

# Interim Report



Q2 2016



# Magnus Groth

President and CEO

# Summary Q2 2016

- Strong organic growth in operating profit\*
- Good organic sales growth in the hygiene business
- Good organic sales growth in emerging markets
- Strong cash flow
- Good contribution from efficiency gains
- Provision for ongoing anti-trust and tax cases
- Divestment of business in South East Asia, Taiwan and South Korea for integration with Vinda closed on April 1
- Introduced 7 innovations
  - ◆ For example Lotus, Okay, Plenty, Zewa, TENA and Tork



\* Adjusted operating profit which excludes items affecting comparability

# Group

Q2 2016 vs. Q2 2015



## Net Sales

SEK  
29,086m  
0%

## Organic Sales Growth

+2%

## Adjusted Operating Profit\*

SEK  
3,405m  
+9%\*\*

## Adjusted Operating Margin\*

11.7%  
+70bp

## EPS

SEK 0.11\*\*\*  
-96%

## Operating Cash Flow

SEK  
3,542m  
+21%

\* Excluding items affecting comparability

\*\* Excluding items affecting comparability, currency translation effects, acquisitions and divestments

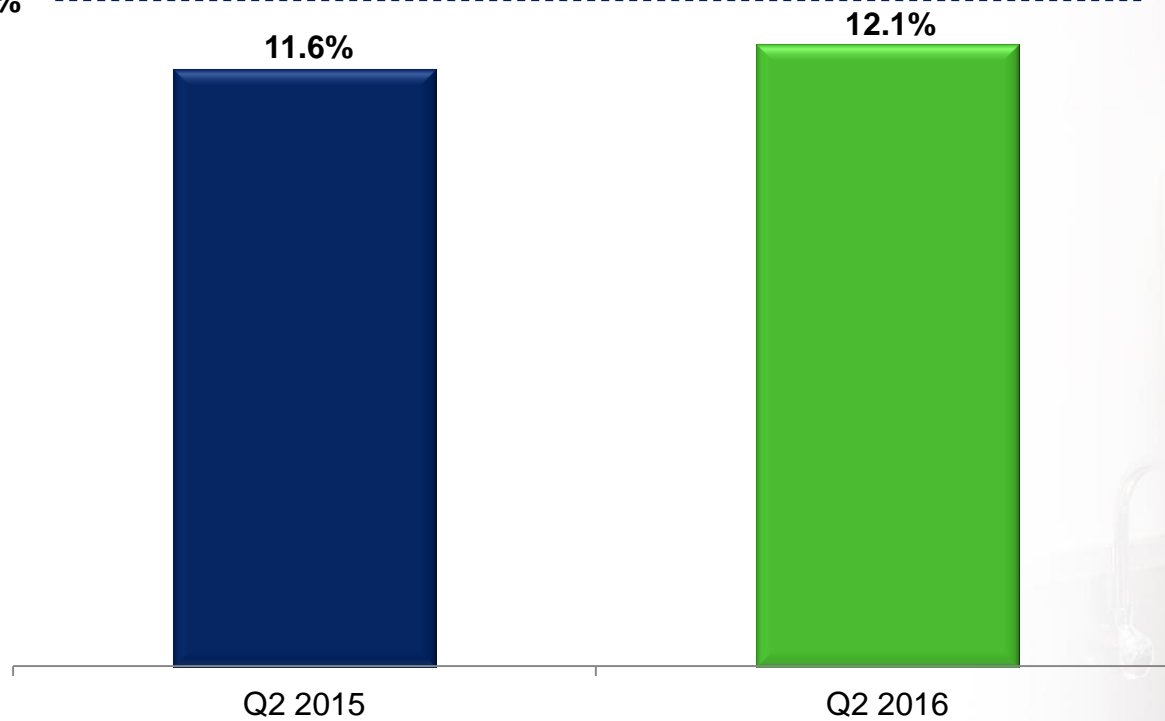
\*\*\* Including items affecting comparability and tax provision. Excluding items affecting comparability and tax provision SEK 3.49, +18%

# SCA Group Adjusted ROCE\*



## Adjusted ROCE\*

Target 13%



\*Adjusted return on capital employed excluding items affecting comparability

### TENA Overnight Underwear



- Expands TENA assortment with new range of overnight underwear.
- Stays in place. Helps preventing leaks at night.
- Includes secure barrier system. W-shaped absorbent zone and Triple Protection for worry free nights.

