

1 JANUARY–31 DECEMBER 2010 (compared with corresponding period a year ago)

- Net sales decreased by 2% (increased by 5% excluding exchange rate effects and divestments) to SEK 109,142m (110,857)
- Net profit before tax, excluding restructuring costs, rose 6% (10% excluding exchange rate effects) to SEK 8,492m (8,004)
- Restructuring costs amounted to SEK 931m (1,458)
- Profit for the period, excluding restructuring costs, rose 6% to SEK 6,281m (5,906)
- Earnings per share, including restructuring costs, rose 17% to SEK 7.90 (6.78)
- Cash flow from current operations was SEK 7,399m (11,490)
- The Board of Directors proposes an increase in the dividend, by 8%, to SEK 4.00 (3.70) per share

EARNINGS TREND

SEKm	1012	0912	%	2010:4	2009:4	%
Net sales	109 142	110 857	-2	27 564	27 507	0
Gross profit¹	24 618	26 113	-6	6 062	6 541	-7
Operating profit¹	9 608	9 648	0	2 567	2 568	0
Financial items	-1 116	-1 644		-293	-288	
Profit before tax¹	8 492	8 004	6	2 274	2 280	0
Tax ¹	-2 211	-2 098		-594	-553	
Net profit for the period¹	6 281	5 906	6	1 680	1 727	-3
Earnings per share, SEK	7,90	6,78	17	2,38	1,72	38

¹ Excluding restructuring costs; for amounts see page 14.

CEO'S COMMENTS

During the year, SCA increased its volumes in all business areas and grew its market shares for the global brands Tena, for incontinence care, and Tork, in the away-from-home (AFH) tissue market. Together with higher prices for both Tissue and Packaging and cost-cutting measures, this compensated for negative exchange rate effects and SEK 5.2bn in higher raw material costs. The Packaging operations showed a sharp improvement in profitability. Net profit for the period rose 6% (10% excluding exchange rate effects), and earnings per share, including restructuring costs, rose 17%.

Cash flow from current operations for 2010 was SEK 7,399m (11,490). The decrease is mainly attributable to a higher level of tied-up working capital as a result of higher raw material prices. Net debt decreased by SEK 6bn during the year.

Net sales for the fourth quarter of 2010, excluding effects of exchange rate movements and divestments, rose 8% compared with the same quarter a year ago, as a result of higher prices and volumes.

Operating profit for the fourth quarter of 2010, excluding restructuring costs and exchange rate effects, rose 5% compared with the same period a year ago. Price increases and cost-cutting measures, combined with higher volumes, compensated for SEK 1.7bn in higher raw material costs.

During the fourth quarter of 2010, operating profit for Personal Care and Tissue decreased compared with the same quarter a year ago, mainly due to higher raw material costs. The improved operating profit for Packaging is mainly attributable to higher prices and volumes, and savings from the restructuring programme. Operating profit for Forest Products decreased as a result of a drop in prices for publication papers. Compared with the third quarter, operating profit improved for Personal Care, Tissue and Packaging.

Continued favourable demand is expected in all of SCA's business areas.



EARNINGS TREND FOR THE GROUP

SEKm	1012	0912	%	2010:4	2009:4	%
Net sales	109 142	110 857	-2	27 564	27 507	0
Cost of goods sold	-84 524	-84 744		-21 502	-20 966	
Gross profit¹	24 618	26 113	-6	6 062	6 541	-7
Sales, general and administration	-15 010	-16 465		-3 495	-3 973	
Operating profit¹	9 608	9 648	0	2 567	2 568	0
Financial items	-1 116	-1 644		-293	-288	
Profit before tax¹	8 492	8 004	6	2 274	2 280	0
Tax ¹	-2 211	-2 098		-594	-553	
Net profit for the period¹	6 281	5 906	6	1 680	1 727	-3

¹ Excluding restructuring costs; for amounts see page 14.

Earnings per share, SEK - owners of the parent

- after dilution effects	7,90	6,78	17	2,38	1,72	38
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Margins (%)

Gross margin	22,6	23,6		22,0	23,8	
Operating margin¹	8,8	8,7		9,3	9,3	
Financial net margin	-1,0	-1,5		-1,1	-1,0	
Profit margin¹	7,8	7,2		8,2	8,3	
Tax ¹	-2,0	-1,9		-2,2	-2,0	
Net margin¹	5,8	5,3		6,0	6,3	

¹ Excluding restructuring costs.

OPERATING PROFIT PER BUSINESS AREA

SEKm	1012	0912	%	2010:4	2009:4	%
Personal Care	2 922	3 235	-10	735	901	-18
Tissue	3 041	3 946	-23	787	965	-18
Packaging	1 577	413	282	567	149	281
Forest Products	2 455	2 503	-2	592	661	-10
- <i>Publication papers</i>	-88	1 253	n/a	-11	251	n/a
- <i>Pulp, timber and solid-wood products</i>	2 543	1 250	103	603	410	47
Other	-387	-449		-114	-108	
Total¹	9 608	9 648	0	2 567	2 568	0

¹ Excluding restructuring costs.

OPERATING CASH FLOW PER BUSINESS AREA

SEKm	1012	0912	%	2010:4	2009:4	%
Personal Care	3 230	4 436	-27	975	1 084	-10
Tissue	4 033	5 979	-33	1 208	1 256	-4
Packaging	1 168	864	35	483	451	7
Forest Products	1 860	3 305	-44	347	861	-60
Other	-536	-451		-157	-214	
Total	9 755	14 133	-31	2 856	3 438	-17

GROUP

MARKET/EXTERNAL ENVIRONMENT

The global economy underwent a gradual recovery in 2010. Demand thereby improved gradually during the year in all of SCA's business areas.

The European market for incontinence care products showed favourable growth, especially in Eastern Europe. Growth in the US healthcare sector was sluggish as a result of weak economic growth and public sector cost-cutting programmes. The US retail sector showed stable growth, however.

