted operating profit before amortization of acquisition-related intangible assets (adjusted EBITA)/capital employed). The target levels have been determined on the basis of the weighted average of the previous targets, taking into account the assessed impact of the BSN medical acquisition. The new targets for the Group are now annual organic growth of above 3% and adjusted return on capital employed of above 15%.

Share of Group, net sales
1703Share of Group, adjusted EBITA
1703

Net sales



Adjusted EBITA and margin



Change in net sales (%)

	1703 vs. 1603
Total	3.8
Price/mix	0.7
Volume	0.4
Currency	2.7
Acquisitions	0
Divestments	0

Change in adjusted EBITA (%)

	1703 vs. 1603
Total	26
Price/mix	5
Volume	5
Raw materials	1
Energy	0
Currency	2
Other	13

PERSONAL CARE

SEKm	1703	1603	%
Net sales	8,455	8,151	4
Adjusted EBITA*	1,228	977	26
Adjusted EBITA margin, %*	14.5	12.0	
Adjusted operating profit*	1,224	974	26
Adjusted operating margin, %*	14.5	11.9	
Adjusted return on capital employed, %*	35.4	28.9	
Operating cash flow	1,063	930	

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

January-March 2017 compared with the corresponding period a year ago

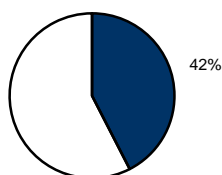
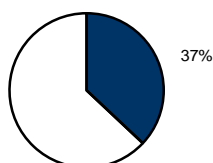
Net sales increased by 3.8% to SEK 8,455m (8,151). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 1.1%, of which volume accounted for 0.4% and price/mix for 0.7%. The discontinuation of the Baby Care business in Mexico and the hygiene business in India negatively impacted organic sales by approximately 1%. Organic sales in mature markets decreased by 0.3%. On emerging markets, which accounted for 42% of net sales, the organic sales rose by 3.1%. Exchange rate effects increased net sales by 2.7%.

For Incontinence Products, under the globally leading TENA brand, organic sales increased 2.0%. Growth is attributable to emerging markets and North America. In Europe, the retail sector reported good growth, while lower sales to the health care sector had a negative effect on growth. For Baby Care, organic sales decreased 4.2%. The decline was mainly the result of the closure of the Baby Care businesses in Mexico and India. For Feminine Care, organic sales increased by 4.5%, attributable to emerging markets.

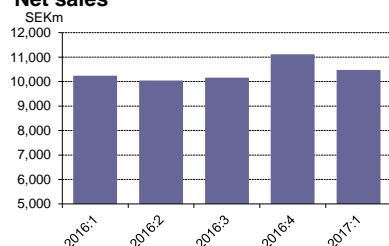
Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 26% (24% excluding currency translation effects) to SEK 1,228m (977). EBITA was positively affected by a better price/mix, higher volumes, lower raw material costs, cost savings, increased profitability for Incontinence Products in North America and the closure of the Baby Care business in Mexico and the hygiene business in India. Investments were made in increased marketing activities.

The adjusted return on capital employed, excluding items affecting comparability, was 35.4% (28.9).

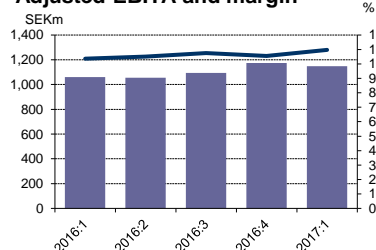
The operating cash surplus amounted to SEK 1,491m (1,218). Operating cash flow increased to SEK 1,063m (930).

Share of Group, net sales
1703Share of Group, adjusted EBITA
1703

Net sales



Adjusted EBITA and margin



Change in net sales (%)

	1703 vs. 1603
Total	2.3
Price/mix	0.3
Volume	0.9
Currency	1.7
Acquisitions	0
Divestments	0

Change in adjusted EBITA (%)

	1703 vs. 1603
Total	7
Price/mix	-2
Volume	2
Raw materials	6
Energy	-3
Currency	3
Other	1

CONSUMER TISSUE

SEKm	1703	1603	%
Net sales	10,473	10,238	2
Adjusted EBITA*	1,151	1,078	7
Adjusted EBITA margin, %*	11.0	10.5	
Adjusted operating profit*	1,149	1,061	8
Adjusted operating margin, %*	11.0	10.4	
Adjusted return on capital employed, %*	11.4	10.6	
Operating cash flow	1,245	1,272	

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

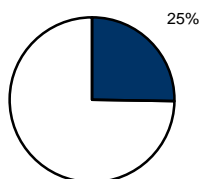
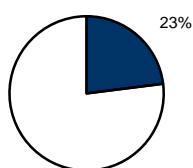
January-March 2017 compared with the corresponding period a year ago

Net sales increased 2.3% to SEK 10,473m (10,238). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 0.6%, of which volume accounted for 0.9% and price/mix for -0.3%. Organic sales decreased 1.6% in mature markets. The decline was mainly related to lower sales of products sold under retailers' brands and lower sales of mother reels. Organic sales increased 5.2% in emerging markets, which accounted for 44% of net sales. The increase was attributable to Asia, Latin America and Russia. Exchange rate effects increased net sales by 1.7%.