### Tork Washstation Dispenser



- Precisely engineered and Hazard Analysis and Critical Control Point International certified to help mitigate risks.
- Increases operational efficiency.
- Handles pressures of rigorous environment.



### New Okay Compressed

- Compacted kitchen rolls to just half the size.
- Easier to carry & store. 30% less packaging. Less CO<sup>2</sup> emissions.



### Lotus Confort, Zewa Plus

- Upgrade of Family Comfort Bathroom Tissue assortment.
- Improved balance of softness and strength.



### Plenty, Zewa Wisch & Weg

- Product quality upgrade for more usage occasions around the house.
- New pack design for better shelf stand out and range navigation.
- New power claim.



### Zewa Just 1, Regio Just 1

- 1 sheet can be enough – so thick and absorbent.
- With special Soft Zone.
- 20% larger sheets.



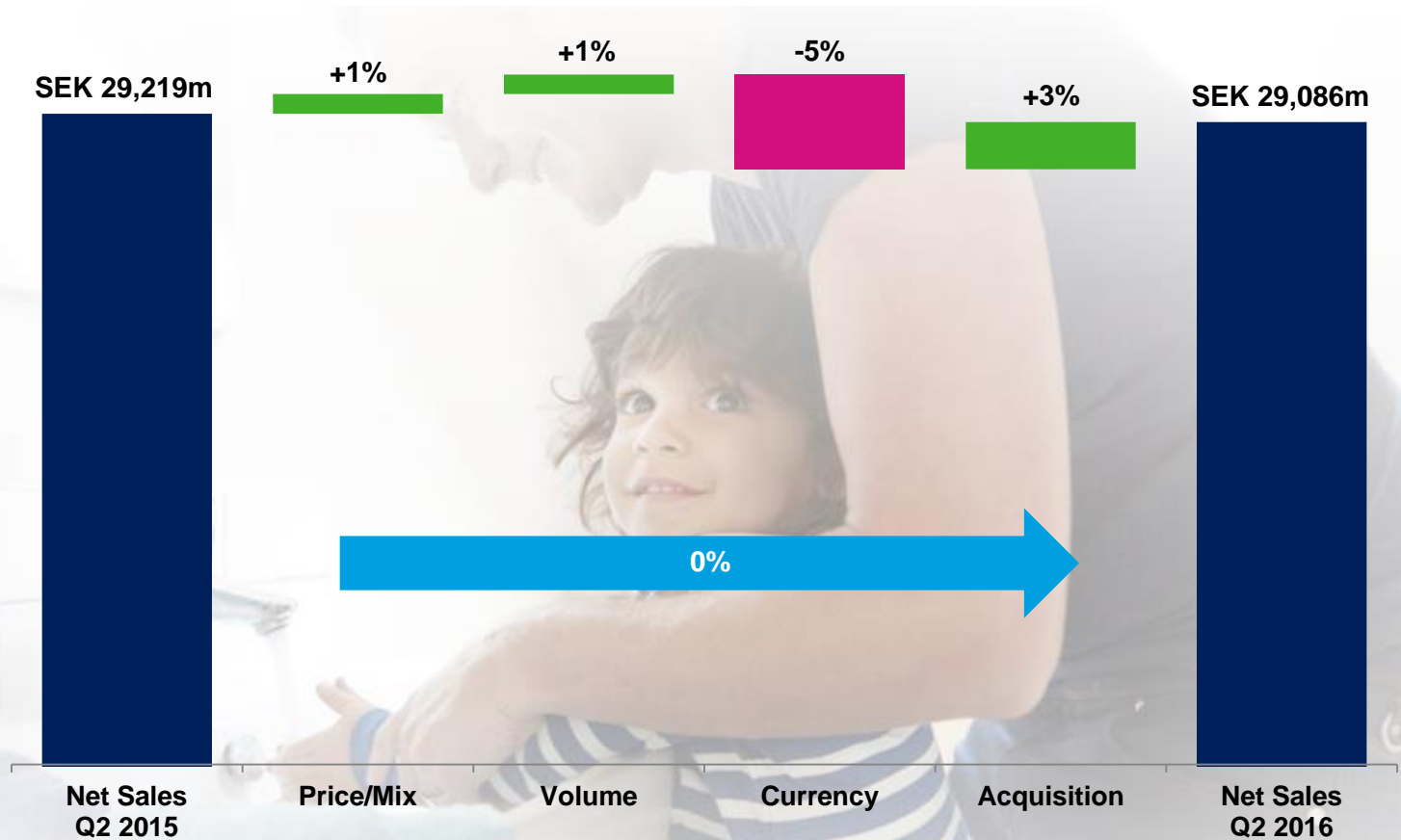
# Fredrik Rystedt

CFO



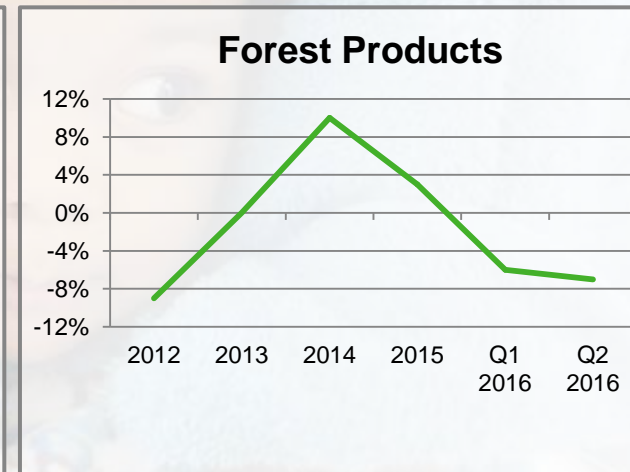
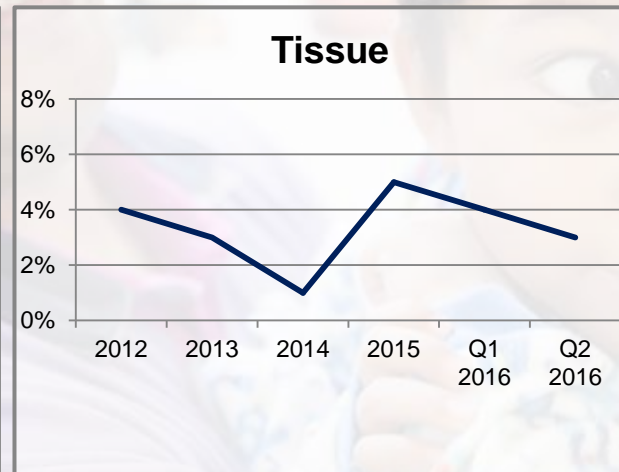
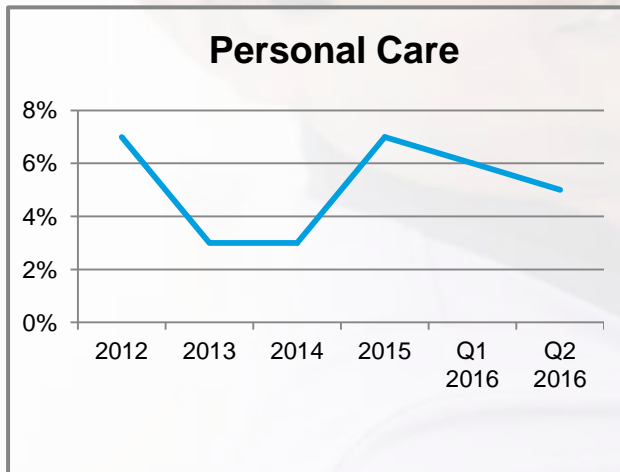
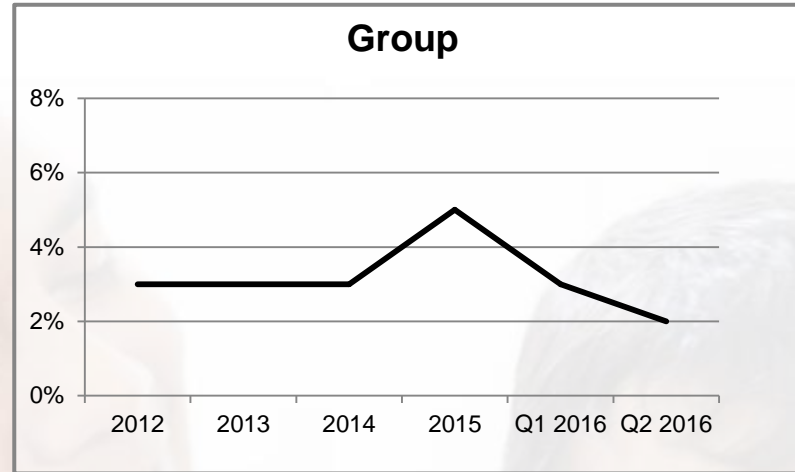
# Net Sales

