

Q2 2020



January–June 2020 compared with January–June 2019

- Net sales declined 8% to SEK 9,480m (10,304). The lower sales were mainly related to lower selling prices
- EBITDA amounted to SEK 2,031m (2,900), a decrease primarily due to lower selling prices
- EBITDA margin was 21.4% (28.1)
- Operating cash flow was SEK 614m (1,245)
- Earnings per share was SEK 1.34 (2.30)
- New harvesting plan confirmed resulting in successive increase in long-term cash flow of SEK 300-400m per year with full effect from 2025

April–June 2020 compared with January–March 2020

- Net sales declined 2% to SEK 4,687m (4,793), mainly related to lower delivery volumes, offset by slightly higher selling prices
- EBITDA amounted to SEK 1,001m (1,030), corresponding to an EBITDA margin of 21.3% (21.5). Lower delivery volumes and higher costs for maintenance stops SEK 68m (0) were offset by higher selling prices and lower raw material costs

| SEKm | Quarter | | | | Jan-Jun | | | |
|-------------------------------|---------|--------|-----|--------|---------|-------|--------|-----|
| | 2020:2 | 2019:2 | % | 2020:1 | % | 2020 | 2019 | % |
| Net sales | 4,687 | 5,228 | -10 | 4,793 | -2 | 9,480 | 10,304 | -8 |
| EBITDA | 1,001 | 1,340 | -25 | 1,030 | -3 | 2,031 | 2,900 | -30 |
| <i>EBITDA margin</i> | 21.3 | 25.6 | | 21.5 | | 21.4 | 28.1 | |
| Operating profit | 600 | 943 | -36 | 628 | -4 | 1,228 | 2,111 | -42 |
| Net Profit | 459 | 704 | -35 | 483 | -5 | 942 | 1,612 | -42 |
| <i>Earnings per share SEK</i> | 0.65 | 1.00 | | 0.69 | | 1.34 | 2.30 | |
| Operating cash flow | 273 | 619 | | 341 | | 614 | 1,245 | |
| Net Debt / EBITDA (LTM) | 2.1x | 1.6x | | 1.9x | | 2.1x | 1.6x | |



SUMMARY OF THE SECOND QUARTER OF 2020

Earnings for the second quarter of 2020 were in line with the preceding quarter, but declined year on year.

The quarter was marked by the uncertainty surrounding the coronavirus pandemic, with demand for SCA products at a generally lower level than in the preceding quarter. The publication paper product area was most affected, due to a significant drop in demand for marketing and print advertising. Delivery volumes also decreased for the Pulp and Paper segments. The Wood segment reported improved earnings compared with the preceding quarter. During the quarter, SCA continued to take a number of measures to protect risk groups, reduce the spread of the virus and ensure that production and operations are maintained. SCA has a continued strong focus on cost control and cash flow, and has a solid financial position and strong liquidity (see page 3).

The supply of wood to SCA's industries was stable during the quarter. Wood consumption declined slightly during the period due to lower delivery volumes and the planned maintenance stop at Obbola. The price of timber and pulpwood remained stable.

The market for the Wood segment strengthened during the quarter, driven by strong demand in the building materials trade in Scandinavia and the rest of Europe. Market prices rose slightly compared with the preceding quarter.

Production volume in the Pulp segment was maintained at the same level as preceding quarter but deliveries decreased, due primarily to falling demand for pulp for publication paper. The average selling price during the quarter was slightly higher than the preceding quarter due to the price increase implemented at the beginning of the period.

Demand in the kraftliner product area weakened during the second quarter following a strong first quarter. SCA implemented a price increase at the start of the second quarter and the prices were therefore higher than in the preceding period. A planned maintenance stop was carried out at Obbola during the period, and the expansion project is progressing on schedule and on budget.

Demand in the publication paper product area decreased by between 30% and 40% for SCA's grades during the quarter compared with last year. SCA has adjusted production levels to the prevailing market situation. The price of publication paper was stable for the period.

New harvesting plan confirmed

SCA made a new forest survey in 2019 which showed that SCA had, in addition to a higher standing volume, a 1 million m³fo higher annual growth than previously estimated. A higher growth rate gives greater long-term harvesting potential and SCA will increase annual harvesting successively from about 4.3 million m³sub in 2020 to 5.4 million m³sub in 2025. The new harvesting plan results in a higher long-term cash flow, which will increase successively with full effect of an estimated SEK 300-400m per year from 2025 (see page 5).

Higher transaction prices for forest assets in northern Sweden

SCA has based its valuation of forest assets in Sweden on forest transactions in the areas where SCA owns forest land. The market value of the forest has increased during the first six months of 2020. The average market price used in valuation of SCA's forest assets was SEK 281/m³fo at the end of June 2020. The market price in 2019 was SEK 276/m³fo (see page 19, Note 3).

GROUP

SALES AND OPERATING PROFIT

January–June 2020 compared with January–June 2019

Net sales amounted to SEK 9,480m (10,304), a decrease of 8%, of which price/mix accounted for -12%, volume for 3%, currency for 3% and acquisitions/divestments for -2%. The decrease was mainly related to lower selling prices in all business areas, which was offset by higher delivery volumes from the expanded pulp mill in Östrand and positive exchange rate effects. The merger with Groupe ISB during the first quarter 2019, within Wood, had a negative effect on net sales since the merged company is not consolidated in SCA.

EBITDA decreased 30% to SEK 2,031m (2,900), which corresponds to an EBITDA margin of 21.4% (28.1). The decrease was mainly attributable to lower selling prices, which was somewhat offset by lower raw material costs, higher delivery volumes in the Pulp segment and positive exchange rate effects. The decline was also attributable to one-off items in SCA Wood France totaling SEK 0m (90), which increased earnings during the first quarter of 2019.

The cost of planned maintenance stops amounted to SEK 68m (63).

Operating profit decreased to SEK 1,228m (2,111).

April–June 2020 compared with April–June 2019

Net sales decreased 10%, of which price/mix accounted for -9%, volume for -4%, currency for 3% and acquisitions/divestments for 0%, and amounted to SEK 4,687m (5,228). The decrease was mainly attributable to lower selling prices in all segments and lower delivery volumes in the Paper segment.

EBITDA amounted to SEK 1,001m (1,340), corresponding to an EBITDA margin of 21.3% (25.6). The decrease was mainly attributable to lower selling prices in all segments, which was somewhat offset by lower raw material costs.

Operating profit amounted to SEK 600m (943).

April–June 2020 compared with January–March 2020

Net sales decreased 2%, of which price/mix accounted for 3%, volume for -6%, currency for 1% and acquisitions/divestments for 0%, and amounted to SEK 4,687m (4,793). The decrease was mainly attributable to lower sales volumes in the Paper segment.

EBITDA amounted to SEK 1,001m (1,030), corresponding to an EBITDA margin of 21.3% (21.5). Lower delivery volumes, negative exchange rate effects and higher costs for planned maintenance stops of SEK 68m (0) were offset by higher selling prices and lower raw material costs.

Operating profit amounted to SEK 600m (628).

CASH FLOW

January–June 2020 compared with January–June 2019

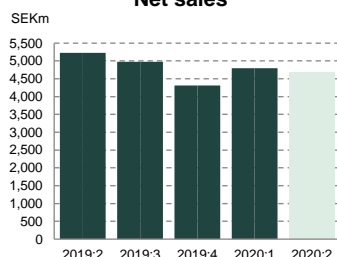
The operating cash surplus amounted to SEK 1,458m (2,598). The cash flow effect of changes in working capital was SEK -297m (-651). Current capital expenditures, net, totaled SEK -513m (-516). Operating cash flow decreased to SEK 614m (1,245). See page 22.

Strategic capital expenditures during the year mainly relate to the expansion of Obbola and amounted to SEK -844m (-299). The cash flow effect of acquisitions amounted to SEK 0m (-847). Cash flow for the period was SEK -213m (-318). See page 17.

