Interim Report Q2 2012

1 JANUARY–30 JUNE 2012 (compared with same period a year ago)

*The packaging operations, that were divested on 30 June 2012, are reported only as a separate line item in the income statement – **Net profit for the period from disposal group**. Comments in this report are thus exclusive of the packaging operations.*

The formation of a joint venture in Australia/New Zealand through the sale of 50% of the shares and entailing a deconsolidation of the operations from the start of the year constitutes the divestment that is referred to in the report.

- Net sales were level with the same period a year ago (increase of 4% excluding exchange rate effects and divestments) and amounted to SEK 39,763m (39,646)
- Operating profit excluding items affecting comparability rose 10% (12% excluding exchange rate effects and divestments) to SEK 3,939m (3,577)
- Items affecting comparability, restructuring costs, etc., amounted to SEK 410m (0)
- Earnings per share were SEK 3.58 (3.85)
- Cash flow from current operations was SEK 3,067m (1,739)

EARNINGS TREND

SEKm	1206	1106	%	2012:2	2011:2	%
Net sales	**39,763**	39,646	0	**20,273**	20,415	-1
Gross profit	**9,963**	9,550	4	**5,142**	4,836	6
Operating profit[1]	**3,939**	3,577	10	**2,105**	1,810	16
Financial items	-647	-597		-316	-283	
Profit before tax[1]	**3,292**	2,980	10	**1,789**	1,527	17
Tax[1]	-892	-712		-479	-366	
Net profit for the period from disposal group	**503**	457		**234**	225	
Net profit for the period[1]	**2,903**	2,725	7	**1,544**	1,386	11
Earnings per share, SEK	**3.58**	3.85		**1.85**	1.96	

[1] Excluding items affecting comparability; for amounts see page 14.

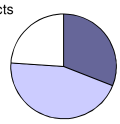
CEO'S COMMENTS

Including today's completion of the acquisition of Georgia-Pacific's European tissue operations, five significant deals were closed during the last quarter. The acquisition of Georgia-Pacific's European tissue operations will strengthen our product offering as well as our geographic presence in Europe. Substantial synergies will also be generated. Through the acquisition of Everbeauty and an increased shareholding in Vinda, we have a good position to continue to expand in China, Taiwan and Southeast Asia. The acquisition of the remaining 50% shares in Pisa in Chile strengthens our expansion opportunities in Latin America. As per the end of June, SCA's packaging business has been sold, excluding the two kraftliner mills in Sweden, to the British company DS Smith. The divestment has enabled expansion and creates opportunities for continued growth in the hygiene operations.

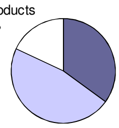
The hygiene operations performed well, with favourable growth and a strong earnings improvement. The Group's growth in net sales during the first half of 2012, excluding exchange rate effects and divestments, was 4%. The sales increase continued to be high in emerging markets, where Personal Care and Tissue increased sales by 21% and 16%, respectively. The Group's operating cash flow increased to SEK 4,169m (2,898). The improvement is mainly attributable to a lower level of tied up working capital, but also to a higher operating surplus and lower capital expenditures.

Operating profit for the second quarter of 2012, excluding exchange rate effects, divestments and items affecting comparability increased by 16% compared with the same period a year ago and amounted to SEK 2,105m. Profit for Personal Care and Tissue rose 34% and 53%, respectively. Profit for Forest Products fell 34%.

SHARE OF NET SALES 1206



SHARE OF OPERATING PROFIT 1206



EARNINGS TREND FOR THE GROUP

SEKm	**1206**	1106	%	**2012:2**	2011:2	%
Net sales	**39,763**	39,646	0	**20,273**	20,415	-1
Cost of goods sold	-29,800	-30,096		-15,131	-15,579	
Gross profit	**9,963**	9,550	4	**5,142**	4,836	6
Sales, general and administration	-6,024	-5,973		-3,037	-3,026	
Operating profit[1]	**3,939**	3,577	10	**2,105**	1,810	16
Financial items	-647	-597		-316	-283	
Profit before tax[1]	**3,292**	2,980	10	**1,789**	1,527	17
Tax[1]	-892	-712		-479	-366	
Net profit for the period from disposal group	503	457		234	225	
Net profit for the period[1]	**2,903**	2,725	7	**1,544**	1,386	11

[1] Excluding items affecting comparability; for amounts see page 14.

Earnings per share, SEK – owners of the parent					
- after dilution effects	3.58	3.85		1.85	1.96
Margins (%)					
Gross margin	**25.1**	24.1		**25.4**	23.7
Operating margin[1]	**9.9**	9.0		**10.4**	8.9
Financial net margin	-1.6	-1.5		-1.6	-1.4
Profit margin[1]	**8.3**	7.5		**8.8**	7.5
Tax[1]	-2.2	-1.8		-2.4	-1.8
Net margin[1]	**6.1**	5.7		**6.4**	5.7

[1] Excluding items affecting comparability; for amounts see page 14.

OPERATING PROFIT PER BUSINESS AREA

SEKm	**1206**	1106	%	**2012:2**	2011:2	%
Personal Care	1,449	1,165	24	781	582	34
Tissue	1,946	1,295	50	1,021	668	53
Forest Products	764	1,290	-41	433	659	-34
Other	-220	-173		-130	-99	
Total[1]	**3,939**	3,577	10	**2,105**	1,810	16

[1] Excluding items affecting comparability; for amounts see page 14.