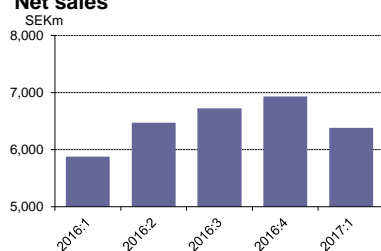
Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) rose 7% (4% excluding currency translation effects) to SEK 1,151m (1,078). This increase was related to higher volumes, lower raw material costs and cost savings. Lower prices and higher energy costs had a negative impact on earnings.

The adjusted return on capital employed, excluding items affecting comparability, was 11.4% (10.6).

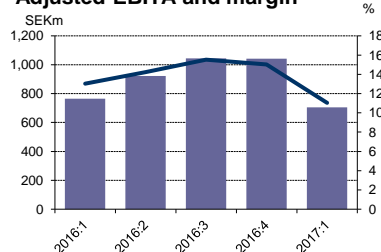
The operating cash surplus increased to SEK 1,661m (1,573). Operating cash flow decreased and amounted to SEK 1,245m (1,272).

Share of Group, net sales
1703Share of Group, adjusted EBITA
1703

Net sales



Adjusted EBITA and margin



Change in net sales (%)

	1703 vs. 1603
Total	8.6
Price/mix	0.9
Volume	1.2
Currency	4.0
Acquisitions	2.5
Divestments	0

Change in adjusted EBITA (%)

	1703 vs. 1603
Total	-7
Price/mix	4
Volume	4
Raw materials	-15
Energy	0
Currency	4
Other	-4

PROFESSIONAL HYGIENE

SEKm	1703	1603	%
Net sales	6,383	5,876	9
Adjusted EBITA*	720	777	-7
Adjusted EBITA margin, %*	11.3	13.2	
Adjusted operating profit*	705	765	-8
Adjusted operating margin, %*	11.0	13.0	
Adjusted return on capital employed, %*	13.7	17.8	
Operating cash flow	848	152	

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

January-March 2017 compared with the corresponding period a year ago

Net sales increased 8.6% to SEK 6,383m (5,876). Organic sales, which exclude exchange rate effects, acquisitions and divestments, increased 2.1%, of which volume accounted for 1.2% and price/mix for 0.9%. The acquisition of Wausau Paper Corp. increased net sales by 2.5%. Organic sales in mature markets was in level with the corresponding period a year ago. Increased sales in Western Europe offset lower sales in North America. Organic sales increased 13.2% in emerging markets, which accounted for 17% of net sales. This increase was primarily attributable to Asia and Latin America. Exchange rate effects increased net sales by 4.0%.

Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) declined 7% (14% excluding currency translation effects and acquisitions) to SEK 720m (777). The decline was primarily related to higher raw material costs mainly due to significantly higher recovered paper prices. Higher selling costs had a negative earnings effect. A better price/mix, higher volumes, cost savings and the acquisition of Wausau Paper Corp. increased earnings.

The adjusted return on capital employed, excluding items affecting comparability, was 13.7% (17.8).

The operating cash surplus decreased to SEK 1,153m (1,178). Operating cash flow increased to SEK 848m (152).

The Board of Directors and President certify that the interim report gives a true and fair view of the Parent Company's and Group's operations, financial position and results of operations, and describes material risks and uncertainties facing the company and the companies included in the Group.

Stockholm, April 27, 2017
SCA Hygiene AB (publ)

Pär Boman
Chairman of the
Board

Ewa Björling
Board member

Maija-Liisa Friman
Board member

Annemarie Gardshol
Board member

Johan Malmquist
Board member

Bert Nordberg
Board member

Louise Svanberg
Board member

Lars Rebien Sörensen
Board member

Barbara Milian Thoralfsson
Board member

Magnus Groth
Board member
President and CEO

Review report
SCA Hygiene AB (publ), Corp. Reg. No. 556325-5511

Introduction

We have reviewed this interim report for SCA Hygiene AB (publ.) as per March 31, 2017, and the three-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Approach and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion based on a review does not give the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group, and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm, April 27, 2017
Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

FUTURE REPORTS

During 2017, quarterly reports will be published on July 18 and October 26. The year-end report for 2017 will be published on January 26, 2018.

INVITATION TO PRESS CONFERENCE ON INTERIM REPORT FOR THE FIRST QUARTER OF 2017

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 27, 2017

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

The presentation will be webcast at www.sca.com. To participate, call: +44 (0)20 7162 0077, +1 646 851 2407 or +46 (0)8 505 201 10. Specify "SCA" or conference ID no. 961663.

Stockholm, April 27, 2017
SCA Hygiene AB (publ)

Magnus Groth
President and CEO

For further information, please contact:

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Johan Karlsson, Vice President Investor Relations, Group Function Communications, +46 8 788 51 30

Linda Nyberg, Vice President Media and Online, Group Function Communications, +46 8 788 51 58

Joséphine Edwall-Björklund, Senior Vice President, Group Function Communications, +46 8 788 52 34

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. The information was submitted for publication, through the agency of the contact person set out below, at 8:00 CET on April 27, 2017. This interim report has been reviewed by the company's auditors.