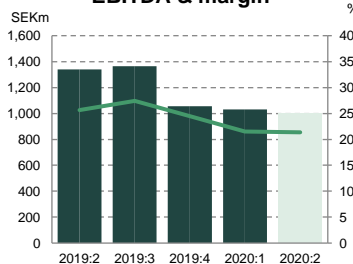
FINANCING

At June 30, 2020, net debt totaled SEK 9,396m, a decrease year on year for the quarter but slightly higher than the preceding quarter. The increase in net debt during the quarter was mainly related to increased investments. Net debt in relation to EBITDA amounted to 2.1x.

Net sales



EBITDA & margin

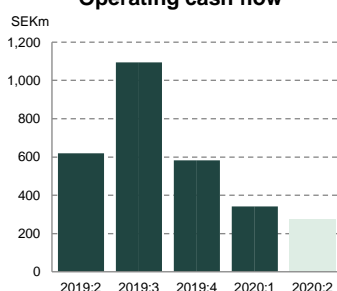


Note: EBITDA 2019:4 excluding the impact of the changed accounting method for the valuation of forest assets

Change in net sales (%)

| | 2006 vs 1906 | 2020:2 vs 2019:2 | 2020:2 vs 2020:1 |
|----------------------------|--------------|------------------|------------------|
| Total | -8 | -10 | -2 |
| Price/mix | -12 | -9 | 3 |
| Volume | 3 | -4 | -6 |
| Currency | 3 | 3 | 1 |
| Acquisition and divestment | -2 | 0 | 0 |

Operating cash flow



At June 30, 2020, gross debt amounted to SEK 10,356m with an average maturity of approximately 4.5 years (including the lease liability). The loan structure consists of short-term commercial paper as well as bonds and bilateral bank loans. The lease liability amounted to SEK 811m, a decrease by SEK 24m compared with the preceding quarter. Utilized committed credit facilities amounted to SEK 7,709m. Cash and cash equivalents amounted to SEK 236m at the end of the period, a decrease of SEK 631m during the quarter. In the January–June 2020 period, financial items totaled SEK -55m compared with SEK -75m in the year-earlier period and compared with SEK -24m in the preceding quarter.

TAX

January–June 2020 compared with January–June 2019

Tax amounted to SEK 231m (424), corresponding to an effective tax rate of 19.7% (20.9).

EQUITY

January–June 2020

Total consolidated equity increased by SEK 875m during the period, to SEK 69,385m at June 30, 2020. Equity increased due to comprehensive income for the period of SEK 865m and other items of SEK 10m.

CURRENCY EXPOSURE AND CURRENCY HEDGING

SCA has a large proportion of exports, and about 85% of sales are priced in currencies other than SEK, primarily EUR, USD and GBP. Most purchasing is conducted in SEK. SCA's currency exposure and currency management are described on page 68 in the 2019 Annual Report.

The company has hedged about 70% of the expected EUR net exposure from sales minus purchases until the end of the fourth quarter of 2020, as well as approximately 50% for the first quarter of 2021 and 25% for the second quarter of 2021, at the average EUR/SEK exchange rate of 10.69. The company has hedged about 75% of the expected USD net exposure from sales minus purchases until the end of the fourth quarter of 2020, as well as approximately 50% for the first quarter of 2021 and 25% for the second quarter of 2021, at the average USD/SEK exchange rate of 9.59.

PLANNED MAINTENANCE STOPS

In the second quarter of 2020, one maintenance stop was carried out at the kraftliner mill in Obbola (Paper).

The estimated effect of the planned maintenance stops on earnings in 2020, calculated as the total of the direct cost of the maintenance and the effect from lower fixed cost coverage from reduced production during the stops, is shown in the table below.

| SEKm | Actual 2019 | | | | Total |
|--------------|-------------|-----------|----------|------------|------------|
| | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | |
| Pulp | 0 | 0 | 0 | 138 | 138 |
| Paper | 0 | 63 | 0 | 47 | 110 |
| Total | 0 | 63 | 0 | 185 | 248 |

| SEKm | Actual | | Forecast | | Total |
|--------------|----------|-----------|-----------|------------|------------|
| | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | |
| Pulp | 0 | 0 | 35 | 110 | 145 |
| Paper | 0 | 68 | 45 | 0 | 113 |
| Total | 0 | 68 | 80 | 110 | 258 |

FOREST SURVEY

Standing volume, December 31, 2019

252 million m³fo

Increase in standing volume in new forest survey

SCA performed a new forest survey in 2019. According to the new survey, SCA's standing volume is estimated at 252 million m³fo as of December 31, 2019, of which 249 million m³fo in Sweden and 3 million m³fo in the Baltic states, an increase of 11 million m³fo compared with the previous survey (See page 19, note 3).

The annual net growth in SCA's Swedish forest holding amounts to approximately 10.5 million m³fo, according to the new survey. This is 1 million m³fo higher than the estimate in the previous survey. Net growth, growth after harvesting and natural losses, amounted to approximately 4.0 million m³fo, compared with the previous estimate for annual net growth of about 3.0 million m³fo.

Annual harvesting 2025

5.4 million m³sub

Higher growth enables increased harvesting

Higher growth gives greater long-term harvesting potential and means an increase in the contribution made by SCA's forests to reducing the adverse effects of climate change. Based on the new forest survey, a new harvesting calculation has been conducted where the annual harvesting can gradually increase from about 4.3 million m³sub in 2020 to 5.4 million m³sub in 2025. The ramp up of the annual rate of harvesting is expected to be linear over five years. The new harvesting plan results in a higher long-term cash flow, which will increase successively with full effect of an estimated SEK 300-400m per year from 2025.

Climate benefit 2019

10.5 million tonnes CO₂

The increased growth and harvesting potential is the result of long-term and ambitious investments in silviculture. Higher growth also increases SCA's contribution to a fossil-free society. Growing forests bind carbon dioxide at the same time as a higher level of timber production enables more substitution of fossil-based products with renewable alternatives. In 2019, SCA contributed climate benefit was 10.5 million tonnes of carbon dioxide, which corresponds to the emissions from all passenger cars in Sweden.

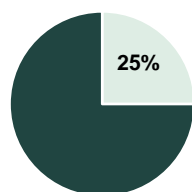
CORONAVIRUS PANDEMIC

Health and safety are always a top priority at SCA, which is also the case during this challenging time. So far, there has been limited impact on production and deliveries of SCA's products, which include the delivery of important input goods to hygiene products and packaging for food and medicines. The company is actively working to monitor inventory levels, secure the delivery and distribution chain and to secure cash flow.

During the second quarter, there were distinct shifts in demand for SCA's products. The main negative impact from the pandemic was felt in publication paper, with a decrease of demand of between 30% and 40% for SCA's grades during the quarter compared with last year. SCA has adapted production to the prevailing market situation.

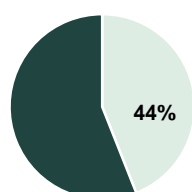
There remains significant uncertainty and the pandemic may impact SCA's future earnings.