In Europe, demand for tissue in the away-from-home (AFH) market rose in pace with the economic recovery, while demand was stable for consumer tissue. In North America, demand for AFH tissue was stable. Prices rose gradually during the second half of the year.

Demand for corrugated board in Western Europe rose in pace with the economic upswing and rising industrial production, and was up 5% through November. Prices for both liner and corrugated board rose gradually during the year.

Demand in Europe for magazine paper rose 6% in 2010, while demand for newsprint rose 2% during the same period.

Prices for recycled fibre and pulp were considerably higher in 2010 than in 2009.

SALES AND EARNINGS

January–December 2010 compared with corresponding period a year ago

Net sales decreased by 2% (increased by 5% excluding exchange rate effects and divestments) to SEK 109,142m (110,857). Higher volumes and prices increased sales by 3% and 2%, respectively. Sales decreased by 1% as a result of closed and divested operations, of which the divested Asian packaging operation accounted for the largest part.

Operating profit excluding restructuring costs was level with the preceding year (increased by 4% excluding exchange rate effects) and amounted to SEK 9,608m (9,648). Higher prices and volumes along with cost savings and lower energy costs increased profit. Sharply higher raw material costs and exchange rate effects reduced profit.

Restructuring costs totalled SEK 931m (1,458) and include SEK 246m (1,458) for the restructuring project in Packaging. Restructuring costs also include SEK 622m for the efficiency-improvement projects begun during the year in the European baby diaper operations and SEK 63m for the efficiency-improvement project in Forest Products.

Financial items decreased to SEK -1,116m (-1,644). The decrease is attributable to lower interest rates and lower average net debt. Profit before tax, excluding restructuring costs, increased by 6% (10% excluding exchange rate effects) to SEK 8,492m (8,004). The tax expense excluding the effect of restructuring costs was SEK 2,211m (2,098).

Profit for the period, excluding restructuring costs of SEK 689m after tax, improved by 6% (10% excluding exchange rate effects) to SEK 6,281m (5,906). Earnings per share, including restructuring costs, rose 17% to SEK 7.90 (6.78).

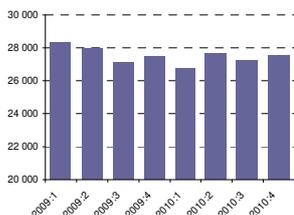
Fourth quarter 2010 compared with fourth quarter 2009

Net sales were level with the fourth quarter of 2009 (excluding exchange rate effects and divestments, net sales increased by 8%), and totalled SEK 27,564m (27,507). Higher prices and volumes increased sales by 5% and 3%, respectively.

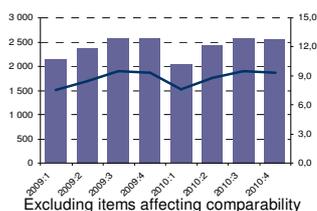
Operating profit excluding restructuring costs was level with the fourth quarter of 2009 (increased by 5% excluding exchange rate effects) and totalled SEK 2,567m (2,568). Higher prices and volumes along with savings from restructuring programmes had a favourable impact on profit. Sharply higher raw material costs had a negative impact on profit.

Profit before tax, excluding restructuring costs, was level with the fourth quarter of 2009 (increased by 5% excluding exchange rate effects) and amounted to SEK 2,274m (2,280).

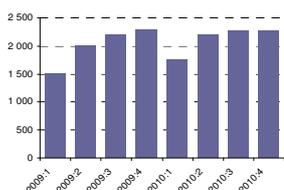
Net sales



Operating profit and margin



Profit before tax



Excluding items affecting comparability

Net profit for the period, excluding restructuring costs, was SEK 1,680m (1,727). Earnings per share, including restructuring costs, rose 38% to SEK 2.38 (1.72).

CASH FLOW AND FINANCING

Operating cash surplus amounted to SEK 15,097m (15,733). Working capital increased mainly as a result of higher inventory values resulting from higher raw material prices. The cash flow effect from the change in working capital was SEK -1,042m (3,307). Working capital in proportion to net sales was 8% (7%). Current capital expenditures were lower than in the preceding year and amounted to SEK -3,647m (-4,037). Operating cash flow was lower than a year ago, mainly as a result of changes in working capital, and amounted to SEK 9,755m (14,133).

Financial items decreased to SEK -1,116m (-1,644) as a result of lower interest rates and lower average net debt. Tax payments were higher than a year ago and totalled SEK -1,255m (-1,003). Cash flow from current operations decreased, mainly as a result of the aforementioned change in working capital, to SEK 7,399m (11,490).

Strategic investments amounted to SEK -2,427m (-3,031). Acquisitions and divestments amounted to SEK 804m (24) and pertained mainly to the divestment of the Asian packaging operation. The dividend payout totalled SEK -2,657m (-2,498). Net cash flow was SEK 3,119m (5,985).

Net debt decreased by SEK 6,024m during the year, to SEK 34,406m. Net cash flow reduced net debt by SEK 3,119m, while fair value measurement of pension assets, pension obligations and financial instruments reduced net debt by SEK 695m. Exchange rate movements attributable to the strengthening of the Swedish krona decreased net debt by SEK 2,210m. The debt/equity ratio was 0.51 (0.60 at the beginning of the year). The debt payment capacity improved to 35% (31%).

As per 31 December 2010, SCA had outstanding commercial paper worth SEK 4,199m maturing within 12 months. Unutilised credit facilities amounted to SEK 28,393m, of which long-term facilities amounted to SEK 24,437m. Cash and cash equivalents amounted to SEK 1,866m.

EQUITY

Consolidated equity totalled SEK 67,821m (67,906) at year-end. Net profit for the period increased equity by SEK 5,592m (4,830). The shareholder dividend totalled SEK 2,657m (2,498). Equity increased by SEK 368m after tax through revaluation of the net pension liability to fair value. Fair value measurement of financial instruments increased equity by SEK 691m after tax. Exchange rate movements, including the effect of hedges of net foreign assets, decreased equity by SEK 4,079m.

TAX

A tax expense corresponding to a tax rate of 26% is reported for the year.

