

January–September 2022 compared with January–September 2021

- Net sales increased 13% to SEK 15,921m (14,059), which was mainly related to higher selling prices in all product areas.
- EBITDA increased 30% to SEK 8,213m (6,303). The increase was mainly attributable to higher selling prices in all product areas. Cost increases were largely offset through good control over SCA's own value chain with a high degree of self-sufficiency in wood and energy. EBITDA margin increased to 51.6% (44.8).
- Operating profit increased to SEK 7,052m (5,226).
- Operating cash flow increased to SEK 4,958m (3,453) and fully financed ongoing strategic investments.
- Earnings per share was SEK 7.85 (5.68).

July–September 2022 compared with July–September 2021

- Net sales were in line with the year-earlier period and amounted to SEK 5,007m (5,077).
- EBITDA decreased 7% to SEK 2,484m (2,684). The change was primarily attributable to lower selling prices for solid-wood products.
- EBITDA margin was 49.6% (52.9).

July–September 2022 compared with April–June 2022

- Net sales declined to SEK 5,007m (5,899), mainly related to lower delivery volumes and lower selling prices for solid-wood products.
- EBITDA amounted to SEK 2,484m (3,121). The decline was primarily attributable to lower selling prices for solid-wood products and lower delivery volumes. EBITDA margin was 49.6% (52.9).

KEY FIGURES

SEKm	Quarter				Jan-Sep			
	2022:3	2021:3	%	2022:2	%	2022	2021	%
Net sales	5,007	5,077	-1	5,899	-15	15,921	14,059	13
EBITDA	2,484	2,684	-7	3,121	-20	8,213	6,303	30
<i>EBITDA margin (%)</i>	49.6	52.9		52.9		51.6	44.8	
Operating profit	2,094	2,298	-9	2,735	-23	7,052	5,226	35
Net Profit	1,666	1,821	-9	2,180	-24	5,606	4,106	37
<i>Earnings per share SEK</i>	2.35	2.49		3.05		7.85	5.68	
Operating cash flow	1,873	1,872		1,942		4,958	3,453	
Net Debt / EBITDA (LTM)	0.8x	1.0x		0.8x		0.8x	1.0x	

SUMMARY OF THE THIRD QUARTER OF 2022

Earnings for the third quarter decreased compared to the preceding quarter and the same quarter previous year, primarily related to lower selling prices for solid-wood products. Good control of SCA's own value chain with a high degree of self-sufficiency in wood and energy have offset cost increases resulting from rising inflation.

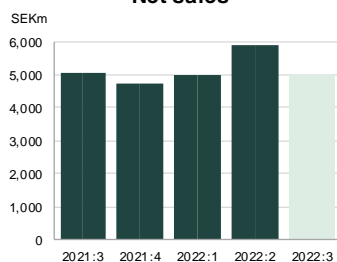
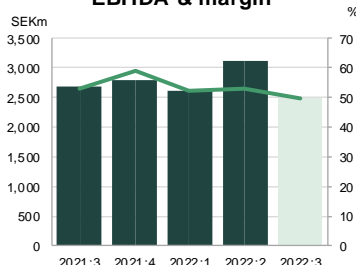
Operating cash flow was strong during the quarter, fully financing SCA's ongoing expansion project. This includes the expansion of kraftliner manufacturing in Obbola, Umeå, and the new facility in Ortviken, Sundsvall, for the production of chemi-thermomechanical pulp (CTMP). Both projects are proceeding on budget and the new production lines are expected to commence operation before year-end 2022, which is earlier than planned (see page 5).

The supply of wood raw material to SCA's industries was stable during the quarter. The price of pulpwood and sawlogs increased gradually compared with the preceding quarter.

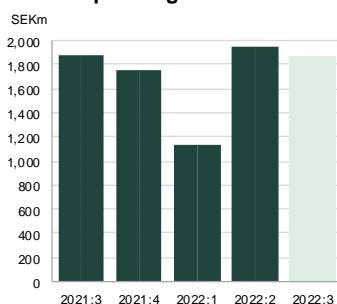
Demand for solid-wood products was weak in most markets in both the building materials trade and for new construction. Selling prices and delivery volumes declined compared with the preceding quarter on account of weaker demand.

Demand in the Pulp segment remained favorable during the quarter and selling prices in Europe increased. Delivery volumes decreased compared with the preceding quarter, mainly due to the planned maintenance stop that commenced at the end of the period.

Selling prices for kraftliner were stable during the quarter but demand declined somewhat from a high level as a result of lower demand for packaging. During the quarter, the new paper machine in Obbola successfully completed production tests and trimming has commenced.

Net sales**EBITDA & margin****Change in net sales (%)**

	2209 vs 2109	2022:3 vs 2021:3	2022:3 vs 2022:2
Total	13	-1	-15
Price/mix	18	1	-4
Volume	-4	-6	-13
Currency	3	5	2
Discontinuation	-4	-1	0

Operating cash flow**GROUP****SALES AND OPERATING PROFIT****January–September 2022 compared with January–September 2021**

Net sales amounted to SEK 15,921m (14,059), a change of +13%, of which price/mix accounted for +18%, discontinuation of publication paper operations for -4%, volume for -4%, and currency for +3%. The increase was related to higher selling prices in all product areas, a better mix and positive exchange rate effects. The discontinuation of publication paper operations and lower delivery volumes had a negative impact on sales.

EBITDA increased to SEK 8,213m (6,303), corresponding to an EBITDA margin of 51.6% (44.8). The change was mainly attributable to higher selling prices in all product areas, positive exchange rate effects and lower energy costs. Higher distribution and raw material costs had a negative earnings effect. The cost of planned maintenance stops was SEK 155m (171).

Operating profit amounted to SEK 7,052m (5,226)

July–September 2022 compared with July–September 2021

Net sales were in line with the corresponding period in the preceding year at SEK 5,007m (5,077) of which volume accounted for -6%, currency for +5%, price/mix for +1% and discontinuation of publication paper operations for -1%. Lower delivery volumes had a negative impact on sales, which was offset by positive exchange rate effects. Lower selling prices for solid-wood products were offset by higher selling prices for pulp and containerboard.

EBITDA amounted to SEK 2,484m (2,684), corresponding to an EBITDA margin of 49.6% (52.9). The decline was related to lower selling prices for solid-wood products, higher distribution and raw material costs, and lower delivery volumes, which were offset by positive exchange rate effects and lower energy costs. The cost of planned maintenance stops was SEK 88m (171).