Share of net sales Jan-Jun 2020*



* before elimination of intra-Group sales

Share of EBITDA Jan-Jun 2020**



** share calculated of total EBITDA excluding central costs

FOREST

SCA owns 2.6 million hectares of forest land in Northern Sweden and the Baltic region, an area corresponding to 6% of Sweden's land area. SCA's unique forest holding is a growing resource that provides access to high-quality forest raw materials while absorbing a net of more than 10% of Sweden's fossil CO₂ emissions.

| SEKm | Quarter | | | | | Jan-Jun | | |
|---|---------|--------|-----|--------|-----|---------|-------|-----|
| | 2020:2 | 2019:2 | % | 2020:1 | % | 2020 | 2019 | % |
| Net sales | 1,494 | 1,746 | -14 | 1,833 | -18 | 3,327 | 3,397 | -2 |
| EBITDA | 499 | 414 | 21 | 452 | 10 | 951 | 745 | 28 |
| Depreciation | -53 | -51 | 4 | -54 | -2 | -107 | -101 | 6 |
| Operating profit | 445 | 363 | 23 | 398 | 12 | 844 | 644 | 31 |
| EBITDA margin, % | 33.4 | 23.7 | | 24.6 | | 28.6 | 21.9 | |
| Operating margin, % | 29.8 | 20.8 | | 21.7 | | 25.4 | 18.9 | |
| Return on capital employed, % | 4.2 | 5.0 | | 2.8 | | 3.7 | 4.6 | |
| Harvesting of own forest, thousand m ³ sub | 1,291 | 1,517 | -15 | 751 | 72 | 2,042 | 2,262 | -10 |
| Revaluation of biological assets ¹ | 238 | 54 | 341 | 333 | -29 | 571 | 286 | 100 |

Management of SCA-owned forest

The Forest segment includes net sales from timber sourced from SCA's own forests, and from timber purchased from other forest owners, which is sold internally to SCA's forest industry operations. The pricing is set based on an average of Forest's externally sourced timber prices.

During the first six months of the year, the volume of timber harvested from SCA-owned forest was 2,042 million m³ sub. The current planned rate of timber harvested in SCA-owned forest can gradually increase from approximately 4.3 m³ sub in 2020 to approximately 5.4 million m³ sub in 2025.

Revaluation of biological assets

SCA changed the method for the valuation of forest assets on December 31, 2019 (see page 19, Note 3). According to the new method, the valuation is determined by the annual increase in standing volume (net growth) and the market price of forest land.

January–June 2020 compared with January–June 2019

Net sales declined 2% to SEK 3,327m (3,397), mainly related to lower delivery volumes to SCA's industries and lower selling prices.

EBITDA improved 28% to SEK 951m (745). The increase is mainly explained by higher earnings from the revaluation of biological assets due to the increased net growth according to the new forest survey and the changed accounting method for the valuation of forest assets.

EBITDA margin increased to 28.6% (21.9), mainly related to higher earnings from the revaluation of biological assets.

April–June 2020 compared with April–June 2019

Net sales decreased 14% to SEK 1,494m (1,746). The decrease was mainly related to lower delivery volumes and lower selling prices.

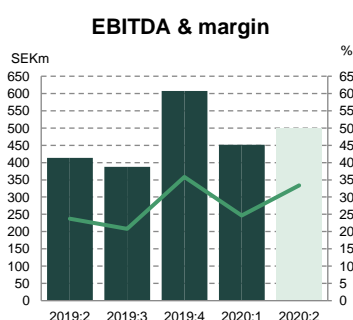
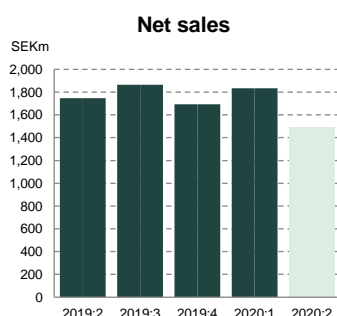
EBITDA amounted to SEK 499m (414), an increase of 21%. Higher earnings from the revaluation of biological assets had a positive impact on earnings.¹

April–June 2020 compared with January–March 2020

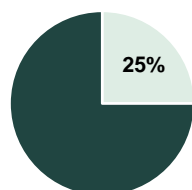
Net sales decreased 18% to SEK 1,494m (1,833). The decrease was primarily attributable to lower delivery volumes.

EBITDA amounted to SEK 499m (452), an increase of 10%. The increase is primarily related to the seasonally higher share of harvesting from SCA-owned forest.

¹ The proportion of timber harvested from SCA-owned forest relative to deliveries from external suppliers varies between quarters. The expected annual change in value of the biological assets is distributed between the quarters in relation to seasonal variations in harvesting of SCA-owned forest. A higher share of harvesting from SCA-owned forest generally leads to a lower impact from the revaluation of biological assets.

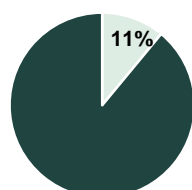


Share of net sales Jan-Jun 2020*



* before elimination of intra-Group sales

Share of EBITDA Jan-Jun 2020**



** share calculated of total EBITDA excluding central costs

WOOD

SCA is one of Europe's leading suppliers of wood-based products for the wood industry and building materials trade, with an annual production capacity of 2.2 m³ of solid-wood products. SCA has five cost-efficient sawmills located close to its forest holdings in Northern Sweden, as well as wood processing and distribution to the building materials trade in Scandinavia, the UK and France.

| SEKm | Quarter | | | | Jan-Jun | | | |
|--|---------|--------|-----|--------|---------|-------|-------|-----|
| | 2020:2 | 2019:2 | % | 2020:1 | % | 2020 | 2019 | % |
| Net sales | 1,770 | 1,727 | 2 | 1,436 | 23 | 3,206 | 3,405 | -6 |
| EBITDA | 143 | 188 | -24 | 95 | 51 | 238 | 485 | -51 |
| Depreciation | -64 | -66 | -3 | -64 | 0 | -128 | -134 | -4 |
| Operating profit | 78 | 121 | -36 | 31 | 152 | 109 | 351 | -69 |
| EBITDA margin, % | 8.1 | 10.9 | | 6.6 | | 7.4 | 14.2 | |
| Operating margin, % | 4.5 | 7.0 | | 2.1 | | 3.4 | 10.3 | |
| Return on capital employed, % | 9.9 | 13.3 | | 3.5 | | 7.5 | 21.9 | |
| Deliveries, wood products, thousand m ³ | 709 | 667 | 6 | 610 | 16 | 1,319 | 1,305 | 1 |

January–June 2020 compared with January–June 2019

Net sales declined 6% to SEK 3,206m (3,405). The decrease is mainly related to lower selling prices and the merger with Groupe ISB during the first quarter of 2019, which had a negative effect on net sales, since the merged company is not consolidated in SCA.

EBITDA decreased to SEK 238m (485), which was mainly attributable to lower selling prices and one-off items in SCA Wood France totaling SEK 0m (90), which increased earnings during the first quarter of 2019.

April–June 2020 compared with April–June 2019

Net sales increased 2% to SEK 1,770m (1,727). This increase was primarily attributable to higher delivery volumes, which were partly offset by lower selling prices.

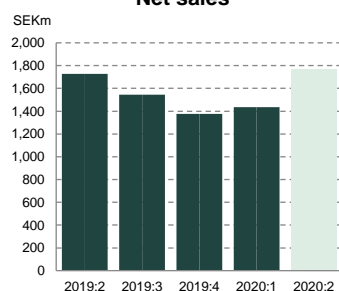
EBITDA amounted to SEK 143m (188), a decrease of 24%. The decrease was primarily attributable to lower selling prices, which were offset by lower raw material costs.

April–June 2020 compared with January–March 2020

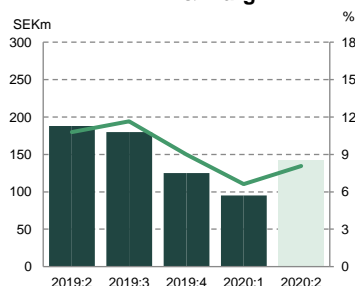
Net sales increased 23% to SEK 1,770m (1,436). This increase was primarily attributable to higher delivery volumes, which was partly due to seasonal variations.

EBITDA amounted to SEK 143m (95), an increase of 51%. This increase was primarily attributable to higher selling prices and lower raw material costs.