DIVIDEND

The Board of Directors proposes an increase in the dividend by 8%, to SEK 4.00 per share (3.70), or SEK 2,809m (2,599). Dividend growth during the last ten-year period thereby amounts to 4.5%. The record date for the right to the dividend has been proposed as Tuesday April 12, 2011.

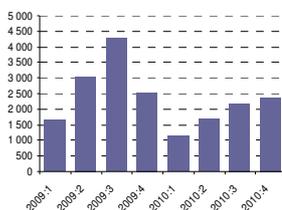
OTHER EVENTS

Previous quarters 2010

During the second quarter of 2010 SCA initiated an efficiency improvement project in its European baby diaper operations through a decision to close its Personal Care factory in Linselles, France. The plant closure is planned for mid-2011. Annual savings are estimated at EUR 15m and are expected to be achieved starting with the third quarter of 2011.

The divestment of SCA's Asian packaging operation was completed at the end of the second quarter. The operation was deconsolidated as per the end of April 2010. The selling price was USD 200m and was received in cash on 30 June. The sale gave rise to neither a capital gain nor a capital loss.

Cashflow from current operations



Also at the end of the second quarter, a decision was made to proceed with an efficiency improvement project in Forest Products at the Ortviken paper mill in Sweden. Fully completed, the project is estimated to generate annual savings of SEK 45m.

During the second quarter of 2010, Camilla Weiner was named as new Senior Vice President of Corporate Communications, and Kersti Strandqvist was appointed as Senior Vice President of the newly established corporate staff function for Sustainability. Both positions are included in SCA's Corporate Senior Management Team, and both of these persons assumed their respective positions during the third quarter.

During the third quarter, SCA and Persson Invest formed a jointly-owned sawmill company in Sweden, Gällö Timber AB. The company includes three sawmills, of which SCA previously owned one. The company is consolidated in SCA as per 1 July 2010. Gällö Timber AB adds net sales of approximately SEK 500m on a yearly basis to SCA and annual volume of approximately 230,000 m³ of solid-wood products.

In August 2010 SCA acquired Copamex's baby diaper operations in Mexico and Central America. The acquisition amount corresponded to approximately USD 50m on a debt-free basis. Copamex manufactures baby diapers sold under the well known brands Dry Kids in the Mexican market and Tessy Babies in Central America. Sales in 2009 totalled approximately USD 60m. The acquired operation is the third largest supplier of baby diapers in the Mexican market. The acquisition was completed following approval by the Mexican competition authorities and is consolidated as from 1 October 2010.

During the third quarter, Standard & Poor's changed SCA's outlook from negative to stable. The current long credit rating is BBB+.

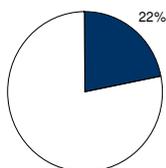
Events after the end of the fourth quarter

SCA has decided to implement three internal changes in its Corporate Senior Management Team. Christoph Michalski has been appointed as new President of SCA's Global Hygiene Category. He currently holds the position of President of SCA Asia Pacific. Ulf Söderström has been appointed as new President of SCA Asia Pacific. He currently holds the position of Senior Vice President Business Development and Strategy. Robert Sjöström has been appointed as new Senior Vice President Business Development and Strategy. He is currently President of SCA's Global Hygiene Category. The changes will take effect on 31 March 2011. Christoph Michalski, Ulf Söderström and Robert Sjöström will continue to serve as members of the Corporate Senior Management Team and report to the CEO.

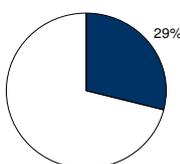
After the end of the year SCA carried out a refinancing with a long-term loan facility worth EUR 1,000m.

PERSONAL CARE

Share of Group, net sales
1012



Share of Group, operating profit
1012



SEKm	1012	0912	%	2010:4	2009:4	%
Net sales	25 027	25 716	-3	6 375	6 393	0
Operating surplus ¹	4 111	4 413	-7	1 028	1 213	-15
Operating profit ¹	2 922	3 235	-10	735	901	-18
Operating margin, % ¹	11,7	12,6		11,5	14,1	
Operating cash flow	3 230	4 436		975	1 084	

¹⁾ Excluding restructuring costs, which are reported as items affecting comparability outside of the Personal Care business area.

In Europe, where SCA is the market leader in incontinence care products with its Tena brand, a competitive economy product range was launched. During the year, SCA grew its market shares with its Tena brand. In North America, a new ultra-thin product was launched during the year. In China, the ongoing market test for incontinence care products has been broadened.

In baby diapers, SCA embarked on an efficiency improvement programme in its European operation. In the Nordic countries, SCA strengthened its leading position with its Libero brand. SCA acquired a baby diaper operation in Mexico and Central America.

With its Libresse brand, SCA successfully launched feminine care products in Malaysia and tampons in Sweden and the Netherlands.

To meet rising demand for hygiene products in Russia, SCA has invested in local production. Production of baby diapers began in 2010, and in 2011 production will commence of incontinence care products. SCA increased its market share in Russia with the Libero brand, due in part to the launch of a new pant diaper in the economy segment.

January–December 2010 compared with corresponding period a year ago

Net sales decreased by 3% (increased by 2% excluding exchange rate effects) to SEK 25,027m (25,716). An increase in market activities had a positive effect on volumes, which increased sales by 2%. The volume increase is attributable to incontinence care and feminine care products. In emerging markets, sales rose 10% excluding exchange rate movements.

Operating profit was 10% lower than a year ago (6% excluding exchange rate effects) and amounted to SEK 2,922m (3,235). Increased market activities, e.g. campaigns, and changes in the product mix and some minor price adjustments, mainly within baby diapers, impacted profit negatively, but also resulted in higher volumes. Higher costs for raw materials had a negative effect on profit.

Operating cash surplus decreased to SEK 4,111m (4,467). Operating cash flow decreased to SEK 3,230m (4,436). Cash flow decreased as a result of a lower operating cash surplus and higher level of tied up working capital. Current capital expenditures were lower than in the preceding year.