Operating profit amounted to SEK 2,094m (2,298).

July–September 2022 compared with April–June 2022

Net sales amounted to SEK 5,007m (5,899), a change of -15%, of which volume accounted for -13%, price mix for -4% and currency for +2%. The decline was attributable to lower delivery volumes in all product areas and lower selling prices for solid-wood products, which were offset by positive exchange rate effects.

EBITDA amounted to SEK 2,484m (3,121), corresponding to an EBITDA margin of 49.6% (52.9). The decrease was primarily attributable to lower selling prices for solid-wood products, lower delivery volumes and higher raw material costs. The cost of planned maintenance stops was SEK 88m (67).

Operating profit amounted to SEK 2,094m (2,735).

CASH FLOW**January–September 2022 compared with January–September 2021**

The operating cash surplus amounted to SEK 6,809m (5,164). The cash flow effect from changes in working capital was SEK -724m (-630). Restructuring expenditure related to the discontinuation of publication paper operations amounted to SEK -38m (-336). Net current capital expenditures totaled SEK -977m (-804). Operating cash flow was SEK 4,958m (3,453) (see Note 9).

Strategic capital expenditures totaled SEK -2,092m (-2,239) (see page 5) and company and asset acquisitions totaled SEK -751m (0). Cash flow for the period was SEK 297m (-156) (see page 15).

FINANCING

At September 30, 2022, net debt totaled SEK 8,281m, a decrease during the quarter of SEK 1,230m. The decrease mainly relates to continued strong cash flow that finances strategic capital expenditures. Net debt in relation to EBITDA amounted to 0.8x, which was in line with the preceding quarter.

At September 30, 2022, gross debt amounted to SEK 11,397m, with an average maturity of 4.1 years (including the lease liability). The loan structure consists of bonds and bilateral bank loans.

Unutilized credit facilities amounted to approximately SEK 8.6bn at September 30, 2022, of which the largest portion falls due in 2026. In the third quarter, financial items totaled SEK 3m compared with SEK -24m in the year-earlier period. Capitalized interest rate on ongoing strategic projects had a positive impact on net financial items.

TAX

January–September 2022 compared with January–September 2021

The Group's tax expense amounted to SEK 1,429m (1,041), corresponding to a tax rate of 20.3% (20.2).

EQUITY

January–September 2022

Equity increased by SEK 6,260m during the period, to SEK 89,315m at September 30, 2022. Equity increased due to comprehensive income for the period of SEK 8,688m, decreased by SEK 2,282m due to the dividend payment and decreased due to other items by SEK 146m.

CURRENCY EXPOSURE AND CURRENCY HEDGING

Due to a high proportion of exports, SCA's operations are exposed to various currencies. About 90% of sales are priced in currencies other than SEK, primarily EUR, USD and GBP. Most purchasing is conducted in SEK. SCA's currency management is described on page 65 of SCA's Annual and Sustainability Report for 2021.

The company has hedged about 70% of the expected EUR and GBP net exposure from sales minus purchases until the end of the first quarter of 2023, as well as approximately 50% for the second quarter of 2023 and 25% for the third quarter of 2023, at the average exchange rate of 10.62 (EUR) and 12.33 (GBP).

The company has hedged about 80% of the expected USD net exposure from sales minus purchases until the end of the first quarter of 2023, as well as approximately 65% for the second quarter of 2023 and 40% for the third quarter of 2023, at the average USD exchange rate of 10.03.

PLANNED MAINTENANCE STOPS

In the third quarter of 2022, one planned maintenance stop was carried out at the paper mill in Munksund (Containerboard). One planned maintenance stop at the pulp mill in Östrand (Pulp) began at the end of the quarter.

The estimated effect of the planned maintenance stops on earnings, calculated as the sum 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				Total
	2021:1	2021:2	2021:3	2021:4	
Pulp	0	0	20	139	159
Containerboard	0	0	151	0	151
Total	0	0	171	139	310

SEKm	Actual			Forecast	
	2022:1	2022:2	2022:3	2022:4	Total
Pulp	0	0	26	145	171
Containerboard	0	67	62	0	129
Total	0	67	88	145	300

STRATEGIC CAPITAL EXPENDITURES

SCA invests in the Obbola kraftliner mill

In 2019, SCA decided to build a new paper machine for the production of kraftliner at the Obbola paper mill in Umeå. Production in Obbola will increase from the current 450,000 tonnes of kraftliner to 725,000 tonnes per year to meet an expected increase in demand for renewable packaging. The total investment will be approximately SEK 7.5bn over a period from year 2019 to 2024. As of September 30, 2022, SEK 1,458m remained. The investment includes environmental investments of approximately SEK 1bn, which, for example, include a reduction in oil consumption by 8,000 cubic meters per year and an improved water treatment capacity.

The paper machine is expected to begin operating in the fourth quarter of 2022, which is one quarter ahead of schedule, thereby creating good conditions for a successful project. The new recovered fiber line, which is necessary to reach full capacity at Obbola, is being constructed on schedule and is expected to be completed in the first half of 2023. The project is progressing on budget.

SCA invests in increased CTMP production capacity

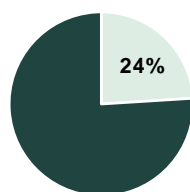
In 2020, SCA decided to invest SEK 1.45bn to reach an annual production volume of 300,000 tonnes of chemi-thermomechanical pulp (CTMP) at the Ortvikén site in Sundsvall, where some existing infrastructure and mechanical equipment will be utilized. Production is expected to start at the new facility in the fourth quarter of 2022, which is one quarter ahead of schedule. The project is progressing on budget.

SCA and St1 invest in the production and development of biofuels

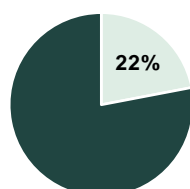
SCA and St1 decided in 2021 to form a joint venture to produce and sell liquid biofuels. A jointly financed biorefinery is under construction and will have access to SCA's tall oil, which is a residual product from the production of kraft pulp. SCA's part of the investment in the biorefinery is approximately SEK 0.6bn and the ownership is 25%. The new biorefinery is expected to begin operations at the end of 2023.