Q2 2016 vs. Q2 2015



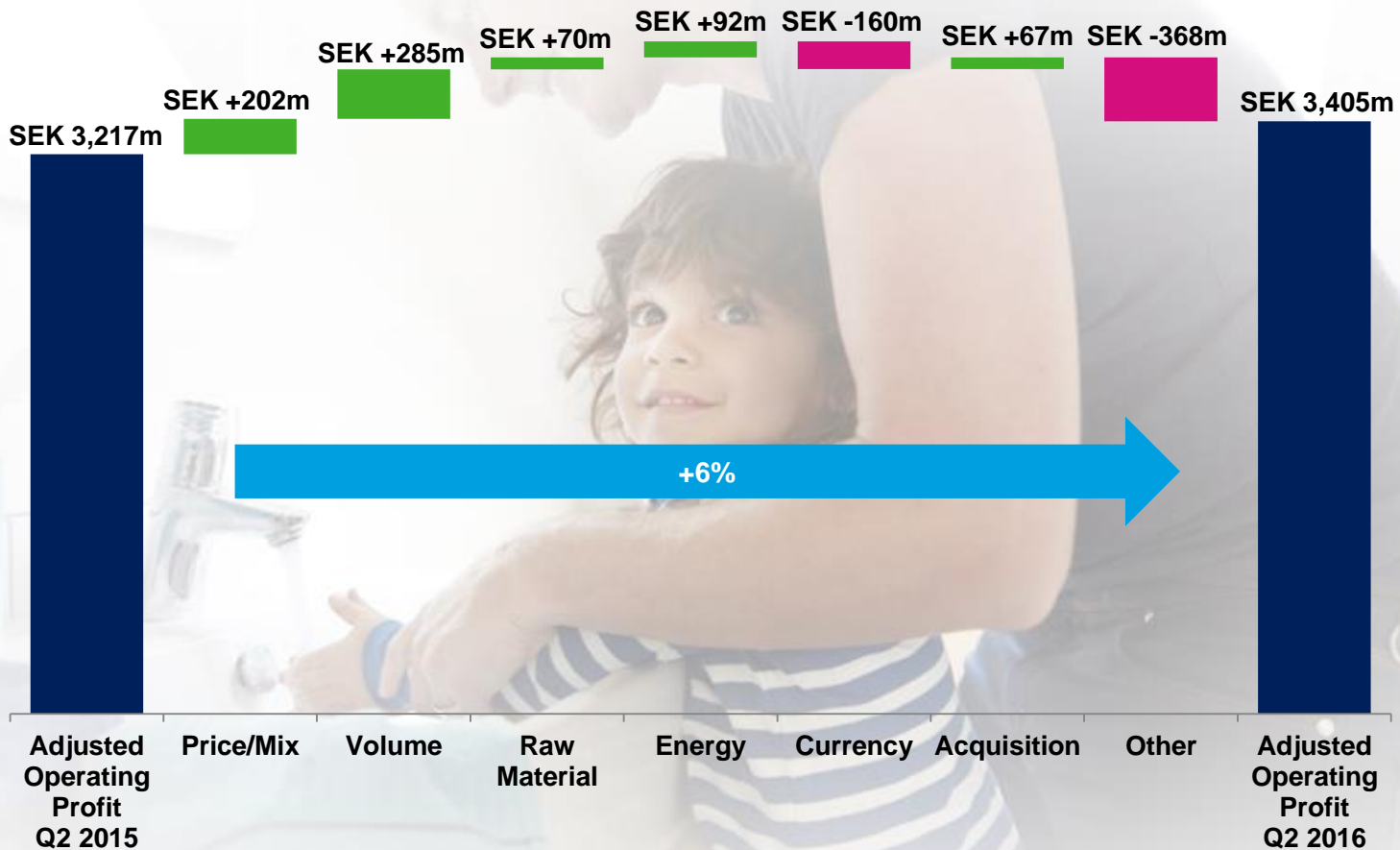
- Organic sales growth +2%
- ◆ Price/Mix +1%
- ◆ Volume +1%