Fourth quarter 2010 compared with fourth quarter 2009

Net sales were level with the same period a year earlier (increase of 6% excluding exchange rate effects) and totalled SEK 6,375m (6,393). Higher volumes increased sales by 4%, while acquisitions contributed 2%.

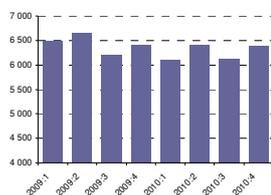
Sales of Tena-brand incontinence care products rose 4%, excluding exchange rate effects. Growth in Latin America, Russia and Eastern Europe remained very favourable.

Sales of baby diapers rose 8%, excluding exchange rate effects. The increase is mainly attributable to Eastern Europe and Latin America.

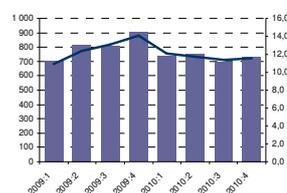
Sales of feminine care products rose 5%, excluding exchange rate effects, driven by good sales growth in emerging markets.

Operating profit decreased by 18% (12% excluding exchange rate effects) to SEK 735m (901). The earnings decline is mainly attributable to sharply higher raw material costs and increased market activities. Higher volumes in all product categories had a favourable earnings impact.

Net sales



Operating profit and margin

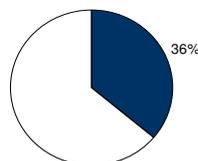


Deviations, operating profit (%)

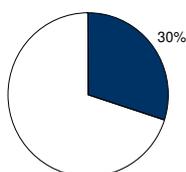
1012 vs. 0912	%
Price/mix	-12
Volume	10
Raw material	-7
Energy	0
Currency	-4
Other	3

TISSUE

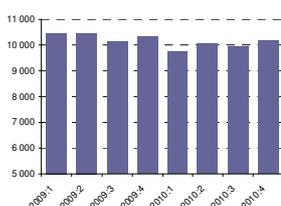
Share of Group, net sales
1012



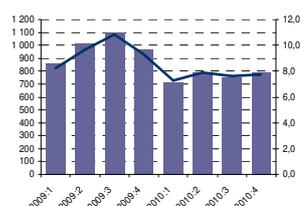
Share of Group, operating profit
1012



Net sales



Operating profit and margin



Deviations, operating profit (%)

1012 vs. 0912 -23

Price/mix	8
Volume	3
Raw material	-68
Energy	8
Currency	-4
Other	30

SEKm	1012	0912	%	2010:4	2009:4	%
Net sales	39 870	41 425	-4	10 154	10 338	-2
Operating surplus	5 225	6 403	-18	1 351	1 561	-13
Operating profit	3 041	3 946	-23	787	965	-18
Operating margin, %	7,6	9,5		7,8	9,3	
Operating cash flow	4 033	5 979		1 208	1 256	

During the fourth quarter of 2010, SCA started production at a new plant in Mexico, which improves SCA's competitive position in the region.

In the consumer tissue segment in Europe, implementation of the new brand platform continued with the aim of reducing the number of brands. Several new product launches were carried out during the year and in the Russian market SCA strengthened its leading position with its Zewa brand.

In the away-from-home (AFH) tissue segment, SCA captured market shares in both Europe and North America during the year with its Tork brand. A new dispenser series, Tork Performance, was successfully launched. SCA also launched a dispenser under the Tork brand that is specially designed for the growing café market.

In the Tissue business area, SCA raised its prices gradually during the second half of 2010.

January–December 2010 compared with corresponding period a year ago

Net sales decreased by 4% (increased by 2% excluding exchange rate effects) to SEK 39,870m (41,425). Sales increased by 1% as a result of higher volumes in the AFH tissue segment. Higher prices increased sales by 1%. Sales in emerging markets increased by 6%, excluding exchange rate movements.

Operating profit decreased by 23% (19% excluding exchange rate effects) to SEK 3,041m (3,946). Significantly higher raw material costs had a negative effect on profit. Higher prices and volumes, and lower production and energy costs, had a favourable effect on profit.

Operating cash surplus decreased to SEK 5,277m (6,363), and operating cash flow decreased to SEK 4,033m (5,979). Cash flow decreased as a result of the lower operating cash surplus and higher level of tied-up working capital. Current capital expenditures were lower than in the preceding year.

Fourth quarter 2010 compared with fourth quarter 2009

Net sales decreased by 2% (increased by 5% excluding exchange rate effects) to SEK 10,154m (10,338m). Higher volumes increased sales by 2%, while higher prices and an improved product mix increased sales by 3%.

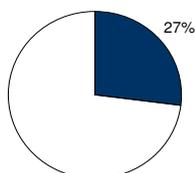
Sales of consumer tissue rose 6%, excluding exchange rate effects. The increase is mainly attributable to strong growth in Eastern Europe.

Sales of AFH tissue rose 4% excluding exchange rate effects.

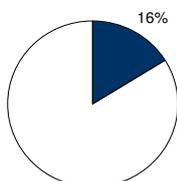
Operating profit decreased by 18% (14% excluding exchange rate effects) to SEK 787m (965). Sharply higher raw material costs had a negative effect on profit. Higher prices and volumes, and lower energy costs and other production costs had a favourable earnings impact.

PACKAGING

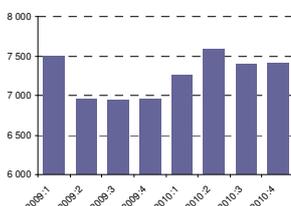
Share of Group, net sales
1012



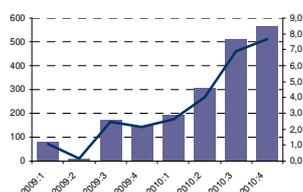
Share of Group, operating profit
1012



Net sales



Operating profit and margin



Deviations, operating profit (%)

1012 vs. 0912	2010
Price/mix	582
Volume	104
Raw material	-501
Energy	-4
Currency	-23
Other	124

SEKm	1012	0912	%	2010:4	2009:4	%
Deliveries						
- Liner products, thousand tonnes	2 110	2 025	4*	519	493	5
- Corrugated board, million m ²	3 514	3 340	5	874	852	3
Net sales	29 633	28 359	4	7 405	6 960	6
Operating surplus ¹	2 961	2 127	39	895	571	57
Operating profit ¹	1 577	413	282	567	149	281
Operating margin, % ¹	5,3	1,5		7,7	2,1	
Operating cash flow	1 168	864		483	451	

¹ Adjusted for the closure of the New Hythe testliner mill, deliveries increased by 8%.