OPERATING CASH FLOW PER BUSINESS AREA

SEKm	**1206**	1106	%	**2012:2**	2011:2	%
Personal Care	1,564	1,460	7	933	758	23
Tissue	2,549	895	185	1,315	677	94
Forest Products	486	527	-8	309	257	20
Other	-430	16		-166	176	
Total	**4,169**	2,898	44	**2,391**	1,868	28

GROUP

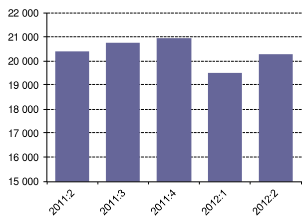
MARKET/EXTERNAL ENVIRONMENT

The global economy has slowed down during 2012 compared with 2011. The debt crisis in parts of Western Europe is having a negative impact on growth, while emerging markets are showing relatively favourable growth.

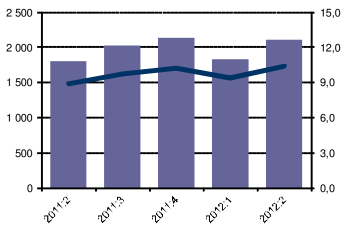
For hygiene products, emerging markets are showing continued favourable development while markets in Western Europe and North America have low or no growth.

Demand in Western Europe for magazine paper and newsprint was down during the first half of the year compared with the same period a year ago. Prices of publication papers continue to be on an unacceptably low level. Demand for solid-wood products remains weak, and prices are unsatisfactorily low. Prices of kraftliner rose during the second quarter of 2012.

Net sales

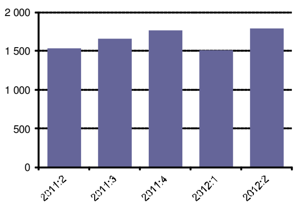


Operating profit and margin



Excluding items affecting comparability

Profit before tax



Excluding items affecting comparability.

SALES AND EARNINGS

January–June 2012 compared with corresponding period a year ago
Net sales were level with the corresponding period a year ago (increase of 4% excluding exchange rate effects and divestments) and amounted to SEK 39,763m (39,646). Higher volumes increased sales by 3%, while lower prices for Forest Products decreased sales by 2%. Acquisitions increased sales by 1%, while divestments lowered sales by 5%.

Operating profit, excluding items affecting, comparability rose 10% (12% excluding exchange rate effects and divestments) to SEK 3,939m (3,577). Profit for Personal Care and Tissue rose 24% and 50%, respectively. Profit for Forest Products decreased by 41%. The earnings improvement can be credited to higher volumes and prices along with an improved product mix, lower raw material costs and cost savings in the hygiene operations. Earnings for Forest Products were affected mainly by lower prices.

Items affecting comparability consist of restructuring and transaction costs, and totalled SEK -410m (0).

Financial items increased to SEK -647m (-597) as a result of higher interest rates, which were partly compensated by a lower level of net debt. Profit before tax excluding items affecting comparability rose 10% to SEK 3,292m (2,980). The tax expense excluding items affecting comparability was SEK 892m (712).

Net profit for the period excluding items affecting comparability rose 7% (5% excluding exchange rate effects) to SEK 2,903m (2,725). Earnings per share including items affecting comparability were SEK 3.58 (3.85).

Second quarter 2012 compared with second quarter 2011
Net sales decreased by 1% (increased by 2% excluding exchange rate effects and divestments) to SEK 20,273m (20,415). Higher volumes increased sales by 2%.

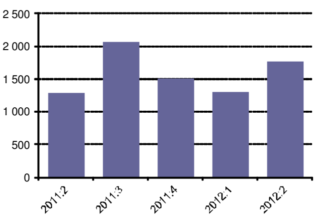
Operating profit excluding items affecting comparability increased by 16% (16% excluding exchange rate effects and divestments) to SEK 2,105m (1,810). Profit was favourably affected by higher volumes and lower raw material costs.

Profit before tax excluding items affecting comparability increased by 17% (13% excluding exchange rate effects) to SEK 1,789m (1,527).

CASH FLOW AND FINANCING

The operating cash surplus amounted to SEK 5,875m (5,646). The cash flow effect of the change in working capital was SEK -144m (-1,203). Current capital expenditures amounted to SEK 1,069m (1,329). Operating cash flow was SEK 4,169m (2,898).

Cash flow from current operations



Financial items increased to SEK -647m (-597) as a result of higher interest rates, which were partly compensated by a lower level of net debt. Tax payments decreased to SEK 490m (568). Cash flow from current operations increased to SEK 3,067m (1,739). The improvement is mainly attributable to a lower level of tied-up working capital, but also to a higher operating surplus and lower capital expenditures during the period compared with the same period a year ago.

Strategic investments increased to SEK 873m (676). Acquisitions and divestments amounted to SEK 14,427m (-278). Net cash flow from the divested packaging operations was SEK 468m (107). Net cash flow increased to SEK 14,139m (-1,917).

Net debt has decreased by SEK 12,242m during the year to date, to SEK 24,406m. Excluding pension liabilities, net debt amounted to SEK 19,524m. Net cash flow decreased net debt by SEK 14,139m. Fair value measurement of pension assets and pension obligations together with fair valuation of financial instruments increased net debt by SEK 1,626m. Exchange rate movements increased net debt by SEK 271m. The debt/equity ratio was 0.41 (0.60 at the start of the year). Excluding pension liabilities, the debt/equity ratio was 0.33 (0.52 at the start of the year). The debt payment capacity was 42% (37%).