SCA invests in forest land in the Baltic states

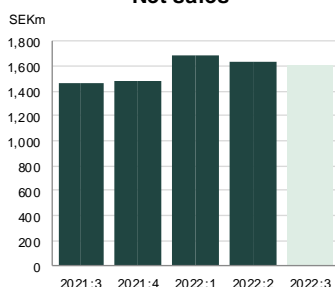
SCA has an ongoing investment program to acquire 100,000 hectares of forest land in the Baltic states. At the end of the third quarter of 2022, SCA had a holding of about 63,000 hectares of land, of which 52,000 hectares of forest land, in the Baltic states. SCA's local presence in the Baltics also strengthens SCA's long-term opportunities to source timber from local forest owners in the region.

Share of net sales
Jan-Sep 2022*

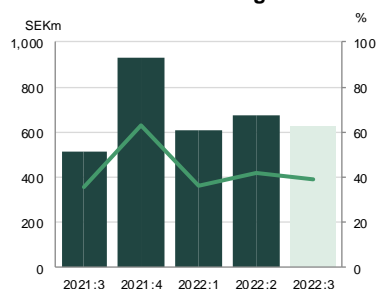
* before elimination of Intra-Group sales

Share of EBITDA
Jan-Sep 2022**** share calculated of total EBITDA
excluding central costs

Net sales



EBITDA & margin



FOREST

SCA is Europe's largest private forest owner with a holding of 2.6 million hectares of forest land in Northern Sweden and the Baltic states. 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-Sep			
	2022:3	2021:3	%	2022:2	%	2022	2021	%
Net sales	1,609	1,455	11	1,629	-1	4,929	4,674	5
EBITDA	623	516	21	675	-8	1,906	1,718	11
Depreciation	-57	-58	-2	-55	4	-168	-168	0
Operating profit	566	458	24	620	-9	1,738	1,550	12
EBITDA margin, %	38.7	35.5		41.4		38.7	36.8	
Operating margin, %	35.2	31.5		38.0		35.3	33.2	
Return on capital employed, %	3.1	2.9		3.5		3.7	3.6	
Harvesting of own forest, thousand m ³ sub	917	829	11	1,365	-33	2,925	3,157	-7
Revaluation of biological assets ¹	449	382	18	447	0	1,350	1,034	31

¹ Revaluation of biological assets are included in EBITDA.

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 industrial operations. The pricing is based on an average of SCA's externally sourced timber prices.

Harvesting of own forest

During the third quarter, the volume of timber harvested from SCA-owned forest was 0.9 million m³sub. The planned annual level of timber harvested in SCA-owned forest is expected to gradually increase from approximately 4.3 million m³sub to approximately 5.4 million m³sub in 2025.

Revaluation of forest assets

Revaluation of biological assets was SEK 1,350m (1,034) accumulated to the third quarter 2022. The revaluation is determined by the annual increase in standing volume (net growth) and the change in market price of forest land (see Note 3).

January–September 2022 compared with January–September 2021

Net sales increased 5% to SEK 4,929 (4,674), primarily related to higher selling prices for sawlogs and pulpwood.

EBITDA increased 11% to SEK 1,906m (1,718), corresponding to an EBITDA margin of 38.7% (36.8). The change was primarily due to higher earnings from the revaluation of biological assets.

July–September 2022 compared with July–September 2021

Net sales increased 11% to SEK 1,609m (1,455), primarily attributable to higher selling prices for sawlogs and pulpwood.

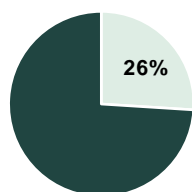
EBITDA increased 21% to SEK 623m (516). The increase was primarily attributable to higher earnings from the revaluation of biological assets and a higher share of harvesting from SCA-owned forest. Higher costs for harvesting, transportation and forest management, primarily attributable to higher fuel prices, had a negative impact on earnings.

July–September 2022 compared with April–June 2022

Net sales were in line with the preceding quarter and amounted to SEK 1,609m (1,629).

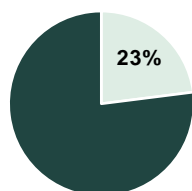
EBITDA declined 8% to SEK 623m (675). The decrease was primarily attributable to a seasonably lower share of harvesting from SCA-owned forest.

Share of net sales Jan-Sep 2022*



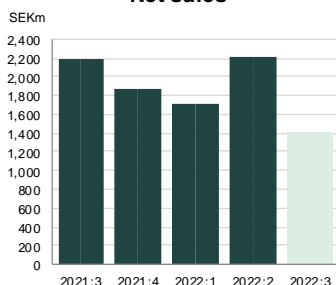
* before elimination of Intra-Group sales

Share of EBITDA Jan-Sep 2022**

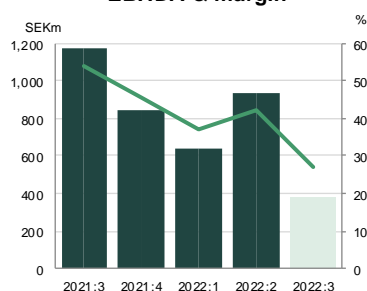


** share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



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 and France.

SEKm	Quarter					Jan-Sep		
	2022:3	2021:3	%	2022:2	%	2022	2021	%
Net sales	1,412	2,183	-35	2,202	-36	5,331	5,212	2
EBITDA	382	1,180	-68	933	-59	1,950	2,118	-8
Depreciation	-58	-58	0	-57	2	-177	-172	3
Operating profit	325	1,122	-71	875	-63	1,773	1,946	-9
EBITDA margin, %	27.1	54.1		42.4		36.6	40.6	
Operating margin, %	23.0	51.4		39.7		33.3	37.3	
Return on capital employed, %	34.0	121.9		88.5		67.1	60.7	
Deliveries, wood products, thousand m ³	436	494	-12	535	-19	1,481	1,562	-5

January–September 2022 compared with January–September 2021

Net sales increased 2% to SEK 5,331m (5,212). The increase was primarily attributable to higher selling prices, which were offset by lower delivery volumes.

EBITDA declined 8% to SEK 1,950m (2,118), which was mainly due to higher raw material costs and lower sales volumes. Higher selling prices had a positive impact on earnings.

July–September 2022 compared with July–September 2021

Net sales declined 35% to SEK 1,412m (2,183), which was attributable to lower selling prices and lower delivery volumes.

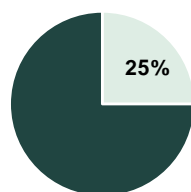
EBITDA amounted to SEK 382m (1,180), a decrease of 68%. The decrease was mainly attributable to lower selling prices, lower delivery volumes and higher raw material costs.