¹ Excluding restructuring costs, which are reported as items affecting comparability outside of the Packaging business area.

The restructuring programme was carried out according to plan. A total of 16 corrugated board plants and the testliner plant in the UK have been closed, and personnel reductions corresponding to approximately 2,100 positions have been carried out. By year-end 2010 the entire projected annual savings of slightly more than SEK 1bn had been achieved on an annual basis.

The Asian corrugated board operation, with sales of USD 250m, was divested during the year and was deconsolidated on 30 April 2010.

Corrugated board prices were raised gradually during the year.

January–December 2010 compared with corresponding period a year ago

Net sales rose 4% (20% excluding exchange rate effects, divestments and closures) to SEK 29,633m (28,359). Higher prices and volumes increased sales by 11% and 9%, respectively. The closure of the New Hythe testliner mill in the UK in 2009, together with the divestment of the Asian packaging operation during the second quarter of 2010, reduced sales by 5%.

Operating profit was SEK 1,577m (413). The increase is mainly attributable to higher prices and volumes, and savings from the restructuring programme. Higher raw material costs and exchange rate effects had a lowering effect on profit.

Operating cash surplus improved to SEK 2,921m (2,047), and operating cash flow was SEK 1,168m (864). A higher level of tied-up working capital was partly compensated by a lower level of current capital expenditures.

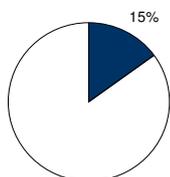
Fourth quarter 2010 compared with fourth quarter 2009

Net sales rose 6% (25% excluding exchange rate effects and divestments) to SEK 7,405m (6,960). The increase can be credited mainly to higher prices, by 17%, and by 8% as a result of higher volumes. The divestment of the Asian packaging operation lowered sales by 7%. Prices for corrugated board were 15% higher than in the corresponding period a year ago.

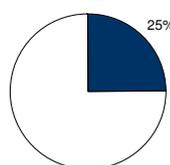
Operating profit increased to SEK 567m (149). Higher prices and volumes, and savings from the restructuring programme, increased profit. Sharply higher raw material costs and exchange rate effects had a negative effect on profit.

FOREST PRODUCTS

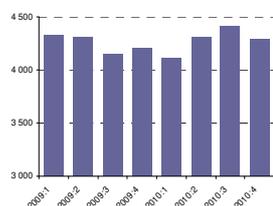
Share of Group, net sales
1012



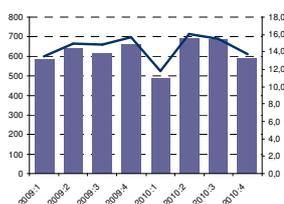
Share of Group, operating profit
1012



Net sales



Operating profit and margin



Deviations, operating profit (%)

1012 vs. 0912	
Price/mix	-10
Volume	4
Raw material	-9
Energy	-1
Currency	0
Other	14

The business area has high transaction exposure for its exports from Sweden. The exchange rate effect of this was SEK -535m for the full year 2010 compared with 2009. For the fourth quarter this effect was SEK -260m compared with the same quarter a year ago. This transaction exposure is mainly included in price deviations, while the translation effect is included in currency.

SEKm	1012	0912	%	2010:4	2009:4	%
Deliveries						
- Publication papers, thousand tonnes	1 592	1 539	3	408	380	7
- Solid-wood products, thousand m ³	1 817**	1 681*	8	472***	427*	11
Net sales	17 123	16 983	1	4 290	4 201	2
Operating surplus ¹	3 821	3 880	-2	935	1 009	-7
Operating profit ¹	2 455	2 503	-2	592	661	-10
Operating margin, % ¹	14,3	14,7		13,8	15,7	
Operating cash flow	1 860	3 305		347	861	

¹⁾ Delivered volumes for previous periods have been adjusted.

^{**)} Includes approximately 135,000 m³ from the Gällö and Tjärnvik sawmills, which are consolidated as from 1 July 2010.

^{***)} Includes approximately 60,000 m³ from the Gällö and Tjärnvik sawmills, which are consolidated as from 1 July 2010.

¹⁾ Excluding restructuring costs, which are reported as items affecting comparability outside of the Forest Products business area.

An efficiency improvement programme at the Ortviken paper mill was started during the year. The project entails a reduction of 90 employees, accounting for roughly 10% of the workforce. Fully implemented, the annual savings are estimated at SEK 45m.

SCA and Persson Invest have formed a jointly-owned sawmill company in Sweden, Gällö Timber AB. The company includes three sawmills, of which SCA previously owned one. The company is consolidated in SCA as per 1 July 2010.

A new business unit, SCA Energy, has been formed. The unit comprises the existing wind power, forest fuels and fuel pellet businesses as well as responsibility for developing new business opportunities in the energy area.

SCA's deliveries of FSC-certified publication papers increased by 35% in 2010.

January–December 2010 compared with corresponding period a year ago

Net sales rose 1% (3% excluding exchange rate effects) to SEK 17,123m (16,983). Lower prices for publication papers decreased sales by 7%, while higher prices for pulp and solid-wood products increased sales by 6%. Sales increased by 2% as a result of higher volumes and by 2% through acquisitions.

Operating profit decreased by 2% to SEK 2,455m (2,503). Profit for the publication paper operations decreased sharply as a result of lower prices and higher raw material costs, to SEK -88m (1,253). Operating profit for the pulp and sawmill operations increased, mainly a result of higher prices. Productivity improvements had a positive impact on profit.