Karl Stoltz, Media Relations Manager, +46 8 788 51 55

CONDENSED STATEMENT OF PROFIT OR LOSS

SEKm	2017:1	2016:1	2016:4	1703	1603
Net sales	25,268	24,248	26,772	25,268	24,248
Cost of goods sold ^{1,2}	-18,050	-17,576	-19,131	-18,050	-17,576
Items affecting comparability ^{1,2}	-212	-22	-49	-212	-22
Gross profit	7,006	6,650	7,592	7,006	6,650
Sales, general and administration ^{1,2}	-4,330	-3,960	-4,495	-4,330	-3,960
Items affecting comparability ^{1,2}	-109	-164	-630	-109	-164
Share of profits of associates and joint ventures	29	32	49	29	32
Operating profit before amortization of acquisition related intangible assets	2,596	2,558	2,516	2,596	2,558
Amortization of acquisition related intangible assets ¹	-21	-31	-51	-21	-31
Items affecting comparability ^{1,2}	-88	-5	-9	-88	-5
Operating profit	2,487	2,522	2,456	2,487	2,522
Financial items	-266	-303	-265	-266	-303
Profit before tax	2,221	2,219	2,191	2,221	2,219
Tax	-565	-594	-1,021	-565	-594
Profit for the period	1,656	1,625	1,170	1,656	1,625
Earnings attributable to:					
Owners of the parent	1,460	1,512	985	1,460	1,512
Non-controlling interests	196	113	185	196	113
Average no. of shares before dilution, millions ³	702.3	702.3	702.3	702.3	702.3
Average no. of shares after dilution, millions ³	702.3	702.3	702.3	702.3	702.3
Earnings per share, SEK - owners of the parent					
- before dilution effects	2.08	2.15	1.40	2.08	2.15
- after dilution effects	2.08	2.15	1.40	2.08	2.15
¹ Of which depreciation	-1,270	-1,223	-1,350	-1,270	-1,223
² Of which impairment	-186	-1	-146	-186	-1
³ Number of shares corresponds to the number of issued shares in SCA					
Gross margin	27.7	27.4	28.4	27.7	27.4
EBITA margin	10.3	10.5	9.4	10.3	10.5
Operating margin	9.8	10.4	9.2	9.8	10.4
Financial net margin	-1.1	-1.2	-1.0	-1.1	-1.2
Profit margin	8.7	9.2	8.2	8.7	9.2
Tax	-2.2	-2.4	-3.8	-2.2	-2.4
Net margin	6.5	6.8	4.4	6.5	6.8
Adjusted, excluding items affecting comparability:					
Gross margin	28.6	27.5	28.5	28.6	27.5
EBITA margin	11.5	11.3	11.9	11.5	11.3
Operating margin	11.5	11.2	11.7	11.5	11.2
Financial net margin	-1.1	-1.2	-1.0	-1.1	-1.2
Profit margin	10.4	10.0	10.7	10.4	10.0
Tax	-2.6	-2.6	-4.1	-2.6	-2.6
Net margin	7.8	7.4	6.6	7.8	7.4

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SEKm	2017:1	2016:1	2016:4	1703	1603
Profit for the period	1,656	1,625	1,170	1,656	1,625
Other comprehensive income for the period					
Items that may not be reclassified to the income statement					
Actuarial gains/losses on defined benefit pension plans	779	-1,833	3,501	779	-1,833
Income tax attributable to components of other comprehensive income	-236	455	-795	-236	455
	543	-1,378	2,706	543	-1,378
Items that have been or may be reclassified subsequently to the income statement					
Available-for-sale financial assets	1	-2	-3	1	-2
Cash flow hedges	-187	-25	232	-187	-25
Translation differences in foreign operations	443	160	238	443	160
Gains/losses from hedges of net investments in foreign operations	-177	-464	648	-177	-464
Other comprehensive income from associated companies	-29	-24	18	-29	-24
Income tax attributable to components of other comprehensive income	91	117	-208	91	117
	142	-238	925	142	-238
Other comprehensive income for the period, net of tax	685	-1,616	3,631	685	-1,616
Total comprehensive income for the period	2,341	9	4,801	2,341	9
Total comprehensive income attributable to:					
Owners of the parent	2,167	-41	4,550	2,167	-41
Non-controlling interests	174	50	251	174	50

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	1703	1603
Attributable to owners of the parent		
Opening balance, January 1	33,204	42,986
Total comprehensive income for the period	2,167	-41
Transaction with owner (Svenska Cellulosa Aktiebolaget SCA) ¹	243	453
Private placement to non-controlling interest	499	0
Private placement to non-controlling interest, dilution	-287	0
Closing balance	35,826	43,398
Non-controlling interests		
Opening balance, January 1	6,376	5,289
Total comprehensive income for the period	174	50
Dividend	-16	-13
Private placement to non-controlling interest	461	0
Private placement to non-controlling interest, dilution	287	0
Closing balance	7,282	5,326
Total equity, closing balance	43,108	48,724
¹ Specification of transaction with owner (Svenska Cellulosa Aktiebolaget SCA)		
Received contribution/given contribution	194	43
Tax effects	49	410
Total	243	453