As per 30 June 2012, SCA had outstanding commercial paper worth SEK 8,773m maturing within 12 months. Unutilised credit facilities amounted to SEK 17,827m, of which long-term facilities amounted to SEK 17,510m. Cash and cash equivalents amounted to SEK 16,924m.

EQUITY

Consolidated equity decreased by SEK 2,336m to SEK 58,955m. Net profit for the period increased equity by SEK 2,549m. Equity decreased as a result of a transfer of the shareholder dividend, totalling SEK 2,952m. Restatement of the net pension liability to fair value by SEK -1,159m after tax decreased equity. Fair value measurement of financial instruments increased equity by SEK 56m after tax. Exchange rate movements including the effects of hedges of net investments in foreign assets decreased equity by SEK 830m.

TAX

A tax expense corresponding to a tax rate of 27% is reported for the period, excluding items affecting comparability.

OTHER EVENTS DURING THE YEAR

On 10 November 2011 SCA made a binding offer to acquire Georgia-Pacific's European tissue operations. Following deliberations with the relevant works councils, Georgia-Pacific accepted SCA's binding offer of EUR 1.32bn. The deal was approved by the European Commission Competition Authority on 5 July and was completed today, 19 July.

On 17 January 2012 an agreement was reached with DS Smith on the divestment of SCA's packaging operations, excluding the two kraftliner mills in Sweden. The purchase price was EUR 1.7bn on a debt-free basis. The deal was approved by the European Commission Competition Authority on 25 May and was completed on 30 June. The operations have been deconsolidated as per 30 June 2012. The purchase price will be adjusted later following reconciliations of working capital, etc.

During the first quarter of 2012 SCA reached an agreement to acquire the Taiwan-based company Everbeauty, an Asian personal care company. The acquisition was completed on 1 June. The purchase price amounted to SEK 2,138m. The investment amounted to SEK 1,990m on a debt-free basis. The goodwill reported for the acquisition is preliminarily calculated to be approximately SEK 700m.The acquired company has affected the Group's net sales from the time of the acquisition by SEK 66m and profit before tax by SEK 3m. Sales for the period January–June amounted to SEK 624m, and profit before tax totalled SEK 38m. Acquisition-related expenses amounted to SEK 13m for the period and are reported as other operating expenses in consolidated profit for the period. The purchase price will be adjusted later following reconciliations of working capital, etc.

Preliminary purchase price allocation Everbeauty
SEK m

Non-current assets	355
Current assets	349
Cash and cash equivalents	254
Net debt excluding cash and cash equivalents	-105
Provisions and other non-current liabilities	-1
Operating liabilities	-283
Net identifiable assets and liabilities	**569**
Intangible assets (trademarks, goodwill)	1,569
Consideration paid	**2,138**
Consideration paid	-2,138
Cash and cash equivalents in acquired operations	254
Effect on Group's cash and cash equivalents (Consolidated cash flow statement	**-1,884**
Acquired net debt excluding cash and cash equivalents	-105
Acquisition of operations including net debt taken over (Consolidated operating cash flow analysis)	**-1,989**

During the quarter SCA acquired the outstanding 50% interest in the Chilean hygiene products company PISA (Papeles Industriales S.A.).The company had sales of approximately SEK 780m in 2011. PISA is active primarily in the consumer tissue and away-from-home (AFH) tissue segments, which account for just under 70% and just under 30% of sales, respectively. Incontinence care products under SCA's global TENA brand have also been introduced in Chile through PISA. The purchase price was approximately SEK 520m. Operations are consolidated as from May 2012.

In April, SCA decided to acquire an additional 5% of the shares in the Chinese tissue company Vinda. The purchase price was approximately SEK 650m. SCA’s shareholding in Vinda after the transaction is 21.6%. SCA's total investment in Vinda amounts to SEK 1.1bn. Vinda is listed on the Hong Kong Stock Exchange and the market cap was SEK 10.3bn at the end of the first half of 2012.

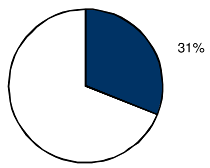
SCA has acquired the French timber processing company PLF, the largest independent supplier of solid-wood products to builders merchants in France. PLF further processes approximately 70,000 cubic metres of solid-wood products annually, including planing and surface treatment. PLF has annual sales of approximately SEK 250m, with 70 employees. The acquisition will position SCA closer to the customers and increase its share of processed products in France in the same way as in Great Britain and Scandinavia. Operations are consolidated as from March 2012.

EVENTS AFTER THE END OF THE QUARTER

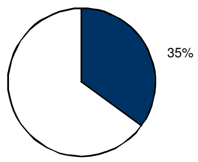
After the end of the quarter, Joséphine Edwall-Björklund was appointed as SCA's new Senior Vice President Corporate Communications. She will assume her position on 15 September and will be a member of SCA's Corporate Senior Management Team.