July–September 2022 compared with April–June 2022

Net sales declined 36% to SEK 1,412m (2,202), which was attributable to lower delivery volumes and lower selling prices.

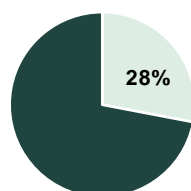
EBITDA amounted to SEK 382m (933), a decrease of 59%. The decrease was mainly attributable to lower selling prices and lower delivery volumes.

Share of net sales Jan-Sep 2022*



* before elimination of Intra-Group sales

Share of EBITDA Jan-Sep 2022**



** 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 Northern bleached softwood kraft pulp (NBSK) in the world. Together with chemi-thermomechanical pulp (CTMP) production, Östrand's annual capacity amounts to 1 million tonnes. The Östrand pulp mill is also a net producer of green energy and produces by-products such as tall oil and turpentine.

SEKm	Quarter				Jan-Sep			
	2022:3	2021:3	%	2022:2	%	2022	2021	%
Net sales	1,897	1,522	25	1,926	-2	5,387	4,375	23
EBITDA	865	659	31	866	0	2,345	1,644	43
Depreciation	-147	-141	4	-146	1	-439	-426	3
Operating profit	719	518	39	719	0	1,906	1,218	56
EBITDA margin, %	45.6	43.3		45.0		43.5	37.6	
Operating margin, %	37.9	34.0		37.3		35.4	27.8	
Return on capital employed, %	35.5	23.6		34.9		27.0	13.5	
Deliveries, pulp, thousand tonnes	210	213	-1	236	-11	664	682	-3

January–September 2022 compared with January–September 2021

Net sales increased 23% to SEK 5,387m (4,375). The increase was attributable to higher selling prices and positive exchange rate effects. Lower delivery volumes had a negative impact on sales.

EBITDA increased 43% to SEK 2,345m (1,644). The increase mainly relates to higher selling prices, which were partly offset by higher raw material costs. The cost of planned maintenance stops amounted to SEK 26m (20).

July–September 2022 compared with July–September 2021

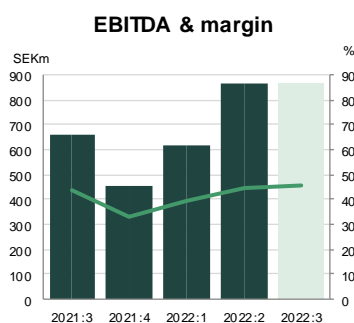
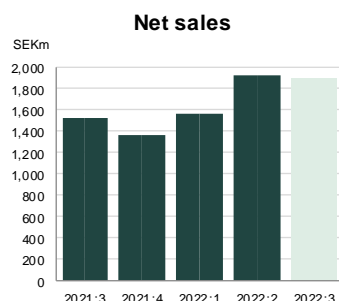
Net sales increased by 25% to SEK 1,897m (1,522). The change was attributable to higher selling prices and positive exchange rate effects.

EBITDA amounted to SEK 865m (659), corresponding to an EBITDA margin of 45.6% (43.3). The increase was attributable to higher selling prices and positive exchange rate effects, which were partly offset by higher raw material costs. The cost of planned maintenance stops amounted to SEK 26m (20).

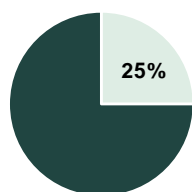
July–September 2022 compared with April–June 2022

Net sales declined 2% to SEK 1,897m (1,926). The change was primarily attributable to lower delivery volumes due to the planned maintenance stop that commenced at the end of the quarter. Higher selling prices had a positive effect on sales.

EBITDA totaled SEK 865m (866). A positive contribution was made by higher selling prices, which were offset by lower delivery volumes and higher raw material costs. The cost of planned maintenance stops was SEK 26m (0).

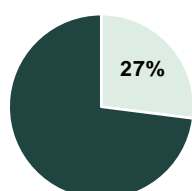


Share of net sales Jan-Sep 2022*



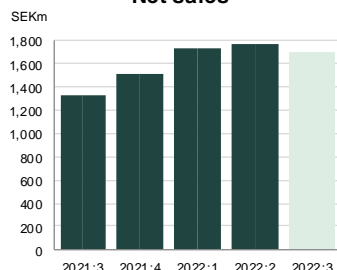
* before elimination of Intra-Group sales

Share of EBITDA Jan-Sep 2022**

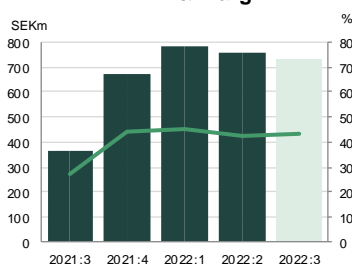


** share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



CONTAINERBOARD

SCA produces kraftliner, renewable packaging paper, at the paper mills in Munksund and Obbola. SCA is Europe's largest independent producer of kraftliner, with a total capacity of 865,000 tonnes per year.

SEKm	Quarter					Jan-Sep		
	2022:3	2021:3	%	2022:2	%	2022	2021	%
Net sales	1,694	1,326	28	1,772	-4	5,197	3,938	32
EBITDA	733	360	104	756	-3	2,271	1,092	108
Depreciation	-111	-109	2	-108	3	-323	-323	0
Operating profit	622	251	148	648	-4	1,948	769	153
EBITDA margin, %	43.3	27.1		42.7		43.7	27.7	
Operating margin, %	36.7	18.9		36.6		37.5	19.5	
Return on capital employed, %	65.6	23.8		68.0		66.2	20.8	
Deliveries, kraftliner, thousand tonnes	184	189	-3	200	-8	589	625	-6

January–September 2022 compared with January–September 2021

Net sales increased by 32% to SEK 5,197m (3,938). The increase was primarily related to higher selling prices.

EBITDA increased 108% to SEK 2,271m (1,092). The increase was mainly attributable to higher selling prices, which were partly offset by higher raw material costs. The cost of planned maintenance stops amounted to SEK 129m (151).

July–September 2022 compared with July–September 2021

Net sales increased 28% to SEK 1,694m (1,326). The increase was primarily related to higher selling prices.

EBITDA increased 104% to SEK 733m (360). The increase was primarily related to higher selling prices. The cost of planned maintenance stops was SEK 62m (151).

July–September 2022 compared with April–June 2022

Net sales decreased 4% to SEK 1,694m (1,772), mainly due to lower delivery volumes.