Operating cash surplus decreased to SEK 3,216m (3,233), while operating cash flow decreased to SEK 1,860m (3,305). The decrease is mainly due to changes in inventories resulting from higher raw material prices.

Fourth quarter 2010 compared with fourth quarter 2009

Net sales increased by 2% (4% excluding exchange rate effects) to SEK 4,290m (4,201). Sales were affected by 4% by higher volumes and by 3% by acquisitions. Higher prices for pulp and solid-wood products increased sales by 3%, while lower prices for publication papers decreased sales by 5%.

Operating profit decreased by 10% (11% excluding exchange rate effects) to SEK 592m (661). Higher prices and volumes in the pulp and sawmill operations were offset by lower prices in the publication paper operations and higher raw material and energy costs.

SHARE DISTRIBUTION

31 December 2010	Class A	Class B	Total
Registered number of shares	101 408 278	603 701 816	705 110 094
- of which treasury shares		2 767 605	2 767 605

At the end of the period, the proportion of Class A shares was 14.4%. During the fourth quarter, at the request of shareholders a total of 84,445 Class A shares were converted to Class B shares. The total number of votes in the company is 1,617,784,596.

RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 46–51 of the 2009 Annual Report. No significant changes have taken place that have affected the reported risks.

It can be noted that imbalances in world trade have led to tensions between countries. This stems in part from individual countries' currency policies, aimed at improving the competitiveness of the respective countries. This, combined with the state of government finances in certain countries, could affect demand in certain regions.

Risks in conjunction with company acquisitions are analysed in the due diligence processes that SCA carries out prior to all acquisitions. In cases where acquisitions have been carried out that may affect the assessment of SCA's risk exposure, these are described under the heading "Other events" in interim reports. No significant acquisitions were made during the period.

Risk management processes

SCA's board decides on the Group's strategic direction, based on recommendations made by Group management. Responsibility for the long-term, overall management of strategic risks corresponds to the company's delegation structure, from the Board to the CEO and from the CEO to the business group heads. This means that most operational risks are managed by SCA's business groups at the local level, but that they are co-ordinated when considered necessary. The tools used in this co-ordination consist primarily of the business groups' regular reporting and the annual strategy process, where risks and risk management are a part of the process.

SCA's financial risk management is centralised, as is the Group's internal bank for the Group companies' financial transactions and management of the Group's energy risks. Financial risks are managed in accordance with the Group's finance policy, which is adopted by SCA's board and which – together with SCA's energy risk policy – makes up a framework for risk management. Risks are compiled and followed up on a regular basis to ensure compliance with these guidelines. SCA has also centralised other risk management.

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

RELATED PARTY TRANSACTIONS

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

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1 of the Swedish Financial Reporting Board (RFR), and with regard to the Parent Company, according to RFR 2. The accounting principles applied correspond to those described in the 2009 Annual Report, except for with respect to a number of amendments to existing standards and new interpretations that took effect on 1 January 2010. For SCA, IFRS 3 (revised) Business Combinations and IAS 27 (revised) Consolidated and Separate Financial Statements, are judged to be relevant for the structuring of the financial statements and their accounting principles.

FUTURE REPORTS

Interim reports will be released in 2011 on 29 April, 21 July and 25 October.

SCA's Annual Report will be available at the company and on the company's website, www.sca.com, by 1 April 2011 at the latest.

ANNUAL GENERAL MEETING

SCA's Annual General Meeting will be held on Thursday, 7 April 2011, at Stockholm Waterfront Congress Centre.

INVITATION TO PRESS CONFERENCE ON Q4

The media and analysts are invited to attend a press conference at which this report will be presented by Jan Johansson, President and CEO.

Time: Thursday, 27 January 2011, 14.00 CET.

Location: Klarasalen, Målargatan 1, Stockholm, Sweden.

The press conference will be webcast live at www.sca.com. It is also possible to participate in the press conference by phone, by calling +44 20 7162 0077, +1 334 323 6201, or +46-8-5052 0110.

OPERATING CASH FLOW ANALYSIS

SEKm	1012	0912
Operating cash surplus	15 097	15 733
Change in working capital	-1 042	3 307
Current capital expenditures, net	-3 647	-4 037
Restructuring costs, etc.	-653	-870
Operating cash flow	9 755	14 133
Financial items	-1 116	-1 644
Income taxes paid	-1 255	-1 003
Other	15	4
Cash flow from current operations	7 399	11 490
Acquisitions	-493	-51
Strategic capital expenditures, fixed assets	-2 427	-3 031
Divestments	1 297	75
Cash flow before dividend	5 776	8 483
Dividend	-2 657	-2 498
Net cash flow	3 119	5 985
Net debt at the start of the period	-40 430	-47 002
Net cash flow	3 119	5 985
Remeasurement to equity	695	-729
Currency effects	2 210	1 316
Net debt at the end of the period	-34 406	-40 430
Debt/equity ratio	0,51	0,60
Debt payment capacity, %	35	31

CASH FLOW STATEMENT

SEKm	1012	0912
Operating activities		
Profit before tax	7 561	6 546
Adjustment for non-cash items ¹	5 751	6 431
	13 312	12 977
Paid tax	-1 255	-1 003
Cash flow from operating activities before changes in working capital	12 057	11 974
Cash flow from changes in working capital		
Change in inventories	-1 866	2 210
Change in operating receivables	-3 197	1 556
Change in operating liabilities	4 021	-459
Cash flow from operating activities	11 015	15 281
Investing activities		
Acquisition of operations	-458	-45
Sold operations	1 205	71
Acquisition tangible and intangible assets	-6 370	-7 215
Sale of tangible assets	303	150
Repayment of loans from external parties	934	672
Cash flow from investing activities	-4 386	-6 367
Financing activities		
Amortisation of debt	-7 179	-6 966
Dividends paid	-2 657	-2 498
Cash flow from financing activities	-9 836	-9 464
Cash flow for the period	-3 207	-550
Cash and cash equivalents at the beginning of the year	5 148	5 738
Exchange differences in cash and cash equivalents	-75	-40
Cash and cash equivalents at the end of the period	1 866	5 148
Reconciliation with operating cash flow analysis		
Cash flow for the period	-3 207	-550
Deducted items:		
Repayment of loans from external parties	-934	-672
Amortisation of debt	7 179	6 966
Added items:		
Net debt in acquired and divested operations	57	-2
Accrued interest	31	246
Investments through finance leases	-7	-3
Net cash flow according to operating cash flow analysis	3 119	5 985
¹ Depreciation and impairment, fixed assets	6 442	7 428
Fair-value measurement/net growth of forest assets	-629	-668
Unpaid related to efficiency programmes	577	463
Payments related to efficiency programmes already recognized	-482	-499
Other	-157	-293
Total	5 751	6 431