# Organic Sales Growth



# Adjusted Operating Profit\* – Group

Q2 2016 vs. Q2 2015



\* Excluding items affecting comparability

# Cash Flow

Q2 2016 vs. Q2 2015



	Q2 2016 SEKm	Q2 2015 SEKm
Operating cash surplus	4,797	4,626
Change in working capital	4	-550
Restructuring costs, etc	-202	-233
Capital expenditures (including strategic)	-1,981	-1,259
<b>Operating cash flow including strategic capital expenditures</b>	<b>2,618</b>	<b>2,584</b>

# Items Affecting Comparability

Q2 2016



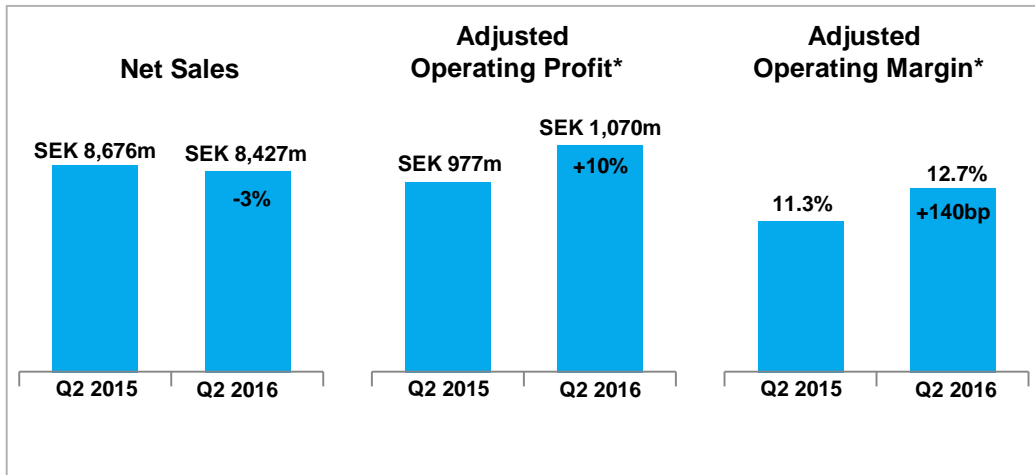
	Q2 2016 SEKm
Provision for ongoing anti-trust cases	-964
Capital gain on divestment of ownership stake in IL Recycling	218
Restructuring costs for closure of tissue plant in Sant Joan de Mediona, Spain	-224
Restructuring costs for closure of tissue plant in Saint-Cyr-en-Val, France	-102
Wausau Paper Corp., including integration costs	-46
Other	5
<b>Total items affecting comparability</b>	<b>-1,113</b>

# Magnus Groth

President and CEO

# Personal Care

Q2 2016 vs Q2 2015



- **Net sales -3%**
- **Organic sales growth +5%**
- **Adjusted operating profit +10%\***
  - ◆ Better price/mix
  - ◆ Higher volumes
  - ◆ Cost savings
  - ◆ Investments in increased marketing activities in Latin America
- **Adjusted operating margin 12.7%\***
- **Adjusted ROCE\*\* 31.1%**



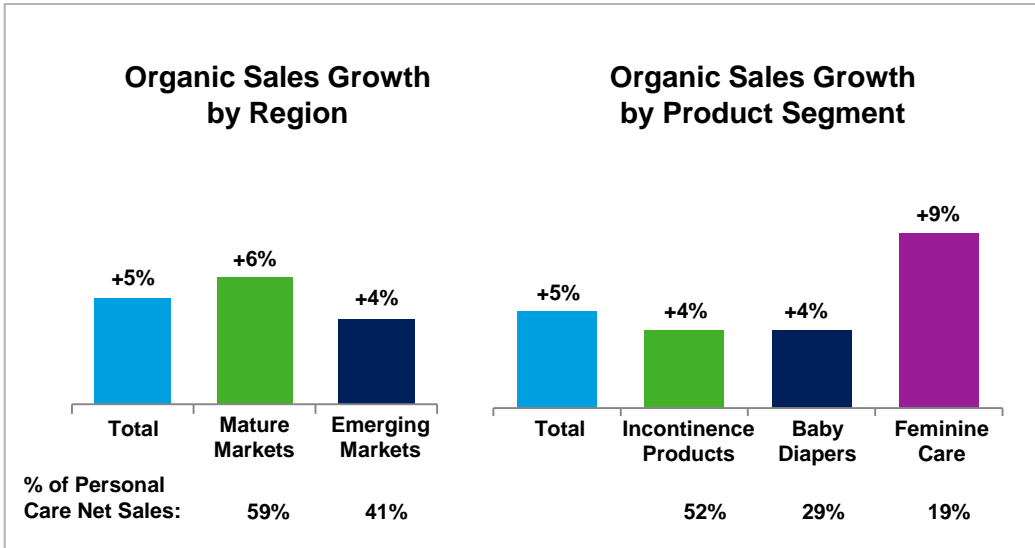
\* Excluding items affecting comparability