EBITDA declined 3% to SEK 733m (756). The decrease was mainly attributable to lower delivery volumes and higher raw material costs. The cost of planned maintenance stops amounted to SEK 62m (67).

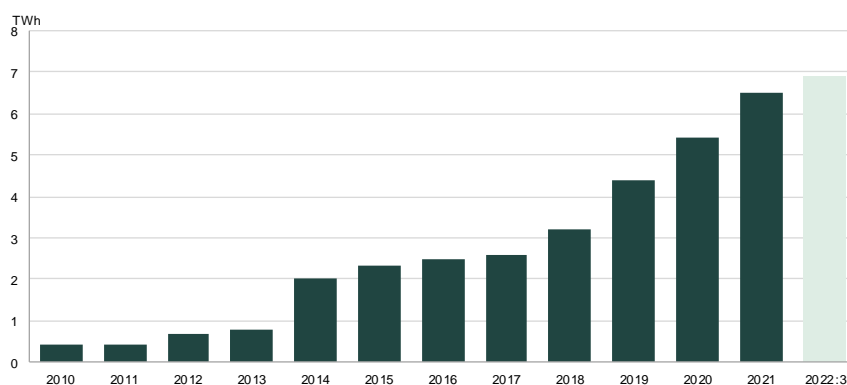
RENEWABLE ENERGY

SCA produces processed biofuels in the form of pellets, unprocessed biofuels and is investing in a biorefinery for production of liquid biofuels. SCA is one of Europe's largest producers of bioenergy, with an annual production of about 12 TWh. Wind power production on SCA's land is equivalent to about 20% of Sweden's total wind power production.

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

As Europe's largest private forest owner, SCA owns large areas of land with favorable wind conditions, where SCA leases out land. A significant expansion of wind power is currently taking place and demand for green electricity is expected to continue to increase substantially. At the end of the third quarter of 2022, 665 wind turbines were operating on SCA's land with an annual production capacity¹ of 6.9 TWh, equivalent to about 20% of Sweden's total wind power production. Together with decided but not yet completed projects, operating production capacity¹ on SCA's land is expected to increase to 9 TWh by 2023.

Annual wind power production capacity¹ on SCA land



The products from forest operations and industry that are not suitable for use as fiber-based materials are used in energy production. Energy used by SCA's operations is almost exclusively from bioenergy. By-products are used to produce heat and electricity. SCA produced 1.4 TWh of green electricity in 2021, corresponding to roughly 1% of Sweden's total electricity consumption. SCA also has an annual production capacity of 300,000 tonnes of pellets that are used both in SCA's own plants and sold externally.

Together with St1, SCA is investing in the production and sale of advanced liquid biofuels. SCA's part of the investment in the biorefinery is approximately SEK 0.6bn and the ownership is 25%. The new biorefinery in Gothenburg will have a total capacity of 200,000 tonnes of liquid biofuels and is designed to switch between optimized production of renewable HVO diesel and bio-jet fuel. The biorefinery will have access to SCA's tall oil, which is a residual product from the production of chemical pulp. The facility is expected to be operational at the end of 2023.

As part of the agreement, St1 is also a joint owner of Biorefinery Östrand AB. The Östrand biorefinery project has received environmental permits for the production of 300,000 tonnes of liquid biofuels based on products such as black liquor and solid biomass. Land reclamation at Östrand commenced in the second half of 2022 to enable future expansion.

¹Annual production capacity is based on estimated normal wind conditions.

SHARE DISTRIBUTION

SHARE DISTRIBUTION

September 30, 2022	Class A	Class B	Total
Registered number of shares	64,581,994	637,760,495	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 third quarter. In the first nine months of 2022, a total of 5,000 Class A shares were converted to Class B shares at the request of shareholders. The total number of votes in the company amounts to 1,283,580,435.

FUTURE EVENTS

- The Capital Markets Day will be webcast on November 25, 2022
- The year-end report will be published on January 27, 2023
- The Annual General Meeting will be held on March 30, 2023

INVITATION TO PRESS CONFERENCE ON INTERIM REPORT FOR THE THIRD QUARTER OF 2022

Members of the media and analysts are hereby invited to attend a press conference where this interim report will be presented by the President and CEO, Ulf Larsson, and CFO, Andreas Ewertz.

Time: Friday, October 28, 2022 at 10:00 a.m.
Venue: Tändstickspalatset, Västra Trädgårdsgatan 15 in Stockholm, Sweden.

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

Sweden: +46 20 089 6377
Finland: +358 9 2319 5437
UK: +44 (0) 33 0551 0200
US: +1 212 999 6659

Specify SCA Q3 Interim Report.

Sundsvall, October 28, 2022

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Ulf Larsson
President and CEO

For further information, please contact

Andreas Ewertz, CFO, +46 (0)60 19 31 97
Josefine Bonnevier, Investor Relations Director, +46 (0)60 19 33 90
Anders Edholm, SVP Sustainability and Communications, +46 (0)60 19 32 12

Please note:

This is 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 October 28, 2022 at 08:00 a.m. CEST. The report has not been reviewed by the company's auditors.

Anders Edholm, SVP Sustainability and Communications, +46 (0)60 19 32 12

GROUP

CONSOLIDATED INCOME STATEMENT

SEKm	Quarter					Jan-Sep		
	2022:3	2021:3 ¹	%	2022:2	%	2022	2021	%
Net sales	5,007	5,077	-1	5,899	-15	15,921	14,059	13
Other income	767	615	25	832	-8	2,312	1,846	25
Change in inventories	163	-194		-115		73	-584	
Change in value in biological assets	449	382	18	447	0	1,350	1,034	31
Raw materials and consumables	-1,152	-1,061	9	-1,088	6	-3,558	-3,321	7
Personnel costs	-601	-593	1	-701	-14	-1,946	-1,948	0
Other operating expenses	-2,122	-1,561	36	-2,176	-2	-5,938	-4,828	23
Result from associated companies and JV	-27	19		23		-1	45	
EBITDA	2,484	2,684	-7	3,121	-20	8,213	6,303	30
Depreciation and impairment	-390	-386	1	-386	1	-1,161	-1,077	8
Operating profit	2,094	2,298	-9	2,735	-23	7,052	5,226	35
Financial items	3	-24		-5		-17	-79	
Profit before tax	2,097	2,274	-8	2,730	-23	7,035	5,147	37
Income tax	-431	-453		-550		-1,429	-1,041	
Net Profit for the period	1,666	1,821	-9	2,180	-24	5,606	4,106	37
Earnings attributable to:								
Owners of the parent	1,649	1,747		2,139		5,510	3,992	
Non-controlling interests	17	74		41		96	114	
Earnings per share SEK - owners of the parent²	2.35	2.49		3.05		7.85	5.68	
Average no. of shares, millions	702.3	702.3		702.3		702.3	702.3	
Margins (%)								
EBITDA margin	49.6	52.9		52.9		51.6	44.8	
Operating margin	41.8	45.3		46.4		44.3	37.2	
Net margin	33.3	35.9		37.0		35.2	29.2	

¹ According to restatement in 2021:4. For further information, refer to Year-end report 2021, Note 5.