CONSOLIDATED OPERATING CASH FLOW STATEMENT

SEKm	1703	1603
Operating cash surplus	4,146	3,900
Change in working capital	-253	-1,071
Current capital expenditures, net	-596	-664
Restructuring costs, etc.	-211	-231
Operating cash flow	3,086	1,934
Financial items	-266	-303
Income taxes paid	-627	-662
Other	89	74
Cash flow from current operations	2,282	1,043
Acquisitions	0	-6,492
Strategic capital expenditures in non-current assets	-256	-422
Divestments	23	18
Cash flow before dividend	2,049	-5,853
Private placement to non-controlling interest	18	0
Dividend to non-controlling interests	-16	-13
Transactions with shareholders	211	549
Net cash flow	2,262	-5,317
Net debt at the start of the period	-35,173	-19,058
Net cash flow	2,262	-5,317
Remeasurement to equity	779	-1,834
Translation differences	10	414
Net debt at the end of the period	-32,122	-25,795
Debt/equity ratio	0.75	0.53
Debt payment capacity, %	37	56

CONSOLIDATED CASH FLOW STATEMENT

SEKm	1703	1603
Operating activities		
Profit before tax	2,221	2,219
Adjustment for non-cash items ¹	1,545	1,211
	3,766	3,430
Paid tax	-627	-662
Cash flow from operating activities before changes in working capital	3,139	2,768
Cash flow from changes in working capital		
Change in inventories	-606	-43
Change in operating receivables	342	158
Change in operating liabilities	12	-1,186
Cash flow from operating activities	2,887	1,697
Investing activities		
Company acquisitions	0	-4,387
Divestments	23	18
Investments in intangible assets and property, plant and equipment	-880	-1,091
Sale of property, plant and equipment	31	5
Loans granted to external parties	-297	-138
Cash flow from investing activities	-1,123	-5,593
Financing activities		
Private placement to non-controlling interests	18	0
Change in receivable from Group companies	-927	-181
Loans raised	29,977	6,535
Amortization of debt	-4,654	-3,394
Dividend to non-controlling interests	-16	-13
Transactions with shareholders	211	549
Cash flow from financing activities	24,609	3,496
Cash flow for the period	26,373	-400
Cash and cash equivalents at the beginning of the period	4,244	4,828
Exchange differences in cash and cash equivalents	-1	9
Cash and cash equivalents at the end of the period	30,616	4,437
Cash flow from operating activities per share, SEK	4.11	2.42
Reconciliation with consolidated operating cash flow statement		
Cash flow for the period	26,373	-400
Amortization of debt	4,654	3,394
Loans raised	-29,977	-6,535
Loans granted to external parties	297	138
Investment through financial lease	-3	0
Change in receivable from Group companies	927	181
Net debt in acquired and divested operations	0	-2,105
Accrued interest	-9	10
Net cash flow according to consolidated operating cash flow statement	2,262	-5,317
¹ Depreciation/amortization and impairment of non-current assets	1,457	1,224
Gains/loss on assets sales and swaps	8	-1
Reversal of provision related to antitrust cases	-266	0
Gain/loss on divestments	-1	0
Unpaid items relating to efficiency program	-107	0
Payments related to efficiency program already recognized	-121	-77
Provision related to one-time foreign tax on non-current assets	450	0
Other	125	65
Total	1,545	1,211

CONSOLIDATED BALANCE SHEET

SEKm	March 31, 2017	December 31, 2016
Assets		
Goodwill	19,099	19,253
Other intangible assets	7,833	7,665
Buildings, land, machinery and equipment	47,882	47,494
Participation in joint ventures and associates	1,045	1,096
Shares and participation	33	32
Surplus in funded pension plans	530	335
Non-current receivables, Group companies	1	0
Non-current financial receivables, Group companies	0	3
Non-current financial assets	620	714
Deferred tax assets	1,565	1,457
Other non-current assets	218	241
Total non-current assets	78,826	78,290
Inventories	11,484	10,944
Trade receivables	15,628	15,843
Current tax assets	867	740
Current receivables, Group companies	36	57
Current financial receivables, Group companies	2,362	1,433
Other current receivables	2,346	2,333
Current financial assets	518	244
Non-current assets held for sale	130	156
Cash and cash equivalents ¹	30,616	4,244
Total current assets	63,987	35,994
Total assets	142,813	114,284
Equity		
Share capital	0	0
Other capital provided	0	0
Reserves	4,254	4,061
Retained earnings	31,572	29,143
Attributable to owner of the Parent	35,826	33,204
Non-controlling interests	7,282	6,376
Total equity	43,108	39,580
Liabilities		
Non-current financial liabilities ¹	51,593	31,299
Non-current liabilities, Group companies	29	48
Non-current financial liabilities, Group companies	0	0
Provisions for pensions	4,622	5,273
Deferred tax liabilities	3,938	3,872
Other non-current provisions	1,182	1,407
Other non-current liabilities	85	72
Total non-current liabilities	61,449	41,971
Current financial liabilities	10,069	5,089
Current liabilities, Group companies	178	259
Current financial liabilities, Group companies	484	485
Trade payables	12,812	12,972
Current tax liabilities	1,041	915
Current provisions	1,645	1,409
Other current liabilities	12,027	11,604
Total current liabilities	38,256	32,733
Total liabilities	99,705	74,704
Total equity and liabilities	142,813	114,284

¹The increase in cash and cash equivalents and non-current financial liabilities was mainly attributable to newly raised loans in connection with the financing of the acquisition of BSN medical. The acquisition was closed on April 3, 2017.