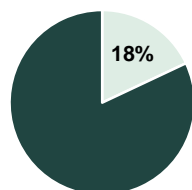
Net sales



EBITDA & margin

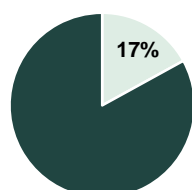


Share of net sales Jan-Jun 2020*



*before elimination of intra-Group sales

Share of EBITDA Jan-Jun 2020**



** share calculated of total EBITDA excluding central costs

PULP

SCA produces market pulp at Östrand pulp mill. Östrand is one of the largest and most cost-efficient production lines for softwood kraft pulp in the world. Together with thermomechanical pulp production, Östrand's annual capacity amounts to 1 million tonnes. SCA's pulp has high-strength properties, suitable for tissue and specialty paper.

| SEKm | Quarter | | | | Jan-Jun | | | |
|-----------------------------------|---------|--------|-----|--------|---------|-------|-------|-----|
| | 2020:2 | 2019:2 | % | 2020:1 | % | 2020 | 2019 | % |
| Net sales | 1,091 | 1,214 | -10 | 1,188 | -8 | 2,279 | 2,348 | -3 |
| EBITDA | 182 | 344 | -47 | 186 | -2 | 368 | 695 | -47 |
| Depreciation | -135 | -132 | 2 | -131 | 3 | -266 | -261 | 2 |
| Operating profit | 47 | 213 | -78 | 55 | 15 | 102 | 434 | -76 |
| EBITDA margin, % | 16.7 | 28.4 | | 15.6 | | 16.1 | 29.6 | |
| Operating margin, % | 4.3 | 17.5 | | 4.6 | | 4.5 | 18.5 | |
| Return on capital employed, % | 3.2 | 8.9 | | 2.3 | | 1.3 | 9.6 | |
| Deliveries, pulp, thousand tonnes | 201 | 201 | 0 | 226 | -11 | 427 | 369 | 16 |

January–June 2020 compared with January–June 2019

Net sales declined 3% to SEK 2,279m (2,348). The decrease was mainly related to lower selling prices, which was offset by higher delivery volumes due to the ramp-up of the expanded pulp mill.

EBITDA declined 47% to SEK 368m (695), which was mainly attributable to lower selling prices. Higher delivery volumes and favorable exchange rate effects had a positive earnings effect.

April–June 2020 compared with April–June 2019

Net sales decreased 10% to SEK 1,091m (1,214). The decrease was primarily attributable to lower selling prices.

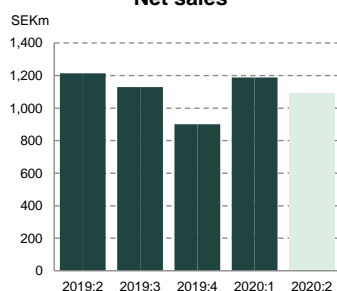
EBITDA decreased to SEK 182m (344). The decrease was mainly explained by lower selling prices and lower revenue from energy due to lower electricity prices. Favorable exchange rate effects had a positive impact on earnings.

April–June 2020 compared with January–March 2020

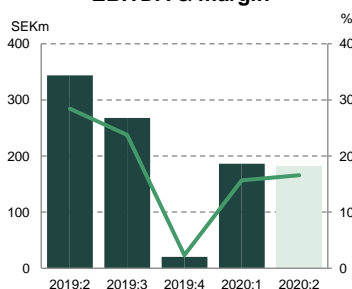
Net sales declined 8% to SEK 1,091m (1,188). The decrease was primarily attributable to lower delivery volumes. Production during the second quarter was in line with production in the first quarter.

EBITDA decreased slightly to SEK 182m (186). The decrease was mainly explained by lower delivery volumes, which were offset by higher selling prices.

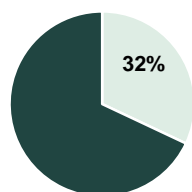
Net sales



EBITDA & margin

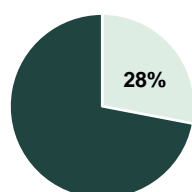


Share of net sales Jan-Jun 2020*



*before elimination of intra-Group sales

Share of EBITDA Jan-Jun 2020**



** share calculated of total EBITDA excluding central costs

PAPER

SCA produces kraftliner – paper for corrugated transport packaging – and publication paper for magazines, catalogs and commercial print. SCA is Europe's largest independent producer of kraftliner, with a total capacity of 865,000 tonnes per year. Kraftliner is produced at the paper mills in Munksund, Piteå, and in Obbola, Umeå. Publication paper is produced at the Ortviken paper mill in Sundsvall, with a capacity of 775,000 tonnes per year.

| SEKm | Quarter | | | | | Jan-Jun | | |
|--|---------|--------|-----|--------|-----|---------|-------|-----|
| | 2020:2 | 2019:2 | % | 2020:1 | % | 2020 | 2019 | % |
| Net sales | 1,876 | 2,375 | -21 | 2,242 | -16 | 4,118 | 4,741 | -13 |
| EBITDA | 229 | 489 | -53 | 379 | -40 | 608 | 1,105 | -45 |
| Depreciation | -139 | -140 | -1 | -143 | -3 | -283 | -277 | 2 |
| Operating profit | 89 | 350 | -75 | 236 | -62 | 325 | 829 | -61 |
| EBITDA margin, % | 12.2 | 20.6 | | 16.9 | | 14.8 | 23.3 | |
| Operating margin, % | 4.7 | 14.7 | | 10.5 | | 7.9 | 17.5 | |
| Return on capital employed, % | 5.3 | 19.2 | | 14.3 | | 14.6 | 26.9 | |
| Deliveries, kraftliner, thousand tonnes | 194 | 212 | -8 | 220 | -12 | 414 | 405 | 2 |
| Deliveries, publication paper, thousand tonnes | 129 | 170 | -24 | 175 | -26 | 304 | 344 | -12 |

January–June 2020 compared with January–June 2019

Net sales decreased 13% to SEK 4,118m (4,741). Lower selling prices for kraftliner and publication paper and lower delivery volumes for publication paper had an adverse impact on net sales.

EBITDA declined 45% to SEK 608m (1,105). The decrease was primarily attributable to lower selling prices and lower delivery volumes for publication paper. Lower raw material costs and favorable exchange rate effects had a positive earnings effect. The cost of planned maintenance stops amounted to SEK 68m (63).

April–June 2020 compared with April–June 2019

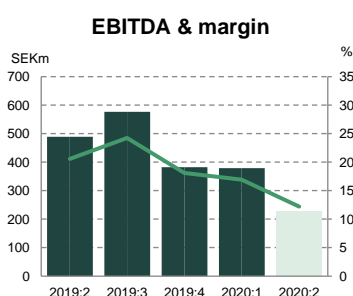
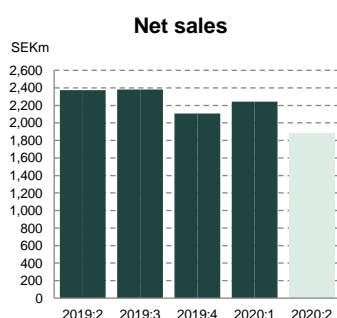
Net sales declined 21% to SEK 1,876m (2,375). The decrease was primarily attributable to lower selling prices for kraftliner and publication paper and a 24% drop in delivery volumes for publication paper, which resulted in lower fixed cost coverage. In response to the current market conditions, the Ortviken paper mill conducted temporary stoppages on all machines during the second quarter 2020.

EBITDA amounted to SEK 229m (489), a decrease of 53%. The decrease was primarily related to lower selling prices and lower delivery volumes for publication paper, partly offset by lower raw material costs and favorable exchange rate effects.

April–June 2020 compared with January–March 2020

Net sales declined 16% to SEK 1,876m (2,242). The decrease was primarily attributable to a 26% drop in delivery volumes for publication paper, which resulted in lower fixed cost coverage. In response to the current market conditions, the Ortviken paper mill conducted temporary stoppages on all machines during the second quarter.

EBITDA amounted to SEK 229m (379), a decrease of 40%. The decrease was primarily related to lower delivery volumes for publication paper, as well as increased costs for maintenance stops of SEK 68m (0) and negative exchange rate effects. Higher selling prices had a positive impact on earnings.



RENEWABLE ENERGY

SCA's forest assets and industrial operations provide the company with significant potential to develop new business opportunities in the field of renewable energy. Greater value creation from by-products from the forest and industry create opportunities for profitable and sustainable growth.