² There are no dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Jan-Sep	
	2022:3	2021:3	2022:2	2022	2021
Profit for the period	1,666	1,821	2,180	5,606	4,106
Other comprehensive income for the period:					
Items that may not be reclassified to the income statement					
Change in value land assets	1,619	316	1,971	3,590	1,257
Revaluation of defined benefit pension plans	245	-547	-39	188	487
Income tax attributable to components of other comprehensive income	-385	48	-398	-779	-359
Total	1,479	-183	1,534	2,999	1,385
Items that have been or may be reclassified subsequently to the income statement					
Cash flow hedges	3	-34	-89	69	-185
Hedge cost	1	-1	-1	-3	-3
Translation differences in foreign operations	46	14	74	136	27
Income tax attributable to components of other comprehensive income	-1	7	18	-23	39
Total	49	-14	2	179	-122
Other comprehensive income for the period, net of tax	1,528	-197	1,536	3,178	1,263
Total comprehensive income for the period	3,194	1,624	3,716	8,784	5,369
Total comprehensive income attributable to:					
Owners of the parent	3,177	1,549	3,675	8,688	5,254
Non-controlling interests	17	75	41	96	115

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Sep	
	2022	2021
Attributable to owners of the parent		
Value, January 1	83,055	72,163
Total comprehensive income for the period	8,688	5,254
Cash flow hedge transferred to cost of hedged investments	2	32
Tax on cash flow hedge transferred to cost of hedged investments	0	-7
Cash dividend	-2,282	-1,405
Acquisition of non-controlling interests	-148	115
Remeasurement effect upon acquisition of non-controlling interests	0	-
Value, September 30	89,315	76,152
Non-controlling interests		
Value, January 1	-	-
Total comprehensive income for the period	96	115
Acquisition of non-controlling interests	-96	-115
Value, September 30	-	-
Total equity, value September 30	89,315	76,152

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	Sep 30, 2022	Dec 31, 2021
ASSETS		
Non-current assets		
Goodwill and other intangible assets	760	526
Buildings, land, machinery and equipment	22,953	21,737
Forest assets	90,220	84,497
<i>whereof land assets</i>	34,951	31,188
<i>whereof biological assets</i>	55,269	53,309
Right-of-use assets	561	614
Other non-current assets	2,995	2,091
Total non-current assets	117,489	109,465
Current assets		
Inventories	4,615	4,189
Trade receivables	3,086	2,516
Other current receivables	1,661	1,007
Cash and cash equivalents	1,363	1,056
Total current assets	10,725	8,768
Total assets	128,214	118,233
EQUITY AND LIABILITIES		
Equity		
Owners of the Parent		
Share capital	2,350	2,350
Share premium	6,830	6,830
Reserves	26,192	23,161
Retained earnings including net profit for the period	53,943	50,714
Total equity	89,315	83,055
Non-current liabilities		
Non-current financial liabilities	10,010	9,083
Provisions for pensions	234	427
Deferred tax liabilities	20,342	18,885
Other non-current liabilities and other provisions	209	103
Total non-current liabilities	30,795	28,498
Current liabilities		
Current financial liabilities	1,153	1,056
Trade payables	3,594	3,478
Other current liabilities and other provisions	3,357	2,146
Total current liabilities	8,104	6,680
Total liabilities and equity	128,214	118,233

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Jan-Sep	
	2022	2021
Operating activities		
Profit before tax	7,035	5,147
Adjustment for non-cash items ¹	-255	153
Change in liabilities regarding restructuring costs	-38	-336
Paid tax	-596	-202
Cash flow from operating activities before changes in working capital	6,146	4,762
Cash flow from changes in working capital		
Change in inventories	-424	294
Change in operating receivables	-1,212	-785
Change in operating liabilities	912	-140
Cash flow from operating activities	5,422	4,131
Investing activities		
Company and asset acquisitions	-751	0
Divestments	18	0
Current capital expenditures in non-current assets, net	-932	-768
Strategic capital expenditures in non-current assets	-2,092	-2,239
Loans granted to external parties	-1	-18
Acquisition of financial asset	-19	1
Cash flow from investing activities	-3,777	-3,024
Financing activities		
Loans raised	2,773	1,482
Amortization of debt	-1,703	-1,200
Amortization of debt, leasing	-136	-140
Dividend	-2,282	-1,405
Cash flow from financing activities	-1,348	-1,263
Net cash flow for the period	297	-156
Cash and cash equivalents at the beginning of the period	1,056	1,273
Translation differences in cash and cash equivalents	10	7
Cash and cash equivalents at the end of the period	1,363	1,124
Cash flow from operating activities per share SEK	7.72	5.88
¹ Depreciation/amortization and impairment of non-current assets	1,161	1,077
Fair-value measurement of biological assets	-1,350	-1,034
Gains/loss on assets sales and swaps of assets	-45	-41
Unpaid related to costs due to discontinuation of publication paper operations	-	-12
Resolution of provision	-11	-
Other	-10	163
Total	-255	153

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. Applied accounting principles are described in detail in SCA's Annual and Sustainability Report for 2021. New or revised IFRSs and interpretations from IFRIC have not had any material effect on the Group's or the Parent Company's financial statements.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Net sales by segment

SEKm	Forest	Wood	Pulp	Containerboard	Eliminations	Total
Sweden	4,923	1,689	868	510	-4,923	3,067
USA	-	408	1,414	104		1,926
United Kingdom	-	499	209	841		1,549
Germany	-	118	424	1,178		1,720
Rest of Europe	6	1,301	2,105	2,378		5,790
Asia	-	947	138	45		1,130
Rest of world	-	369	229	141		739
Total Group	4,929	5,331	5,387	5,197	-4,923	15,921

Jan-Sep 2021

SEKm	Forest	Wood	Pulp	Containerboard	Other ¹	Eliminations	Total
Sweden	4,670	1,748	617	384	19	-4,697	2,741
USA	-	348	1,172	96	5		1,621
United Kingdom	-	653	123	696	55		1,527
Germany	-	120	348	900	58		1,426
Rest of Europe	4	1,160	1,644	1,735	243		4,786
Asia	-	793	310	47	125		1,275
Rest of world	-	390	161	80	52		683
Total Group	4,674	5,212	4,375	3,938	557	-4,697	14,059

¹ Other including the discontinuation of publication paper operations.