CONSOLIDATED BALANCE SHEET (cont.)

SEKm	March 31, 2017	December 31, 2016
Debt/equity ratio	0.75	0.89
Equity/assets ratio	25%	29%
Equity	43,108	39,580
Equity per share, SEK	61	56
Return on equity	9.5%	9.3%
Return on equity excluding items affecting comparability	15.3%	14.5%
Capital employed	75,230	74,753
- of which working capital	3,831	4,143
Return on capital employed*	11.8%	14.5%
Return on capital employed* excluding items affecting comparability	16.3%	16.2%
Net debt	32,122	35,173
Provisions for restructuring costs are included in the balance sheet as follows		
-Other provisions**	1,182	1,407
-Operating liabilities	638	866
**) of which, provision for tax risks	558	516
*) rolling 12 months		

NET SALES (business area reporting)

SEKm	1703	1603	2017:1	2016:4	2016:3	2016:2	2016:1	2015:4
Personal Care	8,455	8,151	8,455	8,711	8,362	8,427	8,151	8,681
Consumer Tissue	10,473	10,238	10,473	11,115	10,164	10,043	10,238	10,630
Professional Hygiene	6,383	5,876	6,383	6,929	6,725	6,471	5,876	5,736
Other	-43	-17	-43	17	-16	42	-17	2
Total net sales	25,268	24,248	25,268	26,772	25,235	24,983	24,248	25,049

ADJUSTED EBITA (business area reporting)

SEKm	1703	1603	2017:1	2016:4	2016:3	2016:2	2016:1	2015:4
Personal Care	1,228	977	1,228	1,161	1,072	1,073	977	1,088
Consumer Tissue	1,151	1,078	1,151	1,190	1,110	1,072	1,078	1,052
Professional Hygiene	720	777	720	1,059	1,060	940	777	918
Other	-182	-88	-182	-215	-128	-146	-88	-172
Total adjusted EBITA	2,917	2,744	2,917	3,195	3,114	2,939	2,744	2,886

ADJUSTED OPERATING PROFIT (business area reporting)

SEKm	1703	1603	2017:1	2016:4	2016:3	2016:2	2016:1	2015:4
Personal Care	1,224	974	1,224	1,143	1,068	1,070	974	1,086
Consumer Tissue	1,149	1,061	1,149	1,173	1,093	1,055	1,061	1,035
Professional Hygiene	705	765	705	1,042	1,044	922	765	908
Other	-182	-87	-182	-214	-129	-147	-87	-172
Total adjusted operating profit ¹	2,896	2,713	2,896	3,144	3,076	2,900	2,713	2,857
Financial items	-266	-303	-266	-265	-156	-111	-303	-233
Adjusted profit before tax ¹	2,630	2,410	2,630	2,879	2,920	2,789	2,410	2,624
Adjusted tax	-659	-634	-659	-1,096	-451	-2,174	-634	-913
Adjusted net profit for the period ²	1,971	1,776	1,971	1,783	2,469	615	1,776	1,711
¹ Excluding items affecting comparability before tax amounting to:	-409	-191	-409	-688	-714	-1,232	-191	773
² Excluding items affecting comparability after tax amounting to:	-315	-151	-315	-613	-597	-1,040	-151	816

ADJUSTED EBITA MARGIN (business area reporting)

%	1703	1603	2017:1	2016:4	2016:3	2016:2	2016:1	2015:4
Personal Care	14.5	12.0	14.5	13.3	12.8	12.7	12.0	12.5
Consumer Tissue	11.0	10.5	11.0	10.7	10.9	10.7	10.5	9.9
Professional Hygiene	11.3	13.2	11.3	15.3	15.8	14.5	13.2	16.0

STATEMENT OF PROFIT OR LOSS

SEKm	2017:1	2016:4	2016:3	2016:2	2016:1
Net sales	25,268	26,772	25,235	24,983	24,248
Cost of goods sold	-18,050	-19,131	-17,881	-17,850	-17,576
Items affecting comparability	-212	-49	-353	-108	-22
Gross profit	7,006	7,592	7,001	7,025	6,650
Sales, general and administration	-4,330	-4,495	-4,283	-4,227	-3,960
Items affecting comparability	-109	-630	-213	-1,106	-164
Share of profits of associates and joint ventures	29	49	43	33	32
EBITA	2,596	2,516	2,548	1,725	2,558
Amortization of acquisition related intangible assets	-21	-51	-38	-39	-31
Items affecting comparability	-88	-9	-148	-18	-5
Operating profit	2,487	2,456	2,362	1,668	2,522
Financial items	-266	-265	-156	-111	-303
Profit before tax	2,221	2,191	2,206	1,557	2,219
Taxes	-565	-1,021	-334	-1,982	-594
Net profit for the period	1,656	1,170	1,872	-425	1,625