PERSONAL CARE

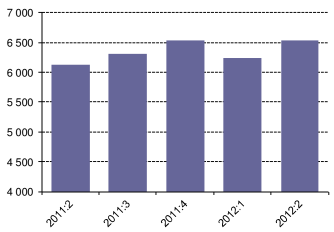
Share of Group, net sales
1206



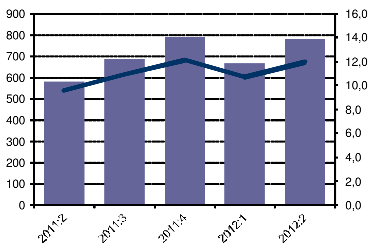
Share of Group, operating profit
1206



Net sales



Operating profit and margin



Deviations, operating profit (%) **1206 vs. 1106**	24
Price/mix	8
Volume	14
Raw material	4
Energy	1
Currency	1
Other	-4

SEKm	**1206**	1106	%	**2012:2**	2011:2	%
Net sales	**12,771**	11,936	7**	**6,530**	6,116	7**
Operating surplus	**1,932**	1,712	13	**1,030**	856	20
Operating profit*	**1,449**	1,165	24	**781**	582	34
Operating margin, %	**11.3**	9.8		**12.0**	9.5	
Operating cash flow	**1,564**	1,460		**933**	758	

*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.
**) 12% excluding the divestment in Australia/New Zealand.

On 1 June 2012 SCA completed its acquisition of Everbeauty, a Taiwan-based Asian hygiene products company with sales in China, Taiwan and Southeast Asia. The company produces and markets baby diapers and incontinence care products with strong brands such as Dr P for incontinence care and Sealer for baby diapers. In incontinence care, the company holds the number two position in China and the number one position in Taiwan. In baby diapers, the company holds the number five position in both China and Taiwan.

During the first half of 2012 SCA launched a number of incontinence care innovations under its TENA brand. One example is TENA Lady Mini Wing, an incontinence care product with a wing design that provides even greater protection.

January–June 2012 compared with corresponding period a year ago
Net sales increased by 7% (10% excluding exchange rate effects and divestments) to SEK 12,771m (11,936). Higher volumes and acquisitions increased sales by 7% and 3%, respectively. Divestments decreased sales by 5%. In emerging markets, sales rose 21% excluding exchange rate effects.

Sales of TENA-brand incontinence care products increased by 10%, excluding exchange rate effects and divestments, driven by emerging markets. Sales of baby diapers increased by 15%, excluding exchange rate effects and divestments, mainly related to new contracts in Europe and higher sales in Latin America. Sales of feminine care products increased by 9%, excluding exchange rate effects and divestments, mainly driven by emerging markets.

Operating profit excluding items affecting comparability was 24% higher than a year ago (33% excluding exchange rate effects and divestments) and amounted to SEK 1,449m (1,165). Profit was favourably affected by higher volumes and prices, an improved product mix and cost savings.

The operating cash surplus amounted to SEK 1,930m (1,723). Operating cash flow increased to SEK 1,564m (1,460). The higher operating cash surplus contributed to the increase.

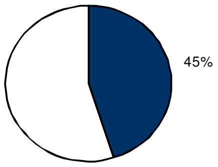
Second quarter 2012 compared with second quarter 2011
Net sales increased by 7% (10% excluding exchange rate effects and divestments), to SEK 6,530m (6,116). Divestments decreased sales by 5%. Higher volumes and an improved product mix increased sales by 6% and 1%, respectively. Acquisitions increased sales by 3%.

Sales of TENA-brand incontinence care products increased by 9%, excluding exchange rate effects and divestments, driven by emerging markets. Sales of baby diapers increased by 14%, excluding exchange rate effects and divestments. The increase is mainly related to new contracts in Europe and higher sales in Latin America. Sales of feminine care products increased by 8%, excluding exchange rate effects and divestments, mainly driven by emerging markets.

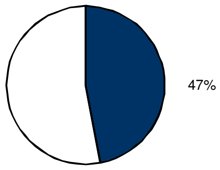
Operating profit excluding items affecting comparability increased by 34% (41% excluding exchange rate effects and divestments) to SEK 781m (582). The increase in profit can be credited to an improved product mix, higher volumes and lower raw material costs.

TISSUE

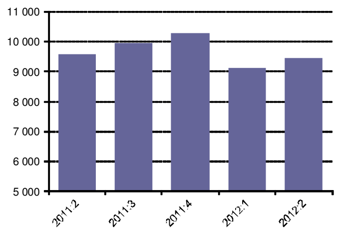
Share of Group, net sales
1206



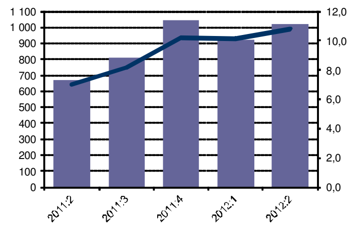
Share of Group, operating profit
1206



Net sales



Operating profit and margin



Deviations, operating profit (%) 1206 vs. 1106	50
Price/mix	20
Volume	11
Raw material	31
Energy	2
Currency	5
Other	-19

SEKm	**1206**	1106	%	**2012:2**	2011:2	%
Net sales	**18,582**	18,887	-2**	**9,461**	9,609	-2**
Operating surplus	**2,941**	2,315	27	**1,525**	1,176	30
Operating profit*	**1,946**	1,295	50	**1,021**	668	53
Operating margin, %*	**10.5**	6.9		**10.8**	7.0	
Operating cash flow	**2,549**	895		**1,315**	677	

*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.
**) Increase of 6% excluding the divestment in Australia/New Zealand.

In July SCA completed its acquisition of Georgia-Pacific's European tissue operations. which has a well-established presence in Europe in both the away-from-home (AFH) tissue and consumer tissue segments. The products are marketed primarily under the well-known Lotus brand. The purchase price was EUR 1.32bn on a debt-free basis.