3. FOREST VALUATION

Accounting principles

The accounting principles for forest assets are described on page 103, Note D3, of SCA's Annual and Sustainability Report for 2021.

Key assessments and assumptions

SCA bases its valuation of forest assets in Sweden on forest transactions in the areas where SCA owns forest assets. The market prices applied by SCA comprise a weighted average based on forest transactions over the last three years. When establishing the change in value of biological assets, the same valuation model has been used as in the past, with a return requirement of 3.5% (3.5) after tax. 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 December 31, 2021, the total standing timber volume was estimated at approximately 261 million m³fo, of which 5 million m³fo is in the Baltic states. The market price applied by SCA was SEK 324/m³fo and the total value of the forest assets was SEK 84,497m. At December 31, 2022, the standing volume of the forest holding is estimated at approximately 266 million m³fo, of which about 7 million m³fo in the Baltic states. At September 30, 2022, the applied market price was SEK 342/m³fo. SCA has not updated the market price for the third quarter of 2022. Three-quarters of the expected annual increase in value was recognized at September 30, 2022, which corresponds to a value increase of SEK 5,723m. The change in value of biological assets was SEK 1,350m at September 30, 2022, of which SEK 449m in the third quarter, and is recognized in the income statement on the line item for change in value in biological assets. The change in value pertaining to land assets amounted to SEK 3,590m and is recognized as other comprehensive income with no effect on profit for the year. Other items including investments amounted to SEK 783m. At September 30, 2022, the total value of forest assets amounted to SEK 90,220m.

Forest assets

SEKm	Sep 30, 2022	Dec 31, 2021
Forest assets in Sweden	87,891	82,746
Forest assets in the Baltic states	2,329	1,751
Totalt value of forest assets	90,220	84,497
Deferred tax on forest assets	17,942	16,905

4. OTHER PROVISIONS

Accounting principles

The accounting principles for other provisions are described in detail on page 109, Note D8, of SCA's Annual and Sustainability Report for 2021.

SEKm	Environment	Discontinuation publication paper	Other	Total
Value, January 1	49	239	4	292
Provisions	14	-	3	17
Utilization	-24	-56	-2	-82
Reclassifications	-	-	0	0
Dissolutions	-	-58	-	-58
Translation differences	0	1	0	1
Value, September 30	39	126	5	170
Provisions comprise:				
Long-term component				40
Short-term component				130

5. RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 61–67 of SCA's Annual and Sustainability Report 2021. SCA conducts operations in a strongly integrated and geographically cohesive value chain. As Europe's largest private forest owner, SCA covers roughly half of its raw material supply from its own forest. SCA is self-sufficient in renewable energy and the impact of high energy prices is therefore limited. Through its own logistics company, SCA has a unique control over logistics from forest to the end customer. SCA has no operations or direct exposure in the form of purchasing or sales in Russia, Ukraine or Belarus. SCA is actively working to monitor inventory levels, secure the delivery and distribution chain and to ensure cash flow.

6. RELATED PARTY TRANSACTIONS

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

7. FINANCIAL INSTRUMENTS BY CATEGORY

SEKm	Measure- ment level	Sep 30, 2022	Dec 31, 2021
Financial assets measured at fair value in the income statement			
Derivatives - Current financial assets	2	2	0
Derivatives - Other current receivables	2	245	171
Total		247	171
Financial liabilities measured at fair value in the income statement			
Derivatives - Current financial liabilities	2	3	1
Derivatives - Other current liabilities	2	377	220
Total		380	221
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	-	9,569	8,584
Non-current financial liabilities, leasing	-	441	500
Current financial liabilities excluding leasing	-	1,003	918
Current financial liabilities, leasing	-	147	136
Total		11,160	10,138
Derivatives used for hedge accounting			
Non-current financial assets	2	80	6
Other non-current assets	2	282	0
Other current receivables	2	538	26
Total		900	32
Derivatives used for hedge accounting			
Other non-current liabilities	2	169	11
Other current liabilities	2	771	129
Total		940	140

The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, and trade payables is estimated to be equal to their carrying amount. The total fair value of current and non-current financial liabilities, excluding lease liabilities, was SEK 10,230m (9,496). The value of electricity derivatives is based on published prices in an active market. Other financial instruments are marked 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.

SCA has the right to purchase the remaining shares in a jointly owned company in accordance with an option agreement. SCA conducted a review of the valuation in the second quarter of 2022. The effects are recognized in equity.

8. CONTINGENT LIABILITIES AND COMMITMENTS

SEKm	Parent		Group	
	Sep 30, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2021
Contingent liabilities				
Guarantees for				
subsidiaries	749	754	-	-
associates	-	-	5	5
customers and others	-	-	28	28
Other contingent liabilities	304	329	321	344
Total	1,053	1,083	354	377

Commitments

SCA has a decided investment in Obbola totaling SEK 7,500m over a five-year period. As of September 30, 2022, SEK 1,458m remained, of which SEK 1,072m was a contracted commitment. The commitment refers entirely to non-current assets.

9. ALTERNATIVE PERFORMANCE MEASURES

For definitions of alternative performance measures, refer to SCA's 2021 Annual and Sustainability Report, pages 87-89.

SEKm	Quarter			Jan-Sep	
	2022:3	2021:3	2022:2	2022	2021
Operating cash flow					
EBITDA	2,484	2,684	3,121	8,213	6,303
Changes in biological assets and other non cash flow items	-432	-457	-481	-1,404	-1,139
Operating cash surplus	2,052	2,227	2,640	6,809	5,164
Change in working capital	269	61	-369	-724	-630
Restructuring costs	-5	-65	-6	-38	-336
Current capital expenditures, net ¹	-398	-365	-351	-997	-804
Other operating cash flow	-45	14	28	-92	59
Operating cash flow	1,873	1,872	1,942	4,958	3,453
¹ Including following values from new leasing contracts:	-12	-12	-16	-65	-36

Capital structure

SEKm	Sep 30, 2022	Dec 31, 2021
Forest assets	90,220	84,497
Working capital	3,548	2,823
Deferred tax relating to forest assets	-17,942	-16,905
Other capital employed, net	21,770	20,392
Total capital employed	97,596	90,807
Net debt, SEKm	8,281	7,752
Net debt/EBITDA (LTM) ¹	0.8x	0.9x
Equity, SEKm	89,315	83,055
Net debt/Equity (%)	9.3	9.3

¹ Rolling 12 months.