\*\* Adjusted return on capital employed excluding items affecting comparability



# Personal Care

Q2 2016 vs Q2 2015



## Organic sales growth +5%

- ◆ Price/mix +1%
- ◆ Volume +4%
- ◆ Good growth in mature and emerging markets
- ◆ Strong growth for feminine care

## Mature markets

- ◆ Western Europe
  - Strong growth for baby diapers
  - Good growth for incontinence products and feminine care
- ◆ North America
  - Good growth for incontinence products

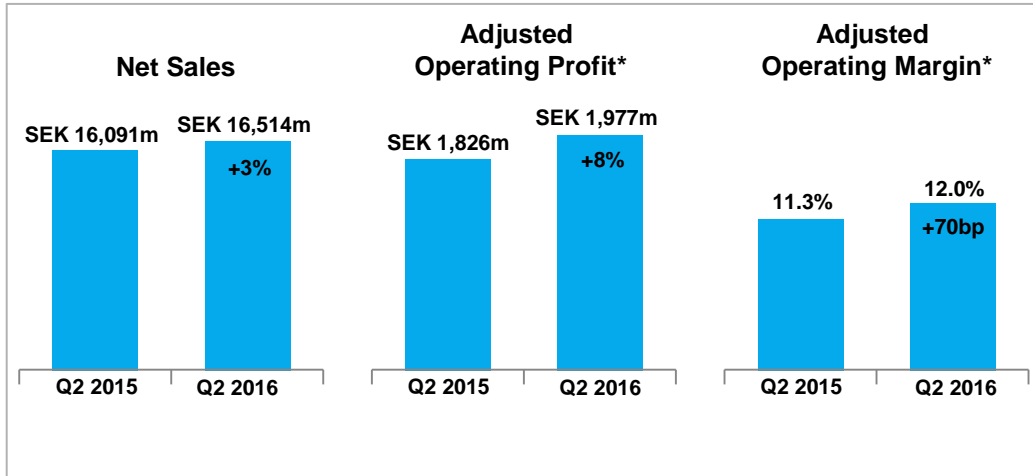
## Emerging markets

- ◆ Latin America +6%
  - Strong growth for feminine care
  - Higher sales for incontinence products
  - Lower sales for baby diapers
- ◆ Russia -2%
  - Strong growth incontinence products and feminine care
  - Lower sales for baby diapers
- ◆ Asia +6%



# Tissue

Q2 2016 vs Q2 2015



- **Net sales +3%**
- **Organic sales growth +3%**
- **Adjusted operating profit +8%\***
  - ◆ Better price/mix
  - ◆ Higher volumes
  - ◆ Cost savings
  - ◆ Lower energy and raw material costs
  - ◆ Acquisition
- **Adjusted operating margin 12.0%\***
- **Adjusted ROCE\*\* 12.9%**