During the quarter SCA acquired the outstanding 50% interest in the Chilean hygiene products company PISA (Papeles Industriales S.A.). The acquisition strengthens our expansion opportunities in Latin America. SCA also acquired an additional 5% of the shares in the Chinese tissue company Vinda.

January–June 2012 compared with corresponding period a year ago
Net sales decreased by 2% (increased by 4% excluding exchange rate effects and divestments) to SEK 18,582m (18,887). Higher volumes and prices increased sales by 3% and 1%, respectively. Divestments decreased sales by 8%. Sales in emerging markets increased by 16%, excluding exchange rate movements.

Sales of consumer tissue increased by 6%, excluding exchange rate effects and divestments, mainly related to Eastern Europe and Latin America.

Sales of AFH tissue increased by 2%, excluding exchange rate effects and divestments.

Operating profit excluding items affecting comparability improved by 50% (45% excluding exchange rate effects) to SEK 1,946m (1,295). Higher prices, an improved product mix, higher volumes, cost savings and lower raw material costs contributed to the earnings improvement.

The operating cash surplus increased to SEK 2,985m (2,346). Operating cash flow increased to SEK 2,549m (895). The higher operating cash surplus and lower level of working capital contributed to the increase.

Second quarter 2012 compared with second quarter 2011
Net sales decreased by 2% (increased by 4% excluding exchange rate effects and divestments). Higher volumes and prices increased sales by 2% and 1%, respectively. Acquisitions increased sales by 1%. Divestments decreased sales by 8%.

Sales of consumer tissue increased by 5%, excluding exchange rate effects and divestments. Emerging markets are showing strong sales growth.

Sales of AFH tissue increased by 2%, excluding exchange rate effects and divestments.

Operating profit excluding items affecting comparability improved by 53% (45% excluding exchange rate effects). Higher prices, a changed product mix and lower raw material costs had a favourable impact on earnings.

FOREST PRODUCTS

SEKm	**1206**	1106	%	**2012:2**	2011:1	%
Deliveries						
- Publication papers, thousand tonnes	**766**	780	-2	**369**	403	-8
- Solid-wood products, thousand m3	**1,094**	965	13	**597**	524	14
- Kraftliner products, thousand tonnes	**411**	373	10	**211**	191	10
- Pulp products, thousand tonnes	**255**	253	1	**118**	126	-6
Net sales	**9,651**	10,122	-5	**4,868**	5,322	-9
Operating surplus	**1,545**	2,106	-27	**830**	1,069	-22
Operating profit*	**764**	1,290	-41	**433**	659	-34
Operating margin, %*	**7.9**	12.7		**8.9**	12.4	
Operating cash flow	**486**	527		**309**	257	

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

SCA has acquired the French timber processing company PLF, the largest independent supplier of solid-wood products to builders merchants in France. PLF further processes approximately 70,000 cubic metres of solid-wood products annually. Operations are consolidated as from March 2012.

January–June 2012 compared with the corresponding period a year ago
Net sales decreased by 5% to SEK 9,651m (10,122). Higher volumes and acquisitions each increased sales by 1%. Lower prices decreased sales by 7%.

Sales of publication paper decreased as a result of lower volumes that were not fully compensated by slightly higher prices for magazine paper. Sales of kraftliner decreased as a result of lower prices that were not fully compensated by higher volumes. Sales of solid-wood products increased as a result of higher volumes which compensated for lower prices. Sales of pulp decreased as a result of lower prices.

Operating profit excluding items affecting comparability decreased by 41% to SEK 764m (1,290). The lower profit is mainly attributable to lower prices for pulp, kraftliner and solid-wood products. Productivity improvements that have been carried out had a favourable earnings impact. Publication papers showed improved earnings as a result of higher prices and slightly lower raw material costs.

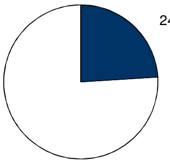
The operating cash surplus was SEK 1,164m (1,730), and operating cash flow totalled SEK 486m (527).

Second quarter 2012 compared with second quarter 2011
Net sales decreased by 9% to SEK 4,868m (5,322). Lower prices and volumes decreased sales by 7% and 3%, respectively. Acquisitions had a favourable impact on sales, by 1%.

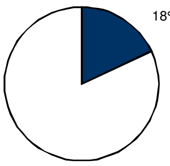
Sales of publication paper decreased due to lower volumes. Sales of kraftliner decreased as a result of lower prices that were not fully compensated by higher volumes. Sales of solid-wood products were level with the same period a year ago. Sales of pulp decreased as a result of lower prices and volumes.

Operating profit excluding items affecting comparability decreased by 34%, to SEK 433m (659). The decrease in profit is attributable to lower prices for kraftliner, pulp and solid-wood products, and higher raw material costs.

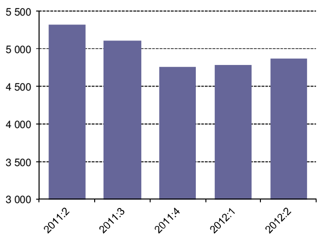
Share of Group, net sales
1206



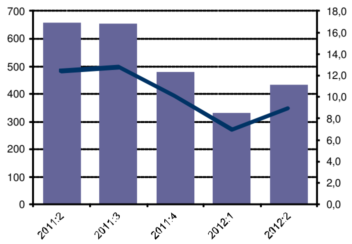
Share of Group, operating profit
1206



Net sales



Operating profit and margin



Deviations, operating profit (%)	
1206 vs. 1106	-41
Price/mix	-33
Volume	4
Raw material	-8
Energy	0
Currency	0
Other	-4

SHARE DISTRIBUTION

30 June 2012	Class A	Class B	Total
Registered number of shares	95,664,749	609,445,345	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 13.6%. During the second quarter, at the request of shareholders a total of 375,681 Class A shares were converted to Class B shares. After the end of the second quarter, a total of 13,037 Class A shares have been converted to Class B shares at the request of shareholders. The total number of votes in the company is 1,565,975,502.

RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 58–63 of the 2011 Annual Report. No significant changes have taken place that have affected the reported risks.

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.

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 unit heads. This means that most operational risks are managed by SCA's business units 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 units' regular reporting and the annual strategy process, where risks and risk management are a part of the process.

SCA's financial risk management is 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 aggregated 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, RFR 2. The accounting principles applied correspond to those described in the 2011 Annual Report, except for with respect to a number of minor amendments to existing standards and new interpretations that took effect on 1 January 2012. These are judged to not have any material effect on the Group's or the Parent Company's result of operations, financial position or disclosures.

On 30 June SCA's packaging operations were divested, excluding the kraftliner operations in Sweden, to the packaging company DS Smith. Based on this, the operations that were intended to be divested have been classified and reported as a disposal group held for sale, in accordance with IFRS 5. In calculations of the disposal group's profit for the period as well as assets, liabilities and cash flow, SCA has used the same accounting principles as for the rest of the Group, with certain, special additions, which are reported on in this section. The reported tax expense and deferred tax are based on what has been calculated for the respective units, with applicable adjustments for the disposal group and the rest of the Group as a whole. This approach has also been applied for items in net financial income and expense. Other items have been calculated and classified on the same basis as for the rest of the SCA Group.

FUTURE REPORTS

The third quarter interim report will be published on 18 October.

INVITATION TO PRESS TELECONFERENCE ON Q2

Media and analysts are invited to a press teleconference, where this interim report will be presented by Jan Johansson, President and CEO of SCA.

Time: Thursday, 19 July 2012, at 13.00 CET.

The presentation will be webcast live at www.sca.com. To participate, call: +44 (0) 207 0314 064,

+1 (954) 334-0342, or +46-(0)8-505 203 33.

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

Stockholm, 19 July 2012
SVENSKA CELLULOSA AKTIEBOLAGET (publ)

Sverker Martin-Löf
Chairman of the Board

Pär Boman
Director

Rolf Börjesson
Director

Anders Nyrén
Director

Louise Julian
Director

Leif Johansson
Director

Bert Nordberg
Director

Barbara Milian Thoralfsson
Director

Jan Johansson
Director
President and CEO

Lars Jonsson
Employee representative

Örjan Svensson
Employee representative

Thomas Wiklund
Employee representative

REVIEW REPORT

Introduction
We have reviewed this report for the period 1 January–30 June 2012 for Svenska Cellulosa Aktiebolaget SCA (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of review
We conducted our review in accordance with the Swedish Standard on Review Engagements (SÖG) 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards. The procedures performed in a review do not make it possible for us to obtain such certainty that we can be aware of all material circumstances that could have been identified if an audit was performed. The stated conclusion based on a review therefore does not have the same level of certainty as a stated conclusion based on an audit.

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

Stockholm, 19 July 2012

PricewaterhouseCoopers AB

Anders Lundin
Authorised Public Accountant

OPERATING CASH FLOW ANALYSIS

SEKm	**1206**	1106
Operating cash surplus	5,875	5,646
Change in working capital	-144	-1,203
Current capital expenditures, net	-1,069	-1,329
Restructuring costs, etc.	-493	-216
Operating cash flow	**4,169**	2,898
Financial items	-647	-597
Income taxes paid	-490	-568
Other	35	6
Cash flow from current operations	**3,067**	1,739
Acquisitions	-3,325	-278
Strategic capital expenditures, fixed assets	-873	-676
Divestments	17,752	0
Cash flow before dividend	**16,621**	785
Dividend	-2,950	-2,809
Cash flow after dividend	**13,671**	-2,024
Net cash flow from disposal group	468	107
Net cash flow	**14,139**	-1,917
Net debt at the start of the period*	**-36,648**	-34,406
Net cashflow	14,139	-1,917
Remeasurement to equity	-1,626	-459
Currency effects	-271	152
Net debt at the end of the period	**-24,406**	-36,630
Debt/equity ratio	0.41	0.55
Debt payment capacity, %	42	37

* Including disposal group

CASH FLOW STATEMENT

SEKm	**1206**	1106	**1206***	1106*
Operating activities				
Profit before tax	3,561	3,683		
Adjustment for non-cash items[1]	2,297	2,141		
	5,858	5,824		
Paid tax	-600	-578		
Cash flow from operating activities before changes in working capital	**5,258**	5,246		
Cash flow from changes in working capital				
Change in inventories	44	-460		
Change in operating receivables	-826	-1,088		
Change in operating liabilities	426	-397		
Cash flow from operating activities	**4,902**	3,301	**764**	234
Investing activities				
Acquisition of operations	-3,148	-279		
Sold operations	17,129	-5		
Acquisition tangible and intangible assets	-2,326	-2,356		
Sale of tangible assets	94	46		
Payment of loans to external parties	-147	0		
Repayment of loans from external parties	0	200		
Cash flow from investing activities	**11,602**	-2,394	**-321**	-311
Financing activities				
Borrowings	625	2,802		
Dividends paid	-2,952	-2,809		
Cash flow from financing activities	**-2,327**	-7	**-41**	-122
Cash flow for the period	**14,177**	900	**402**	-199
Cash and cash equivalents at the beginning of the year	2,752	1,866		
Exchange differences in cash and cash equivalents	-5	-9		
Cash and cash equivalents at the end of the period	**16,924**	2,757		

*Whereof Packaging operations divested June 2012.