SCA is now one of Europe's largest producers of forest-based bioenergy, with a total production of about 11.9 TWh per year. In Sweden, SCA has three pellets factories that have an annual production capacity of 300,000 tonnes.

The expanded pulp mill in Östrand will produce 1.2 TWh of green electricity, corresponding to almost 1% of Sweden's total electricity production. The mill is self-sufficient in electricity and the surplus of 0.5 TWh is sold on the electricity market.

SCA leases out land for wind power production. At the end of the second quarter of 2020, 538 wind turbines were operating on SCA's land with an annual production capacity of 5.1 TWh, equivalent to about 20% of Sweden's total wind power production. Together with previously agreed but not yet completed projects, production on SCA's land is expected to increase to 8.0 TWh by 2022.

In July 2020, SCA signed an agreement with Eolus on project planning of wind power on land owned by SCA in Sweden and the Baltic states. The partnership includes the initiation of projects that Eolus and SCA will develop together. As part of the agreement, SCA will also acquire almost 600 hectares of land in Estonia from Eolus. This is part of SCA's long-term target of achieving 11.0 TWh of wind power on land owned by the company. The agreement is not exclusive.

SCA also develops products for the next-generation of biofuels and green chemicals.

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

Sundsvall, July 21, 2020
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

| | | | |
|--|------------------------------------|--|--|
| Per Andersson Board Member Employee representative | Pär Boman Chairman of the Board | Charlotte Bengtsson Board Member | Roger Boström Board Member Employee representative |
| Lennart Evrell Board Member | Annemarie Gardshol Board Member | Ulf Larsson Board Member President and CEO | Martin Lindqvist Board Member |
| Bert Nordberg Board Member | Anders Sundström Board Member | Barbara Milian Thoralfsson Board Member | Johanna Viklund Lindén Board Member Employee representative |

Review report

Svenska Cellulosa Aktiebolaget SCA (publ), corp. reg. no. 556012-6293

Introduction

We have reviewed the condensed interim report for Svenska Cellulosa Aktiebolaget SCA (publ) at June 30, 2020 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report 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.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements 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 and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm July 21, 2020
Ernst & Young AB

Fredrik Norrman
Authorized Public Accountant

SHARE DISTRIBUTION

| June 30, 2020 | Class A | Class B | Total |
|-----------------------------|------------|-------------|-------------|
| Registered number of shares | 64,587,672 | 637,754,817 | 702,342,489 |

At the end of the period, the proportion of Class A shares was 9.2%. No change was made to Class A and Class B shares during the first half-year. The total number of votes in the company amounts to 1,283,631,537.

FUTURE REPORTS

- Interim report for the third quarter will be published on October 30, 2020.
- The year-end report will be published on January 29, 2021.

INVITATION TO PRESS CONFERENCE ON HALF-YEAR REPORT 2020

The press conference can be followed via webcast or telephone. The President and CEO, Ulf Larsson, and CFO, Toby Lawton, will present the report and answer any questions.

Time: Tuesday, July 21, 2020 at 10:00 a.m.

The press conference will be webcast live at www.sca.com. It is also possible to participate by telephone by calling:

Sweden: +46 (0)8 5069 2180
 UK: +44 (0)2071 928000
 US: +1 631 510 7495

Specify "SCA" or the conference ID: 3341528.

For further information, please contact

Toby Lawton, CFO, +46 (0)60 19 31 09

Josefine Bonnevier, Investor Relations Director, +46 (0)60 19 33 90

Please note:

This information that SCA is obliged to make public pursuant to the EU Market Abuse Regulation and 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, on July 21, 2020 at 8:00 a.m. CEST. The report has been reviewed by the company's auditors.

Björn Lyngfelt, Vice President, Communications, +46 (0)60 19 34 98

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| SEKm | Quarter | | | | | Jan-Jun | | |
|---|--------------|--------------|------------|--------------|-----------|--------------|--------------|------------|
| | 2020:2 | 2019:2 | % | 2020:1 | % | 2020 | 2019 | % |
| Net sales | 4,687 | 5,228 | -10 | 4,793 | -2 | 9,480 | 10,304 | -8 |
| Other income | 363 | 453 | -20 | 511 | -29 | 874 | 1,023 | -15 |
| Change in inventories | -42 | 48 | | -256 | | -298 | 244 | |
| Change in value in biological assets | 238 | 54 | 341 | 333 | -29 | 571 | 286 | 100 |
| Raw materials and consumables | -1,777 | -1,869 | -5 | -1,726 | 3 | -3,503 | -3,894 | -10 |
| Personnel costs | -804 | -807 | 0 | -787 | 2 | -1,591 | -1,574 | 1 |
| Other external costs | -1,661 | -1,767 | -6 | -1,843 | -10 | -3,504 | -3,490 | 0 |
| Share of profits of associates | -3 | 0 | | 5 | | 2 | 1 | |
| EBITDA | 1,001 | 1,340 | -25 | 1,030 | -3 | 2,031 | 2,900 | -30 |
| Depreciation and impairment | -401 | -397 | 1 | -402 | 0 | -803 | -789 | 2 |
| Operating profit | 600 | 943 | -36 | 628 | -4 | 1,228 | 2,111 | -42 |
| Financial items | -31 | -45 | | -24 | | -55 | -75 | |
| Profit before tax | 569 | 898 | -37 | 604 | -6 | 1,173 | 2,036 | -42 |
| Tax | -110 | -194 | | -121 | | -231 | -424 | |
| Net Profit for the period | 459 | 704 | -35 | 483 | -5 | 942 | 1,612 | -42 |
| <i>Earnings per share SEK¹</i> | <i>0.65</i> | <i>1.00</i> | | <i>0.69</i> | | <i>1.34</i> | <i>2.30</i> | |
| Earnings attributable to: | | | | | | | | |
| Owners of the parent | 459 | 704 | | 483 | | 942 | 1,612 | |
| Average no. of shares, millions | 702.3 | 702.3 | | 702.3 | | 702.3 | 702.3 | |
| Margins (%) | | | | | | | | |
| EBITDA margin | 21.3 | 25.6 | | 21.5 | | 21.4 | 28.1 | |
| Operating margin | 12.8 | 18.0 | | 13.1 | | 13.0 | 20.5 | |
| Net margin | 9.8 | 13.5 | | 10.1 | | 9.9 | 15.6 | |

¹ There are no dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEKm | Quarter | | | Jan-Jun | |
|---|--------------|------------|-------------|-------------|--------------|
| | 2020:2 | 2019:2 | 2020:1 | 2020 | 2019 |
| Profit for the period | 459 | 704 | 483 | 942 | 1,612 |
| Other comprehensive income for the period: | | | | | |
| Items that may not be reclassified to the income statement | | | | | |
| Change of value land assets | 533 | - | - | 533 | - |
| Result from Equity investments recognized at fair value | - | -2 | - | 0 | -2 |
| Revaluation of defined benefit pension plans | 70 | 1 | -572 | -502 | 36 |
| Income tax attributable to components of other comprehensive income | -125 | -1 | 118 | -7 | -5 |
| Total | 478 | -2 | -454 | 24 | 29 |
| Items that have been or may be reclassified subsequently to the income statement | | | | | |
| Cash flow hedges | 295 | -1 | -445 | -150 | -205 |
| Hedge cost | 33 | - | -7 | 26 | - |
| Translation differences in foreign operations | -75 | 5 | 72 | -3 | 19 |
| Income tax attributable to components of other comprehensive income | -67 | 0 | 93 | 26 | 42 |
| Total | 186 | 4 | -287 | -101 | -144 |
| Other comprehensive income for the period, net of tax | 664 | 2 | -741 | -77 | -115 |
| Total comprehensive income for the period | 1,123 | 706 | -258 | 865 | 1,497 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | 1,123 | 706 | -258 | 865 | 1,497 |
| Non-controlling interests | 0 | - | 0 | 0 | 0 |