CONSOLIDATED INCOME STATEMENT

SEKm	2010:4	2009:4	2010:3	1012	0912
Net sales	27 564	27 507	27 204	109 142	110 857
Cost of goods sold ¹	-21 502	-20 966	-21 093	-84 524	-84 744
Gross profit	6 062	6 541	6 111	24 618	26 113
Sales, general and administration ¹	-3 527	-3 976	-3 578	-15 121	-16 500
Items affecting comparability ²	0	-632	-480	-931	-1 458
Share in profits of associates	32	3	41	111	35
Operating profit	2 567	1 936	2 094	8 677	8 190
Financial items	-293	-288	-300	-1 116	-1 644
Profit before tax	2 274	1 648	1 794	7 561	6 546
Tax	-594	-394	-415	-1 969	-1 716
Net profit for the period	1 680	1 254	1 379	5 592	4 830
Earnings attributable to:					
Owners of the parent	1 671	1 211	1 372	5 552	4 765
Non-controlling interests	9	43	7	40	65
Earnings per share, SEK - owners of the parent					
- before dilution effects	2,38	1,72	1,95	7,90	6,78
- after dilution effects	2,38	1,72	1,95	7,90	6,78
Calculation of earnings per share					
	2010:4	2009:4	2010:3	1012	0912
Earnings attributable to owners of the parent	1 671	1 211	1 372	5 552	4 765
Average no. of shares before dilution, millions	702,3	702,3	702,3	702,3	702,3
Average no. of shares after dilution	702,3	702,3	702,3	702,3	702,3
¹ Of which, depreciation	-1 577	-1 697	-1 554	-6 324	-6 829
² Distribution of items affecting comparability, per function					
Cost of goods sold	-42	-422	-432	-821	-1 029
Sales, general and administration	42	-210	-48	-110	-429
	2010:4	2009:4	2010:3	1012	0912
Gross margin	22,0	23,8	22,5	22,6	23,6
Operating margin	9,3	7,0	7,7	8,0	7,4
Financial net margin	-1,1	-1,0	-1,1	-1,0	-1,5
Profit margin	8,2	6,0	6,6	7,0	5,9
Tax	-2,2	-1,4	-1,5	-1,8	-1,5
Net margin	6,0	4,6	5,1	5,2	4,4
Excluding restructuring costs:					
	2010:4	2009:4	2010:3	1012	0912
Gross margin	22,0	23,8	22,5	22,6	23,6
Operating margin	9,3	9,3	9,5	8,8	8,7
Financial net margin	-1,1	-1,0	-1,1	-1,0	-1,5
Profit margin	8,2	8,3	8,4	7,8	7,2
Tax	-2,2	-2,0	-2,0	-2,0	-1,9
Net margin	6,0	6,3	6,4	5,8	5,3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2010:4	2009:4	2010:3	1012	0912
Profit for the period	1 680	1 254	1 379	5 592	4 830
Other comprehensive income for the period					
Actuarial gains/losses on defined benefit pension plans	2 145	122	-235	523	-949
Available-for-sale financial assets	227	56	111	336	331
Cash flow hedges	167	-51	-31	492	107
Exchange differences on translating foreign operations	-855	1 091	-4 488	-8 633	-2 750
Gains/losses from hedges of net investments in foreign operations	607	-336	1 617	4 613	1 391
Income tax relating to components of other comprehensive income	-666	-39	74	-292	192
Other comprehensive income for the period, net of tax	1 625	843	-2 952	-2 961	-1 678
Total comprehensive income for the period	3 305	2 097	-1 573	2 631	3 152
Total comprehensive income attributable to:					
Owners of the parent	3 303	2 066	-1 538	2 699	3 164
Non-controlling interests	2	31	-35	-68	-12

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	1012	0912
Attributable to owners of the parent		
Opening balance, 1 January	67 156	66 450
Total comprehensive income for the period	2 699	3 164
Dividend	-2 599	-2 458
Revaluation of non-controlling interests	-1	0
Closing balance	67 255	67 156
Non-controlling interests		
Opening balance, 1 January	750	802
Total comprehensive income for the period	-68	-12
Dividend	-58	-40
Change in Group composition	-58	0
Closing balance	566	750
Total equity, closing balance	67 821	67 906

CONSOLIDATED BALANCE SHEET

SEKm	31 December 2010	31 December 2009
Assets		
Goodwill	17 688	19 147
Other intangible assets	3 270	3 404
Tangible assets	82 236	86 801
Shares and participations	1 098	1 059
Non-current financial assets ¹	3 254	2 062
Other non-current receivables	1 363	1 334
Total non-current assets	108 909	113 807
Operating receivables and inventories	31 890	30 605
Current financial assets	220	194
Non-current assets held for sale	93	105
Cash and cash equivalents	1 866	5 148
Total current assets	34 069	36 052
Total assets	142 978	149 859
Equity		
Owners of the parent	67 255	67 156
Minority interests	566	750
Total equity	67 821	67 906
Liabilities		
Provisions for pensions	3 108	3 567
Other provisions	10 800	9 784
Non-current financial liabilities	23 459	30 343
Other non-current liabilities	791	662
Total non-current liabilities	38 158	44 356
Current financial liabilities ²	13 047	13 761
Operating liabilities	23 952	23 836
Total current liabilities	36 999	37 597
Total liabilities	75 157	81 953
Total equity and liabilities	142 978	149 859
Debt/equity ratio	0,51	0,60
Visible equity/assets ratio	47%	45%
Return on capital employed	8%	7%
Return on equity	8%	7%
Excluding restructuring costs:		
Return on capital employed	9%	9%
Return on equity	9%	9%
¹ Of which pension assets	1 056	230
² Committed credit lines amount to SEK 28,393m of which unutilised SEK 28,393m.		
Capital employed	102 227	108 336
- of which working capital	8 899	8 126
Net debt	34 406	40 430
Shareholders' equity	67 821	67 906
Provisions for restructuring costs are included in the balance sheet as follows:		
- Other provisions*	595	346
- Operating liabilities	605	777
*) of which, provision for tax risks	246	258