INCOME STATEMENT PARENT COMPANY

SEKm	1703	1603
Other operating expenses	-178	0
Other operating income	8	0
Operating profit	-170	0
Financial items	3,879	0
Profit before tax	3,709	0
Tax	85	0
Net profit for the period	3,794	0

BALANCE SHEET PARENT COMPANY

SEKm	March 31, 2017	December 31, 2016
Intangible assets	0	0
Tangible assets	6	7
Financial assets	167,815	167,852
Total non-current assets	167,821	167,859
Total current assets	883	149
Total assets	168,704	168,008
Restricted equity	0	0
Unrestricted equity	78,780	74,986
Total equity	78,780	74,986
Untaxed reserves	0	0
Provisions	848	839
Non-current liabilities	45,265	23,006
Current liabilities	43,811	69,177
Total equity, provisions and liabilities	168,704	168,008

Events during the quarter

During the first quarter of 2017, preparations continued ahead of a potential distribution of shares in SCA Hygiene AB, the Group's hygiene business, to SCA's shareholders. Prior to year-end 2016, all assets and liabilities attributable to the hygiene business and head office activities, including pension obligations and financial agreements, were transferred from SCA to SCA Hygiene AB. All employment contracts in Svenska Cellulosa Aktiebolaget were transferred to SCA Hygiene AB as of January 1, 2017. Under law, the transfer of shares in SCA Försäkringsaktiebolag requires that the Swedish Financial Supervisory Authority approves the ownership change, and an application requesting such approval was submitted during the quarter. During the quarter, the company increased its external borrowing by SEK 27,295m, mainly due to the acquisition of BSN medical.

Events after the end of the quarter

At SCA's Annual General Meeting on April 5, 2017, it was announced that all shares in SCA Hygiene AB would be distributed to SCA's shareholders on the record date determined by the Board. Furthermore, it was announced that the company would be renamed Essity Aktiebolag.

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, 2017, SCA applies the following new or amended International Financial Reporting Standards (IFRS):

- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses
- Amendments to IAS 7: Disclosure Initiative

These amendments 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 2016 Annual Report.

At SCA's Annual General Meeting on April 5, 2017, it was decided to distribute the hygiene business. Accordingly, a review has been conducted in accordance with IFRS 8 Operating Segments. SCA Hygiene AB decided to divide operations into three segments, with Tissue being split into Consumer Tissue and Professional Hygiene. In addition, Personal Care will continue to form a separate segment and will also include, as of the second quarter, the new acquisition BSN medical, Medical Solutions, which is in line with how the new organization will be developed and managed in the future. Comparative periods have been restated in the corresponding manner.

SCA Hygiene AB has also decided to continue to present a function-based income statement, but increase the number of lines in the income statement by reporting amortization for acquisition-related intangible assets on a separate line, thereby making it easier to compare results with other companies irrespective of whether business activities are based on acquisitions or organic growth. In addition, the company has decided to introduce EBITA as a subtotal in the consolidated income statement, refer to Note 6 for further information.

2 RISKS AND UNCERTAINTIES

SCA Hygiene AB's risk exposure and risk management are described on pages 25-31 of the 2016 SCA Hygiene AB 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 the interim reports.

Processes for risk management

SCA's Board determines the Group's strategic direction based on recommendations from the Executive Management Team. 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

The SCA Hygiene Group has had a number of transactions with units in Forest Products and the Parent Company SCA AB. These transactions and dealings are outlined in the table below. Purchases from Forest Products relate primarily to pulp used in the SCA Hygiene Group's manufacturing process. Pricing between units has adhered to the transfer pricing policy that applies at the SCA Group.

Joint ventures and joint arrangements are classified as transactions with related parties. Transactions with these parties are not of a material nature and are not specified separately below. Remuneration also occurs in the form of salaries and other remuneration, costs and obligations.

Transactions in the form of lending and reallocation of net debt have, in conjunction with SCA Hygiene AB's acquisition of the hygiene business, been classified as transactions with owners. The transactions with owners that have been carried out via equity are presented in the Consolidated statement of changes in equity.

Transactions and dealings with Group companies

SEKm	1703	1612	1603	1512	1412
Sales	-	-	-	-	-
Purchases	132	511	126	482	424
Other income	-	56	14	57	14
Financial income	43	108	28	132	230
Financial expenses	-7	-2	-	-2	-7
Non-current receivables, Group companies	1	-	35	39	11
Non-current financial receivables, Group companies	-	3	3	3	3
Current receivables, Group companies	36	57	76	166	117
<i>of which trade receivables</i>	12	18	20	79	39
<i>of which currency derivatives</i>	13	33	4	10	30
<i>of which energy derivatives</i>	11	6	52	77	48
Current financial receivables, Group companies	2,362	1,433	12,331	12,207	12,764
Non-current liabilities, Group companies	29	48	1	-	4
<i>of which currency derivatives</i>	8	12	0	0	3
<i>of which energy derivatives</i>	21	36	1	0	1
Non-current financial liabilities, Group companies	-	-	-	-	-
Current liabilities, Group companies	178	259	234	341	273
<i>of which trade payables</i>	90	100	100	106	88
<i>of which currency derivatives</i>	34	64	103	29	1
<i>of which energy derivatives</i>	25	58	8	3	1
<i>of which other current liabilities</i>	29	37	23	203	183
Current financial liabilities, Group companies	484	485	801	852	1,797