CONDENSED CONSOLIDATED BALANCE SHEET

| SEKm | Jun 30, 2020 | Dec 31, 2019 |
|--|----------------|---------------|
| ASSETS | | |
| Non-current assets | | |
| Goodwill and other intangible assets | 353 | 211 |
| Buildings, land, machinery and equipment | 18,820 | 18,184 |
| Forest assets | 70,867 | 69,682 |
| <i>whereof land assets</i> | 20,717 | 20,170 |
| <i>whereof biological assets</i> | 50,150 | 49,512 |
| Right-of-use assets | 793 | 841 |
| Other non-current assets | 1,116 | 1,468 |
| Total non-current assets | 91,949 | 90,386 |
| Current assets | | |
| Inventories | 4,650 | 5,014 |
| Trade receivables | 2,917 | 2,313 |
| Other current receivables | 823 | 898 |
| Cash and cash equivalents | 236 | 454 |
| Total current assets | 8,626 | 8,679 |
| Total assets | 100,575 | 99,065 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Owners of the Parent | | |
| Share capital | 2,350 | 2,350 |
| Share premium | 6,830 | 6,830 |
| Reserves | 15,025 | 14,693 |
| Retained earnings | 45,180 | 44,637 |
| Non-controlling interests | - | 0 |
| Total equity | 69,385 | 68,510 |
| Non-current liabilities | | |
| Non-current financial liabilities | 5,678 | 5,888 |
| Provisions for pensions | 704 | 522 |
| Deferred tax liabilities | 15,910 | 15,780 |
| Other non-current liabilities & provisions | 173 | 161 |
| Total non-current liabilities | 22,465 | 22,351 |
| Current liabilities | | |
| Current financial liabilities | 3,974 | 3,730 |
| Trade payables | 3,478 | 3,336 |
| Other current liabilities | 1,273 | 1,138 |
| Total current liabilities | 8,725 | 8,204 |
| Total liabilities | 31,190 | 30,555 |
| Total liabilities and equity | 100,575 | 99,065 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEKm | Jun 30, 2020 | Dec 31, 2019 |
|--|---------------------|---------------------|
| Attributable to owners of the parent | | |
| Opening balance | 68,510 | 39,062 |
| Total comprehensive income for the period | 865 | 30,684 |
| Cash flow hedge transferred at cost of hedged investments | 13 | -8 |
| Tax on cash flow hedge transferred at cost of hedged investments | -3 | 2 |
| Cash dividend | - | -1,229 |
| Acquisition of non-controlling interests | 0 | 0 |
| Remeasurement effect upon acquisition of non-controlling interests | 0 | -1 |
| Closing balance | 69,385 | 68,510 |
| Non-controlling interests | | |
| Opening balance | 0 | - |
| Total comprehensive income for the period | 0 | - |
| Acquisition of non-controlling interests | 0 | 0 |
| Closing balance | - | 0 |
| Total equity, closing balance | 69,385 | 68,510 |

CONSOLIDATED CASH FLOW STATEMENT

| SEKm | Jan-Jun | |
|--|---------------|---------------|
| | 2020 | 2019 |
| Operating activities | | |
| Profit before tax | 1,173 | 2,037 |
| Adjustment for non-cash items ¹ | 291 | 302 |
| Paid tax | -28 | -312 |
| Cash flow from operating activities before changes in working capital | 1,436 | 2,027 |
| Cash flow from changes in working capital | | |
| Change in inventories | 354 | -497 |
| Change in operating receivables | -632 | -417 |
| Change in operating liabilities | -19 | 263 |
| Cash flow from operating activities | 1,139 | 1,376 |
| Investing activities | | |
| Acquisitions | 0 | -847 |
| Current capital expenditures in non-current assets, net | -467 | -474 |
| Strategic capital expenditures in non-current assets | -844 | -299 |
| Acquisition of financial asset | 0 | -26 |
| Cash flow from investing activities | -1,311 | -1,646 |
| Financing activities | | |
| Loans raised | 1,009 | 1,181 |
| Amortization of loans | -952 | 0 |
| Amortization of loans, leasing | -98 | 0 |
| Dividend | 0 | -1,229 |
| Cash flow from financing activities | -41 | -48 |
| Net cash flow for the period | -213 | -318 |
| Cash and cash equivalents at the beginning of the period | 454 | 648 |
| Translation differences in cash and cash equivalents | -5 | 11 |
| Cash and cash equivalents at the end of the period | 236 | 341 |
| Cash flow from operating activities per share SEK | 1.62 | 1.96 |
| ¹ Depreciation/amortization and impairment of non-current assets | 803 | 789 |
| Fair-value measurement of biological assets | -571 | -286 |
| Gains/loss on assets sales and swaps of assets | 1 | 0 |
| Resolution of provision | 8 | - |
| Other | 50 | -201 |
| Total | 291 | 302 |

INCOME STATEMENT PARENT COMPANY

| SEKm | Jan-Jun | |
|------------------------------|------------|--------------|
| | 2020 | 2019 |
| Other operating income | 128 | 129 |
| Other operating expenses | -86 | -94 |
| Personnel costs | -57 | -44 |
| EBITDA | -15 | -9 |
| Depreciation and impairment | -43 | -43 |
| Operating profit | -58 | -52 |
| Financial items | 6 | 41 |
| Profit before tax | -52 | -11 |
| Appropriations and tax | 292 | 1,055 |
| Profit for the period | 240 | 1,044 |

Other operating income was mainly related to remuneration for the granting of felling rights for the Parent Company's forest land.

BALANCE SHEET PARENT COMPANY

| SEKm | Jun 30, 2020 | Dec 31, 2019 |
|---|---------------|---------------|
| Tangible non-current assets | 8,645 | 8,641 |
| Financial non-current assets | 9,684 | 9,681 |
| Total non-current assets | 18,329 | 18,322 |
| Current assets | 13,072 | 12,563 |
| Total assets | 31,401 | 30,885 |
| Restricted equity | 11,373 | 11,373 |
| Non-restricted equity | 8,792 | 8,551 |
| Total equity | 20,165 | 19,924 |
| Provisions | 1,590 | 1,594 |
| Non-current liabilities | 5,059 | 5,236 |
| Current liabilities | 4,587 | 4,131 |
| Total equity, provisions and liabilities | 31,401 | 30,885 |

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, and with regards to the Parent Company, RFR 2. The accounting principles are described in detail in SCA's 2019 Annual Report.

The definition of business acquisitions in IFRS 3 Business acquisitions has been changed. The criteria for classifying an acquisition as a business acquisition is that it must contain at least an input and a substantive process that together obviously make a significant contribution to the ability to create output. The change in IFRS 3 had no impact on the Group's interim report, but may affect future periods if the Group makes acquisitions.

Several amendments and interpretations apply for the first time from 2020, but they are not judged to have any material impact on the Group's interim report.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

| SEKm | Jan-Jun | |
|--------------------|--------------|---------------|
| | 2020 | 2019 |
| Sweden | 1,323 | 1,306 |
| EU excl. Sweden | 5,365 | 6,202 |
| Rest of Europe | 683 | 688 |
| Rest of world | 2,109 | 2,108 |
| Total Group | 9,480 | 10,304 |

3. FOREST VALUATION

Accounting principles

Forest assets are divided into standing timber and land assets. Standing timber is recognized as a biological asset in accordance with IAS 41 Agriculture. Land assets are recognized as property, plant and equipment in accordance with IAS 16 Property, plant and equipment.

In light of the price level of forest assets in a number of large land transactions, SCA implemented a change of method and assumptions for valuation of the company's forest assets in its balance sheet in the fourth quarter 2019. According to the new method and new assumptions the fair value of the assets is based on forest transactions in areas where SCA owns forest. The new method also entails that the land assets are now measured at fair value, which has led to a change in accounting principles. Land assets linked to the standing forest were previously recognized at cost up until the new method was implemented for the annual accounts for 2019. The amended method resulted in no change in accounting principles for biological assets, where the new method adopted in 2019 resulted only in changed assumptions under the same accounting principles.