NET SALES

SEKm	1012	0912	2010:4	2010:3	2010:2	2010:1	2009:4	2009:3
Personal Care	25 027	25 716	6 375	6 125	6 418	6 109	6 393	6 197
Tissue	39 870	41 425	10 154	9 924	10 064	9 728	10 338	10 147
Packaging	29 633	28 359	7 405	7 392	7 583	7 253	6 960	6 946
Forest Products	17 123	16 983	4 290	4 415	4 308	4 110	4 201	4 145
- Publication papers	8 526	9 759	2 145	2 131	2 086	2 164	2 292	2 457
- Pulp, timber and solid-wood products	8 597	7 224	2 145	2 284	2 222	1 946	1 909	1 688
Other	1 855	1 470	478	491	512	374	418	420
Intra-group deliveries	-4 366	-3 096	-1 138	-1 143	-1 233	-852	-803	-747
Total net sales	109 142	110 857	27 564	27 204	27 652	26 722	27 507	27 108

OPERATING PROFIT

SEKm	1012	0912	2010:4	2010:3	2010:2	2010:1	2009:4	2009:3
Personal Care	2 922	3 235	735	697	753	737	901	810
Tissue	3 041	3 946	787	753	791	710	965	1 102
Packaging	1 577	413	567	512	306	192	149	172
Forest Products	2 455	2 503	592	685	691	487	661	617
- Publication papers	-88	1 253	-11	-38	-24	-15	251	336
- Pulp, timber and solid-wood products	2 543	1 250	603	723	715	502	410	281
Other	-387	-449	-114	-73	-101	-99	-108	-125
Total operating profit¹	9 608	9 648	2 567	2 574	2 440	2 027	2 568	2 576
Financial items	-1 116	-1 644	-293	-300	-244	-279	-288	-377
Profit before tax¹	8 492	8 004	2 274	2 274	2 196	1 748	2 280	2 199
Tax ¹	-2 211	-2 098	-594	-533	-595	-489	-553	-628
Net profit for the period¹	6 281	5 906	1 680	1 741	1 601	1 259	1 727	1 571
¹ Excl. restructuring costs before tax amounting to:	-931	-1 458	0	-480	-207	-244	-632	-387
After tax amounting to:	-689	-1 076	0	-362	-151	-176	-473	-278

OPERATING MARGIN

%	1012	0912	2010:4	2010:3	2010:2	2010:1	2009:4	2009:3
Personal Care	11,7	12,6	11,5	11,4	11,7	12,1	14,1	13,1
Tissue	7,6	9,5	7,8	7,6	7,9	7,3	9,3	10,9
Packaging	5,3	1,5	7,7	6,9	4,0	2,6	2,1	2,5
Forest Products	14,3	14,7	13,8	15,5	16,0	11,8	15,7	14,9
- Publication papers	-1,0	12,8	-0,5	-1,8	-1,2	-0,7	11,0	13,7
- Pulp, timber and solid-wood products	29,6	17,3	28,1	31,7	32,2	25,8	21,5	16,6

CONSOLIDATED INCOME STATEMENT

SEKm	2010:4	2010:3	2010:2	2010:1	2009:4
Net sales	27 564	27 204	27 652	26 722	27 507
Cost of goods sold	-21 502	-21 093	-21 242	-20 687	-20 966
Gross profit	6 062	6 111	6 410	6 035	6 541
Sales, general and administration	-3 527	-3 578	-3 995	-4 021	-3 976
Items affecting comparability	0	-480	-207	-244	-632
Share in profits of associates	32	41	25	13	3
Operating profit	2 567	2 094	2 233	1 783	1 936
Financial items	-293	-300	-244	-279	-288
Profit before tax	2 274	1 794	1 989	1 504	1 648
Taxes	-594	-415	-539	-421	-394
Net profit for the period	1 680	1 379	1 450	1 083	1 254

INCOME STATEMENT PARENT COMPANY

SEKm	1012	0912
Administrative expenses	-477	-446
Other operating income	185	196
Other operating expenses	-179	-187
Operating profit	-471	-437
Financial items ¹	1 635	33 788
Profit before appropriations and tax	1 164	33 351
Appropriations and tax	507	423
Net profit for the period	1 671	33 774

BALANCE SHEET PARENT COMPANY

SEKm	31 December 2010	31 December 2009
Intangible fixed assets	1	1
Tangible fixed assets	6 441	6 360
Financial fixed assets	124 604	124 404
Total fixed assets	131 046	130 765
Total current assets	6 119	2 422
Total assets	137 165	133 187
Restricted equity	10 996	10 996
Unrestricted equity	38 759	38 859
Total equity	49 755	49 855
Untaxed reserves	156	147
Provisions	1 050	628
Non-current liabilities	9 256	7 566
Current liabilities	76 948	74 991
Total equity, provisions and liabilities	137 165	133 187

¹⁾ Financial items for 2009 include SEK 35,017m in dividends from subsidiaries, of which SEK 30,001m pertains to the value of shares received in a subsidiary. The value of these shares is based on net asset value and is reported on the balance sheet among financial fixed assets.

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Note

SCA discloses the information provided herein pursuant to the Securities Markets Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. This report has not been reviewed by the company's auditors.