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 ¹	
						1	2
March 31, 2017							
Derivatives	884	294	590	-	-	-	884
Non-current financial assets	83	-	-	83	-	83	-
Total assets	967	294	590	83	-	83	884
Derivatives	766	577	189	-	-	-	766
Financial liabilities							
Current financial liabilities	9,361	-	-	-	9,361	-	-
Non-current financial liabilities	51,556	15,901	-	-	35,655	-	15,901
Total liabilities	61,683	16,478	189	0	45,016	0	16,667
December 31, 2016							
Derivatives	1,259	440	819	-	-	-	1,259
Non-current financial assets	82	-	-	82	-	82	-
Total assets	1,341	440	819	82	-	82	1,259
Derivatives	705	576	129	-	-	-	705
Financial liabilities							
Current financial liabilities	4,656	425	-	-	4,231	-	425
Non-current financial liabilities	31,338	16,021	-	-	15,317	-	16,021
Total liabilities	36,699	17,022	129	-	19,548	-	17,151

¹ No financial instruments have been classified to level 3

The total fair value of the above financial liabilities is SEK 61,707m (36,719). 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 carrying amount.

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

Acquisitions after the end of the reporting period

On December 19, 2016, it was announced that an agreement to acquire BSN medical, a leading medical technology company, had been concluded. BSN medical develops, manufactures, markets and sells products within wound care, compression therapy and orthopedics. The purchase price for the shares was EUR 1,400m, and takeover of net debt amounted to approximately EUR 1,340m. The acquisition is fully debt-funded. The transaction, which was subject to customary regulatory approvals, was closed on April 3, 2017.

A preliminary purchase price allocation is presented below. The preliminary purchase price allocation is based on the first-quarter report that SCA has received from BSN. SCA did not have access to any more detailed information regarding the items included in the opening balances since the acquisition was implemented on April 3. This means that fair value adjustments and calculations of intangible assets have not yet been performed, and goodwill has thus only been preliminarily calculated.

BSN medical's reported net sales for 2016 amounted to EUR 850m (SEK 8,038m), adjusted EBITDA to EUR 210m (SEK 1,986m) and adjusted EBITA to EUR 197m (SEK 1,863m).

Purchase price allocation, BSN medical	Preliminary
SEKm	
Intangible assets	9,995
Non-current assets	1,447
Current assets	3,121
Cash and cash equivalents	497
Net debt	-13,184
Provisions and other non-current liabilities	-2,684
Operating liabilities	-1,392
Net identifiable assets and liabilities	-2,200
Goodwill	15,474
Non-controlling interests	86
Consideration paid	13,359
Consideration paid	-13,359
Cash and cash equivalents in acquired operations	497
Effect on the Group's cash and cash equivalents (Consolidated cash flow statement)	-12,863
Acquired net debt excluding cash and cash equivalents	-13,184
Acquisition of operations including net debt taken over (Consolidated operating cash flow statement)	-26,047

6 Use of non-IFRS performance measures

During 2016, guidelines for Alternative Performance Measures (APMs) for companies with securities listed on a regulated market in the EU were issued by the European Securities and Markets Authority (ESMA). These guidelines are to be applied for APMs not supported under IFRS.

This quarterly report refers to a number of performance measures not defined in IFRS. These performance measures are used to help investors, management and other stakeholders analyze the company's operations. These IFRS measures may differ from similarly titled measures among other companies. SCA Hygiene's 2016 Annual Report describes the various IFRS performance measures that are used as a complement to the financial information that is presented in accordance with IFRS. A number of IFRS performance measures, such as EBITA, have been added since the Annual Report was published and these are described below. Tables are also presented that show how the performance measures have been calculated.

It is important that the SCA Hygiene Group maintains an effective capital structure, while at the same time ensuring long-term access to loan financing. Cash flow in relation to net debt shall take into account the target to maintain a solid investment grade rating. A number of financial performance measures and how these are used to analyze the company's objective are described below.

CALCULATION OF FINANCIAL PERFORMANCE MEASURES NOT INCLUDED IN IFRS FRAMEWORK

Return measures – Return is a financial term that describes how much the value of an asset changes from an earlier point in time

Non-IFRS performance measure	Description	Reason for use of the measure
Return on capital employed, ROCE	Accumulated return on capital employed is calculated as 12-month rolling operating profit before amortization of acquisition-related intangible assets (EBITA) as a percentage of an average of capital employed during the five most recent quarters. The corresponding key figure for a single quarter is calculated as operating profit before amortization of acquisition-related intangible assets (EBITA) for the quarter multiplied by four as a percentage of capital employed for the two most recent quarters.	This is the central ratio for measuring return on capital tied up in operations.