Statistics relating to forest transactions are available from several market sources. SCA has elected to base the market price on a weighted average of historical transactions.

In combination with market transactions, and to determine the fair value of the Group's biological assets, expected future cash flows from the assets are also discounted. The calculation is performed for a production cycle that SCA estimates for biological assets to average 100 years. The change in value is recognized in the income statement on the line item for Change in value in biological assets.

The value of land assets constitutes the residual amount between the total value based on market statistics and the value of the biological assets based on discounted cash flows. The change in value pertaining to land is recognized as other comprehensive income and does not impact profit for the year.

SCA's valuation of forest assets is described on page 105, note D3, of the 2019 Annual Report.

Key assessments and assumptions

SCA has based its valuation of forest assets in Sweden on forest transactions in the areas where SCA owns forest assets. The calculated market prices comprise a weighted average based on forest transactions over the latest three years. On June 30, the market price was SEK 281/m³fo. The market price for 2019 was SEK 276/m³fo.

SCA made a new forest survey in Sweden in 2019. As part of the new survey, a new estimate was drawn up and established for the forest standing volume. At December 31, 2020, the expected timber volume is estimated at 256 million m³fo, of which 3 million m³fo in the Baltic states.

The change in value as a result of changes in market prices and estimated annual volume growth is accrued during the year.

The new forest survey also resulted in a new harvesting calculation. Higher growth gives greater long-term harvesting potential. Annual harvesting will gradually increase from about 4.3 million m³sub in 2020 to 5.4 million m³sub in 2025.

Forest assets

| SEKm | 30 jun 2020 | 31 dec 2019 |
|---|---------------|---------------|
| Forest assets in Sweden ¹ | 69,908 | 68,723 |
| Forest assets in the Baltic states ² | 959 | 959 |
| Total value of biological assets and land assets³ | 70,867 | 69,682 |
| Deferred tax related to forest assets | 14,401 | 13,977 |

¹ The fair value of SCA's forest assets in Sweden was based on a timber volume estimated to 253 million m³fo at the end of the year, multiplied by the market price of SEK 281/m³fo. At June 30 approximately half of the expected annual change in value is reported.

² The fair value of forest assets acquired in 2019 in the Baltic states is deemed to correspond to the acquisition price.

³ The total change in value at June 30, 2020 amounted to SEK 1,185m whereof SEK 571m constitutes the change in value in biological assets.

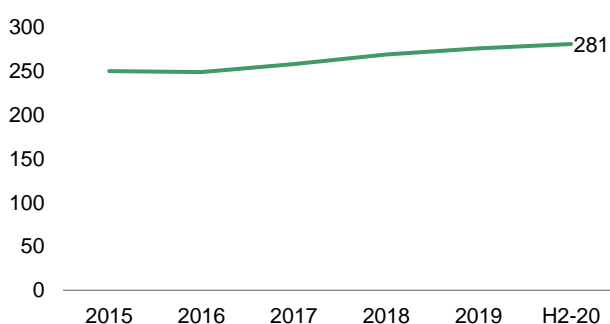
The change in value of biological assets is based on market statistics and discounted cash flows. When establishing the change in value of biological assets, the same valuation model was used as in the past with a required return of 3.5% (3.6) after tax. The change in value of biological assets was SEK 571m at June 30, 2020.

The value of land assets constitutes the residual amount between the total value in accordance with market price based on forest transactions and the value of the biological assets. At June 30, 2020, the change in value pertaining to land amounted to SEK 533m and is recognized as other comprehensive income and does not impact profit for the year.

SCA's forest holdings comprise approximately 2.6 million hectares of forest assets primarily in northern Sweden as well as a holding of 30,000 hectares of forest land in Estonia and Latvia. The productive area amounts to approximately 2.0 million hectares. At December 31, 2020, the forest portfolio's timber volume is estimated at approximately 256 million m³fo, of which about 3 million m³fo in the Baltic states. Gross growth amounts to approximately 10.7 million m³fo per year on productive forest land, of which 0.2 million m³fo in the Baltic states. Net growth, meaning growth after felling and natural losses, is estimated at 4.0 million m³fo per year. Harvesting will successively increase from 4.3 million m³sub to 5.4 million m³sub in 2025. From 2031, harvesting volume is expected to amount to about 6 million m³sub.

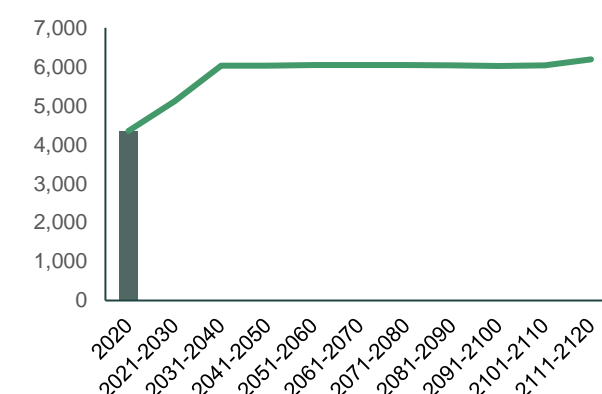
Market price

Historical three-year average
(SEK/m³fo)



Harvest

Harvest 2020 and planned harvest 2021-2120
(1.000 m³sub/year)



4. RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 64–68 of the 2019 Annual Report.

The corona pandemic, the outcome and consequences of which are difficult to predict, has increased uncertainty and may impact the company's performance and profitability (see page 5).

5. RELATED PARTY TRANSACTIONS

No transactions took place between SCA and related parties with any material impact on the company's financial position or results.

6. FINANCIAL INSTRUMENTS BY CATEGORY

| SEKm | Measurement level | Jun 30, 2020 | Dec 31, 2019 |
|---|-------------------|--------------|--------------|
| Financial assets measured at fair value in the income statement | | | |
| Derivatives - Current financial assets | 2 | 0 | 3 |
| Derivatives - Other current receivables | 2 | 32 | 23 |
| Total | | 32 | 26 |
| Financial liabilities measured at fair value in the income statement | | | |
| Derivatives - Current financial liabilities | 2 | 1 | 1 |
| Derivatives - Other current financial liabilities | 2 | 33 | 15 |
| Total | | 34 | 16 |
| Financial assets measured at fair value through other comprehensive income | | | |
| Equity instruments | 3 | 14 | 14 |
| Total | | 14 | 14 |
| Financial liabilities measured at amortized cost | | | |
| Non-current financial liabilities excluding leasing | - | 4,999 | 5,190 |
| Non-current financial liabilities, leasing | - | 657 | 698 |
| Current financial liabilities excluding leasing | - | 3,820 | 3,574 |
| Current financial liabilities, leasing | - | 154 | 156 |
| Total | | 9,630 | 9,618 |
| Derivatives used for hedge accounting | | | |
| Non-current financial assets | 2 | - | 0 |
| Other non-current assets | 1.2 | 5 | 2 |
| Other current receivables | 1.2 | 109 | 78 |
| Total | | 114 | 80 |
| Derivatives used for hedge accounting | | | |
| Non-current financial liabilities | 2 | 22 | - |
| Other non-current financial liabilities | 2 | 75 | 54 |
| Other current financial liabilities | 2 | 153 | 52 |
| Total | | 250 | 106 |

The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, and the fair value of trade payables is estimated to be equal to their carrying amount. The total fair value of current and non-current financial liabilities was SEK 8,819m (8,749). The value of electricity derivatives is based on published prices in an active market. Other financial instruments are market to market, based on prevailing currency and interest rates on the balance sheet date. The fair value of debt instruments is determined using valuation models, such as discounting future cash flows at quoted market rates for the respective maturity.