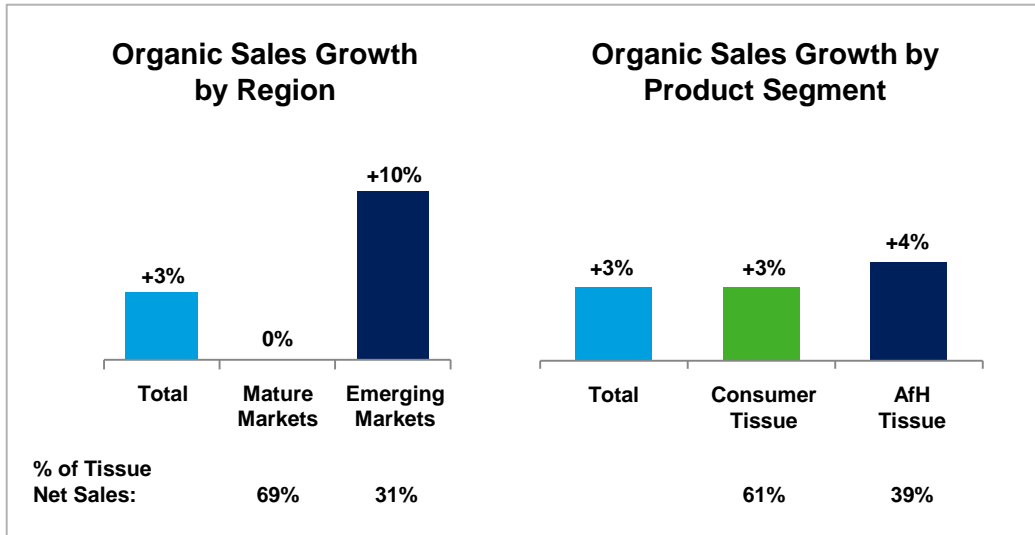


\* Excluding items affecting comparability

\*\* Adjusted return on capital employed excluding items affecting comparability

# Tissue

Q2 2016 vs Q2 2015



## ■ Organic sales growth +3%

- ◆ Price/mix +1%
- ◆ Volume +2%
- ◆ Strong growth in emerging markets

## ■ Mature markets

- ◆ Western Europe
  - Lower sales for consumer tissue
  - Higher sales for AfH tissue
- ◆ North America
  - Slightly lower sales for AfH tissue

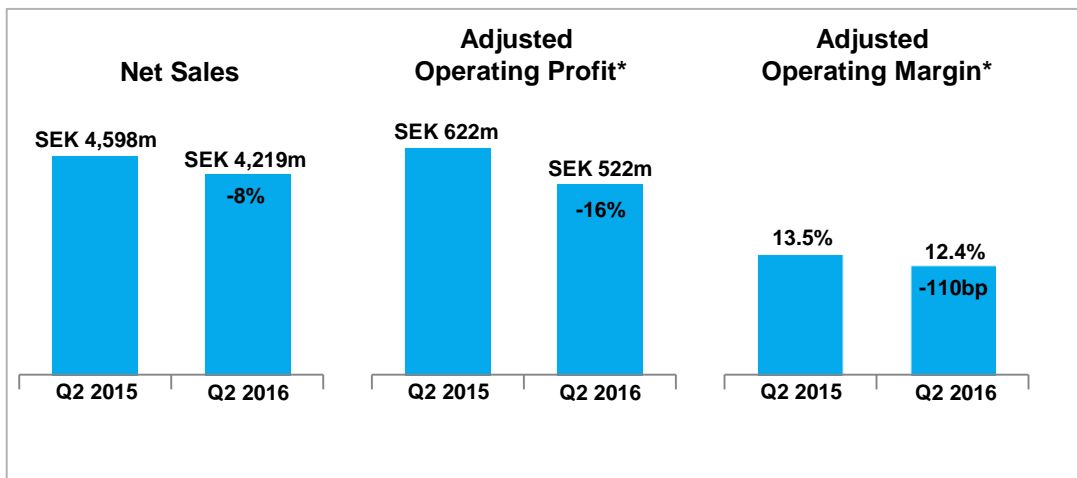
## ■ Emerging markets

- ◆ Asia +10%
- ◆ Latin America +10%
- ◆ Russia +3%



# Forest Products

Q2 2016 vs Q2 2015



- **Net sales -8%**
- **Organic sales growth -7%**
  - ◆ Price/mix -3%
  - ◆ Volume -4%
- **Adjusted operating profit -16%\***
  - ◆ Lower prices (including exchange rate effects)
  - ◆ Lower volumes
  - ◆ Lower energy and raw material costs
- **Adjusted operating margin 12.4%\***
- **Adjusted ROCE\*\* 5.5%**



\* Excluding items affecting comparability

\*\* Adjusted return on capital employed excluding items affecting comparability

# Summary Q2 2016

- Strong organic growth in operating profit\*
- Good organic sales growth in the hygiene business
- Good organic sales growth in emerging markets
- Strong cash flow
- Good contribution from efficiency gains
- Provision for ongoing anti-trust and tax cases
- Divestment of business in South East Asia, Taiwan and South Korea for integration with Vinda closed on April 1
- Introduced 7 innovations
  - ◆ For example Lotus, Okay, Plenty, Zewa, TENA and Tork



\* Adjusted operating profit which excludes items affecting comparability





# Q&A



**SCA**  
*Care of Life*