Non-IFRS performance measure	Description	Reason for use of the measure
Adjusted return on capital employed, ROCE	Accumulated return on capital employed is calculated as 12-month rolling operating profit before amortization of acquisition-related intangible assets (EBITA), excluding items affecting comparability, as a percentage of an average of capital employed during the five most recent quarters. The corresponding key figure for a single quarter is calculated as operating profit before amortization of acquisition-related intangible assets (EBITA) for the quarter, excluding items affecting comparability, multiplied by four as a percentage of capital employed for the two most recent quarters.	This is the central ratio for measuring return on capital tied up in operations.
Operating profit before amortization of acquisition-related intangible assets/EBITA	Calculated as operating profit after depreciation of tangible assets but before amortization of acquisition-related intangible assets.	The measure is a good complement to enable earnings comparisons with other companies, regardless of whether business activities are based on acquisitions or organic growth.
Adjusted operating profit before amortization of acquisition-related intangible assets/EBITA	Calculated as operating profit after depreciation of tangible assets but before amortization of acquisition-related intangible assets, excluding items affecting comparability.	The measure is a good complement to enable earnings comparisons with other companies, regardless of whether business activities were based on acquisitions or organic growth, and even adjusted for the impact of items affecting comparability.
EBITA margin	Operating profit before amortization of acquisition-related intangible assets as a percentage of net sales for the year.	The measure is a good complement to enable earnings comparisons with other companies, regardless of whether business activities are based on acquisitions or organic growth.
Adjusted EBITA margin	Operating profit before amortization of acquisition-related intangible assets, excluding items affecting comparability, as a percentage of net sales for the year.	The measure is a good complement to enable earnings comparisons with other companies, regardless of whether business activities are based on acquisitions or organic growth.
Adjusted operating margin	Operating profit, excluding items affecting comparability, as a percentage of net sales for the year.	Adjusted operating margin is a key measure together with sales growth and capital turnover ratio for monitoring value creation.
Adjusted operating profit	Adjusted operating profit is calculated as operating profit before financial items and tax and excluding items affecting comparability.	Adjusted operating profit is a key ratio for control of the Group's profit centers and provides a better understanding of earnings performance of the operations than the non-adjusted operating profit.

Capital employed

SEKm	1703	1612
Total assets	142,813	114,284
-Financial assets	-34,646	-6,973
-Non-current non-interest bearing liabilities	-5,234	-5,399
-Current non-interest bearing liabilities	-27,703	-27,159
Capital employed	75,230	74,753

SEKm	2017:1	2016:4	2016:3	2016:2	2016:1
Personal Care	14,051	13,665	12,680	13,577	13,904
Consumer Tissue	40,898	40,082	41,160	40,963	40,132
Professional Hygiene	20,915	21,253	20,858	20,942	20,773
Other	-634	-247	163	-1,224	-289
Capital employed	75,230	74,753	74,861	74,258	74,520

Working capital

SEKm	1703	1612
Inventories	11,484	10,944
Accounts receivables	15,628	15,843
Other current receivables	2,382	2,390
Accounts payables	-12,812	-12,972
Other current liabilities	-12,205	-11,863
Adjustments	-646	-199
Working capital	3,831	4,143

Net debt

SEKm	1703	1612
Surplus in funded pension plans	530	335
Non-current financial assets	620	717
Current financial assets	2,880	1,677
Cash and cash equivalents	30,616	4,244
Financial assets	34,646	6,973
Non-current financial liabilities	51,593	31,299
Provisions for pensions	4,622	5,273
Current financial liabilities	10,553	5,574
Financial liabilities	66,768	42,146
Net debt	32,122	35,173

EBITA

SEKm	1703	1603
Operating profit	2,487	2,522
- Amortization of acquisition-related intangible assets	21	31
-Items affecting comparability, amortization of acquisition-related intangible assets	88	5
Operating profit before amortization of acquisition-related intangible assets	2,596	2,558
EBITA margin	10.3	10.5
- Items affecting comparability cost of goods sold	212	22
- Items affecting comparability sales- and administration costs	109	164
EBITA	2,917	2,744
Adjusted EBITA margin	11.5%	11.3%

Operating cash flow

SEKm	1703	1603
Personal Care		
Operating cash surplus	1,491	1,218
Change in working capital	-263	-115
Current capital expenditures, net	-174	-144
Restructuring costs, etc.	9	-29
Operating cash flow	1,063	930
Consumer Tissue		
Operating cash surplus	1,661	1,573
Change in working capital	77	42
Current capital expenditures, net	-286	-277
Restructuring costs, etc.	-207	-66
Operating cash flow	1,245	1,272
Professional Hygiene		
Operating cash surplus	1,153	1,178
Change in working capital	-92	-742
Current capital expenditures, net	-105	-210
Restructuring costs, etc.	-108	-74
Operating cash flow	848	152

Organic sales

SEKm	1703
Personal Care	
Organic sales	87
Currency effect*	216
Acquisition/Disposals	0
Reported change	303
Consumer Tissue	
Organic sales	60
Currency effect*	175
Acquisition/Disposals	0
Reported change	235
Professional Hygiene	
Organic sales	124
Currency effect*	233
Acquisition/Disposals	149
Reported change	506
Hygiene Group	
Organic sales	246
Currency effect*	625
Acquisition/Disposals	149
Reported change	1,020

* Consists only of currency translation effects