7. CONTINGENT LIABILITIES, PLEDGED ASSETS AND COMMITMENTS

| SEKm | Parent | | Group | |
|-------------------------------|--------------|--------------|--------------|--------------|
| | Jun 30, 2020 | Dec 31, 2019 | Jun 30, 2020 | Dec 31, 2019 |
| Contingent liabilities | | | | |
| Guarantees for subsidiaries | 756 | 750 | - | - |
| associates | - | - | 5 | 5 |
| customers and others | - | - | 28 | 31 |
| Other contingent liabilities | 324 | 285 | 16 | 18 |
| Total | 1,080 | 1,035 | 49 | 54 |
| Pledged assets | | | | |
| Chattel mortgages | - | 20 | - | 20 |
| Total | - | 20 | - | 20 |

Commitments

SCA has a decided investment in Obbola totaling SEK 7.5bn over a five-year period. As of June 30, 2020, SEK 5.9bn remained. Of this amount, SEK 2.3bn is a contracted commitment and in its entirety refers to fixed assets.

8. ALTERNATIVE PERFORMANCE MEASURES

For definitions of alternative performance measures, refer to SCA's 2019 Annual Report, pages 89–92.

| SEKm | Quarter | | | Jan-Jun | Full year |
|--|------------|--------------|------------|--------------|--------------|
| | 2020:2 | 2019:2 | 2020:1 | 2020 | 2019 |
| EBITDA | 1,001 | 1,340 | 1,030 | 2,031 | 5,319 |
| Changes in value biological assets and other non cash flow items | -233 | -56 | -340 | -573 | -937 |
| Operating cash surplus | 768 | 1,284 | 690 | 1,458 | 4,382 |
| Change in working capital | -151 | -298 | -146 | -297 | -186 |
| Current capital expenditures, net ¹ | -338 | -348 | -175 | -513 | -1,132 |
| Other operating cash flow | -6 | -19 | -28 | -34 | -142 |
| Operating cash flow | 273 | 619 | 341 | 614 | 2,922 |

¹ Including SEK 29 in 2020:2 (16 in 2019:2, 17 in 2020:1, 46 in January-June 2020 and 99 in 2019)m of new leasing contracts

CAPITAL STRUCTURE

| SEKm | Jun 30, 2020 | Dec 31, 2019 |
|--|---------------|---------------|
| Forest assets | 70,867 | 69,682 |
| Working capital | 3,969 | 3,748 |
| Deferred tax relating to forest assets | -14,401 | -13,977 |
| Other capital employed, net | 18,346 | 17,654 |
| Total capital employed | 78,781 | 77,107 |
| <i>Return on capital employed (%) ¹</i> | 28.5 | 36.7 |
| <i>Return on capital employed excluding new method for valuation of forest assets (%) ¹</i> | 4.3 | 6.9 |
| <i>Industrial return on capital employed (%) ^{1,2}</i> | 6.3 | 11.9 |
| Net debt, SEKm | 9,396 | 8,597 |
| Net debt/EBITDA (LTM) | 2.1x | 1.6x |
| Equity, SEKm | 69,385 | 68,510 |
| Net debt/Equity (%) | 13.5 | 12.5 |

¹ Rolling 12 months

² Excluding constructions in progress

WORKING CAPITAL

| SEKm | Jun 30, 2020 | Dec 31, 2019 |
|--|--------------|--------------|
| Inventories | 4,650 | 5,014 |
| Accounts receivable | 2,917 | 2,313 |
| Other current receivables | 777 | 790 |
| Accounts payable | -3,478 | -3,336 |
| Other current liabilities | -1,201 | -1,044 |
| Adjustments ¹ | 304 | 11 |
| Working capital | 3,969 | 3,748 |
| Working capital in % of net sales ² | 20.5 | 20.2 |
| ¹ Adjustments: | | |
| Other current receivables, green certificates | -1 | -6 |
| Accounts payable, strategic capital expenditures | 255 | 62 |
| Other current provisions | -32 | -55 |
| Other current liabilities, emission rights | 82 | 10 |
| Sum adjustments | 304 | 11 |

² Calculated as an average of working capital for 13 months as a percentage of 12-month rolling net sales

NET DEBT

| SEKm | Jun 30, 2020 | Dec 31, 2019 |
|-----------------------------------|---------------|---------------|
| Surplus in funded pension plans | 639 | 1,019 |
| Non-current financial assets | 84 | 67 |
| Current financial assets | 1 | 3 |
| Cash and cash equivalents | 236 | 454 |
| Financial receivables | 960 | 1,543 |
| Non-current financial liabilities | 5,678 | 5,888 |
| Provisions for pensions | 704 | 522 |
| Current financial liabilities | 3,974 | 3,730 |
| Financial liabilities | 10,356 | 10,140 |
| Net debt | -9,396 | -8,597 |

9. QUARTERLY DATA BY SEGMENT

NET SALES

| SEKm | Quarter | | | | | | | | |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2020:2 | 2020:1 | 2019:4 | 2019:3 | 2019:2 | 2019:1 | 2018:4 | 2018:3 | 2018:2 |
| Forest | 1,494 | 1,833 | 1,694 | 1,865 | 1,746 | 1,651 | 1,540 | 1,455 | 1,162 |
| Wood | 1,770 | 1,436 | 1,376 | 1,545 | 1,727 | 1,678 | 1,558 | 1,712 | 1,846 |
| Pulp | 1,091 | 1,188 | 900 | 1,129 | 1,214 | 1,134 | 1,049 | 743 | 485 |
| Paper | 1,876 | 2,242 | 2,108 | 2,380 | 2,375 | 2,366 | 2,421 | 2,413 | 2,426 |
| Intra-group deliveries | -1,544 | -1,906 | -1,766 | -1,944 | -1,834 | -1,753 | -1,642 | -1,564 | -1,249 |
| Total net sales | 4,687 | 4,793 | 4,312 | 4,975 | 5,228 | 5,076 | 4,926 | 4,759 | 4,670 |

EBITDA

| SEKm | Quarter | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2020:2 | 2020:1 | 2019:4 | 2019:3 | 2019:2 | 2019:1 | 2018:4 | 2018:3 | 2018:2 |
| Forest | 499 | 452 | 607 | 388 | 414 | 331 | 427 | 292 | 371 |
| Wood | 143 | 95 | 125 | 180 | 188 | 297 | 226 | 276 | 230 |
| Pulp | 182 | 186 | 20 | 268 | 344 | 351 | 370 | 273 | -112 |
| Paper | 229 | 379 | 382 | 577 | 489 | 616 | 536 | 728 | 618 |
| Other | -52 | -82 | -79 | -49 | -95 | -35 | -65 | -20 | -73 |
| Total EBITDA¹ | 1,001 | 1,030 | 1,055 | 1,364 | 1,340 | 1,560 | 1,494 | 1,549 | 1,034 |

¹ Excluding the effect of changed accounting method of forests assets, EBITDA amounted to SEK 16,649m for Forest and SEK 17,097m and for the Group in 2019:4.

EBITDA MARGIN

| % | Quarter | | | | | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2020:2 | 2020:1 | 2019:4 | 2019:3 | 2019:2 | 2019:1 | 2018:4 | 2018:3 | 2018:2 |
| Forest | 33.4 | 24.6 | 35.8 | 20.8 | 23.7 | 20.0 | 27.7 | 20.1 | 31.9 |
| Wood | 8.1 | 6.6 | 9.1 | 11.6 | 10.8 | 17.7 | 14.5 | 16.1 | 12.5 |
| Pulp | 16.7 | 15.6 | 2.2 | 23.8 | 28.4 | 31.0 | 35.3 | 36.7 | -23.1 |
| Paper | 12.2 | 16.9 | 18.1 | 24.2 | 20.6 | 26.0 | 22.2 | 30.2 | 25.5 |
| EBITDA margin¹ | 21.3 | 21.5 | 24.5 | 27.4 | 25.6 | 30.7 | 30.3 | 32.5 | 22.1 |

¹ Excluding effect of changed accounting method for valuation of forest assets, the EBITDA margin was 82.8% for Forest and 396.5% for the Group in 2019:4