Reconciliation with operating cash flow analysis		
Cash flow for the period	**14,177**	900
Deducted items:		
Payment of loans to external parties	147	0
Repayment of loans from external parties	0	-200
Borrowings	-625	-2,802
Amortisation of debt	0	0
Added items:		
Net debt in acquired and divested operations	441	190
Accrued interest	-1	-3
Investments through finance leases	0	-2
Net cash flow according to operating cash flow analysis	**14,139**	-1,917

[1] *Depreciation and impairment, fixed assets*	*2,861*	*2,975*
Fair-value measurement/net growth of forest assets	*-374*	*-361*
Unpaid related to efficiency programmes	*340*	*0*
Payments related to efficiency programmes already recognized	*-192*	*-367*
Other	*-338*	*-106*
Total	*2,297*	*2,141*

CONSOLIDATED INCOME STATEMENT, according to IAS 34 and IFRS 5

All lines except for the net profit line are excluding the packaging operations sold

SEKm	2012:2	2011:2	2012:1	1206	1106
Net sales	**20,273**	20,415	19,490	**39,763**	39,646
Cost of goods sold[1]	-15,131	-15,579	-14,669	-29,800	-30,096
Gross profit	**5,142**	4,836	4,821	**9,963**	9,550
Sales, general and administration[1]	-3,019	-3,047	-2,992	-6,011	-6,017
Items affecting comparability[2]	-260	0	-150	-410	0
Share in profits of associates	-18	21	5	-13	44
Operating profit	**1,845**	1,810	1,684	**3,529**	3,577
Financial items	-316	-283	-331	-647	-597
Profit before tax	**1,529**	1,527	1,353	**2,882**	2,980
Tax	-445	-366	-391	-836	-712
Net profit for the period continued operations	**1,084**	1,161	962	**2,046**	2,268
Net profit for the period from disposal group	234	225	269	503	457
Net profit for the period	**1,318**	**1,386**	**1,231**	**2,549**	2,725
Earnings attributable to:					
Owners of the parent	1,298	1,376	1,216	2,514	2,703
Non-controlling interests	20	10	15	35	22
Earnings per share, SEK - owners of the parent total operations					
- before dilution effects	1.85	1.96	1.73	3.58	3.85
- after dilution effects	1.85	1.96	1.73	3.58	3.85
Earnings per share, SEK - owners of the parent continued operations					
- before dilution effects	1.51	1.64	1.35	2.86	3.20
- after dilution effects	1.51	1.64	1.35	2.86	3.20

Calculation of earnings per share	**2012:2**	2011:2	2012:1	1206	1106
Earnings attributable to owners of the parent	1,298	1,376	1,216	2,514	2,703
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**	-1,201	-1,240	-1,152	-2,353	-2,470
[2]**Distribution of items affecting comparability**					
Distribution of restructuring costs					
Cost of goods sold	-10	0	-2	-12	0
Sales, general and administration	-250	0	-148	-398	0
Goodwill impairment, etc.	0	0	0	0	0
Total items affecting comparability	-260	0	-150	-410	0
Gross margin	**25.4**	23.7	24.7	**25.1**	24.1
Operating margin	**9.1**	8.9	8.6	**8.9**	9.0
Financial net margin	-1.6	-1.4	-1.7	-1.6	-1.5
Profit margin	**7.5**	7.5	6.9	**7.3**	7.5
Tax	-2.2	-1.8	-2.0	-2.1	-1.8
Net margin[1]	**5.3**	5.7	4.9	**5.2**	5.7

[1] Excluding Net profit for the period from disposal group

Excluding items affecting comparability:	**2012:2**	2011:2	2012:1	**1206**	1106
Gross margin	**25.4**	23.7	24.7	**25.1**	24.1
Operating margin	10.4	8.9	9.4	9.9	9.0
Financial net margin	-1.6	-1.4	-1.7	-1.6	-1.5
Profit margin	**8.8**	**7.5**	**7.7**	**8.3**	7.5
Tax	-2.4	-1.8	-2.1	-2.2	-1.8
Net margin[1]	**6.4**	**5.7**	**5.6**	**6.1**	**5.7**

[1] Excluding Net profit for the period from disposal group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	**2012:2**	2011:2	2012:1	**1206**	1106
Profit for the period	**1,318**	1,386	1,231	**2,549**	2,725
Other comprehensive income for the period					
Actuarial gains/losses on defined benefit pension plans	-1,257	-800	-408	-1,665	-458
Available-for-sale financial assets	-116	-124	190	74	-98
Cash flow hedges	-109	-241	117	8	-136
Exchange differences on translating foreign operations	-586	1,693	-865	-1,451	125
Gains/losses from hedges of net investments in foreign operations	107	-756	523	630	-408
Income tax relating to components of other comprehensive income	442	351	38	480	221
Other comprehensive income for the period, net of tax	-1,519	123	-405	**-1,924**	-754
Total comprehensive income for the period	-201	1,509	826	**625**	1,971
Total comprehensive income attributable to:					
Owners of the parent	-220	1,483	819	599	1,941
Non-controlling interests	19	26	7	26	30