Return on capital employed	Quarter ¹	LTM ²	Full year
	2022:3	Sep 30, 2022	2021
%			
<i>Return on capital employed</i>	8.6	10.3	9.0
<i>Industrial return on capital employed</i> ³	40.2	44.4	33.0

¹ Operating profit for the quarter multiplied by four as a percentage of capital employed on average for the two most recent quarters.

² Rolling 12 months.

³ Excluding construction in progress.

Working capital

SEKm	Sep 30, 2022	Dec 31, 2021
Inventories	4,615	4,189
Trade receivable	3,086	2,516
Other current receivables	1,553	892
Trade payable	-3,594	-3,478
Other current liabilities	-2,782	-1,642
Adjustments ¹	670	346
Working capital	3,548	2,823
¹ Adjustments:		
Other current receivables, green certificates	0	-1
Trade payable, strategic capital expenditures	297	337
Other current provisions	-73	-100
Other current liabilities, emission rights	263	110
Acquisition-related liabilities	183	-
Sum adjustments	670	346

Net debt

SEKm	Sep 30, 2022	Dec 31, 2021
Surplus in funded pension plans	1,477	1,564
Non-current financial assets	168	80
Current financial assets	108	114
Cash and cash equivalents	1,363	1,056
Financial receivables	3,116	2,814
Non-current financial liabilities	10,010	9,083
Provisions for pensions	234	427
Current financial liabilities	1,153	1,056
Financial liabilities	11,397	10,566
Net debt	-8,281	-7,752

10. QUARTERLY DATA BY SEGMENT

NET SALES

SEKm	Quarter								
	2022:3	2022:2	2022:1	2021:4	2021:3	2021:2	2021:1	2020:4	2020:3
Forest	1,609	1,629	1,691	1,474	1,455	1,592	1,627	1,659	1,500
Wood	1,412	2,202	1,717	1,868	2,183	1,765	1,264	1,498	1,592
Pulp	1,897	1,926	1,564	1,368	1,522	1,565	1,288	1,166	986
Containerboard/Paper ¹	1,694	1,772	1,731	1,518	1,326	1,340	1,272	1,981	1,817
Other ¹	2	-2	0	9	45	138	374	-	-
Intra-group deliveries	-1,607	-1,628	-1,688	-1,474	-1,454	-1,590	-1,653	-1,712	-1,557
Total net sales	5,007	5,899	5,015	4,763	5,077	4,810	4,172	4,592	4,338

¹ Segment Paper changed its name to Containerboard on January 1, 2021. The publication paper operation is included in Containerboard until 2020:4 and is then in Other.

EBITDA

SEKm	Quarter								
	2022:3	2022:2	2022:1	2021:4	2021:3	2021:2	2021:1	2020:4	2020:3
Forest	623	675	608	926	516	753	449	747	515
Wood	382	933	635	850	1,180	628	310	227	192
Pulp	865	866	614	452	659	600	385	109	137
Containerboard/Paper ¹	733	756	782	669	360	411	321	342	240
Other ¹	-119	-109	-31	-91	-31	-132	-106	-48	-52
Total EBITDA²	2,484	3,121	2,608	2,806	2,684	2,260	1,359	1,377	1,032

¹ Segment Paper changed its name to Containerboard on January 1, 2021. The publication paper operation is included in Containerboard until 2020:4 and is then in Other.

² Including the effect of discontinuation of publication paper operations EBITDA in Other amounted to 26 SEKm in 2020:4 and to -1 172 SEKm in 2020:3. For the Group EBITDA amounted to 1 451 SEKm in 2020:4 and to -88 SEKm in 2020:3.

EBITDA MARGIN

%	Quarter								
	2022:3	2022:2	2022:1	2021:4	2021:3	2021:2	2021:1	2020:4	2020:3
Forest	38.7	41.4	36.0	62.8	35.5	47.3	27.6	45.0	34.3
Wood	27.1	42.4	37.0	45.5	54.1	35.6	24.5	15.2	12.1
Pulp	45.6	45.0	39.2	33.0	43.3	38.3	29.9	9.3	13.9
Containerboard/Paper ¹	43.3	42.7	45.2	44.1	27.1	30.7	25.2	17.3	13.2
EBITDA margin²	49.6	52.9	52.0	58.9	52.9	47.0	32.6	30.0	23.8

¹ Segment Paper changed its name to Containerboard on January 1, 2021. The publication paper operation is included in Containerboard until 2020:4 and is then in Other.

² Including the effect of discontinuation publication paper operations EBITDA margin was 31.6% in 2020:4 and -2,0% for the Group in 2020:3.

PARENT COMPANY

CONDENSED INCOME STATEMENT

SEKm	Jan-Sep	
	2022	2021
Other operating income	207	198
Other operating expenses	-135	-122
Personnel costs	-85	-82
EBITDA	-13	-6
Depreciation and impairment	-67	-68
Operating profit	-80	-74
Financial items	139	76
Profit before tax	59	2
Appropriations and tax	2,541	1,964
Profit for the period	2,600	1,966

Other operating income was mainly related to remuneration for the granting of felling rights for the Parent Company's forest land. Other comprehensive income was the same as profit for the period. Appropriations and tax include group contributions, which are higher in 2022 compared with the year-earlier period.

CONDENSED BALANCE SHEET

SEKm	Sep 30, 2022	Dec 31, 2021
Tangible non-current assets	8,957	8,857
Financial non-current assets	10,182	9,651
Total non-current assets	19,139	18,508
Current assets	18,448	15,620
Total assets	37,587	34,128
Restricted equity	11,373	11,373
Non-restricted equity	10,449	10,131
Total equity	21,822	21,504
Provisions	1,675	1,645
Non-current liabilities	10,019	8,594
Current liabilities	4,071	2,385
Total equity, provisions and liabilities	37,587	34,128