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	**1206**	1106
Attributable to owners of the parent		
Opening balance, 1 January	60,752	67,255
Total comprehensive income for the period	599	1,941
Dividend	-2,950	-2,809
Revaluation of non-controlling interests	-2	-2
Closing balance	**58,399**	66,385
Non-controlling interests		
Opening balance, 1 January	539	566
Total comprehensive income for the period	26	30
Dividend	-2	0
Change in Group composition	-7	0
Closing balance	**556**	596
Total equity, closing balance	**58,955**	66,981

CONSOLIDATED BALANCE SHEET

SEKm	**30 June 2012**	31 December 2011
Assets		
Goodwill	10,324	9,433
Other intangible assets	3,453	2,629
Tangible assets	70,164	69,328
Shares and participations	2,492	1,136
Non-current financial assets	2,435	2,083
Other non-current receivables	1,278	902
Total non-current assets	**90,146**	85,511
Operating receivables and inventories	24,983	25,577
Current financial assets	160	292
Non-current assets held for sale	1	3,379*
Cash and cash equivalents	16,924	2,644
Total current assets	**42,068**	31,892
Assets in disposal group held for sale	0	21,601**
Total assets	**132,214**	139,004
Equity		
Owners of the parent	58,399	60,752
Non-controlling interests	556	539
Total equity	**58,955**	61,291
Liabilities		
Provisions for pensions	4,882	3,301
Other provisions	9,736	9,350
Non-current financial liabilities	26,611	27,711
Other non-current liabilities	841	857
Total non-current liabilities	**42,070**	41,219
Current financial liabilities[1]	12,285	9,266
Other current liabilities	18,904	19,627
Total current liabilities	**31,189**	28,893
Liabilitites in disposal group held for sale	0	7,601**
Total liabilities	**73,259**	77,713
Total equity and liabilities	**132,214**	139,004

[1] *Committed credit lines amount to SEK 17,827m of which unutilised SEK 17,827m.*
* *Mainly assets in Australia/New Zealand*
** *Disposal of packaging operations*

Debt/equity ratio	0.41	0.60
Visible equity/assets ratio	44%	44%
Return on capital employed	9%	3%
Return on equity	7%	0%
Excluding items affecting comparability:		
Return on capital employed	10%	9%
Return on equity	10%	7%
Capital employed	83,361	82,745
- of which working capital	6,618	6,816
Provisions for restructuring costs are included in the balance sheet as follows:		
- Other provisions*	379	329
- Operating liabilities	298	396
*) of which, provision for tax risks	247	247
Net debt	24,406	36,648***
Total Equity	58,955	61,291
***) including disposal group		

NET SALES

SEKm	**1206**	1106	**2012:2**	2012:1	2011:4	2011:3	2011:2	2011:1
Personal Care	12,771	11,936	6,530	6,241	6,529	6,310	6,116	5,820
Tissue	18,582	18,887	9,461	9,121	10,280	9,951	9,609	9,278
Forest Products	9,651	10,122	4,868	4,783	4,767	5,114	5,322	4,800
Other	798	978	418	380	393	510	510	468
Intra-group deliveries	-2,039	-2,277	-1,004	-1,035	-1,034	-1,129	-1,142	-1,135
Total net sales	**39,763**	39,646	**20,273**	19,490	20,935	20,756	20,415	19,231

OPERATING PROFIT

SEKm	**1206**	1106	**2012:2**	2012:1	2011:4	2011:3	2011:2	2011:1
Personal Care	1,449	1,165	781	668	792	688	582	583
Tissue	1,946	1,295	1,021	925	1,046	809	668	627
Forest Products	764	1,290	433	331	479	654	659	631
Other	-220	-173	-130	-90	-178	-129	-99	-74
Total operating profit[1]	**3,939**	3,577	**2,105**	1,834	2,139	2,022	1,810	1,767
Financial items	-647	-597	-316	-331	-367	-361	-283	-314
Profit before tax[1]	**3,292**	2,980	**1,789**	1,503	1,772	1,661	1,527	1,453
Tax[1]	-892	-712	-479	-413	-480	-443	-366	-346
Net profit for the period from disposal group	503	457	234	269	265	178	225	232
Net profit for the period[1]	**2,903**	2,725	**1,544**	1,359	1,557	1,396	1,386	1,339
[1]Excluding items affecting comparability before tax amounting to:	-410	0	-260	-150	-5,287	-152	0	0
After tax amounting to:	-354	0	-226	-128	-4,959	-112	0	0

OPERATING MARGIN

%	**1206**	1106	**2012:2**	2012:1	2011:4	2011:3	2011:2	2011:1
Personal Care	11.3	9.8	12.0	10.7	12.1	10.9	9.5	10.0
Tissue	10.5	6.9	10.8	10.1	10.2	8.1	7.0	6.8
Forest Products	7.9	12.7	8.9	6.9	10.0	12.8	12.4	13.1

CONSOLIDATED INCOME STATEMENT

SEKm	**2012:2**	2012:1	2011:4	2011:3	2011:2
Net sales	**20,273**	19,490	20,935	20,756	20,415
Cost of goods sold	-15,131	-14,669	-15,726	-15,879	-15,579
Gross profit	**5,142**	4,821	5,209	4,877	4,836
Sales, general and administration	-3,019	-2,992	-3,087	-2,877	-3,047
Items affecting comparability	-260	-150	-5,287	-152	0
Share in profits of associates	-18	5	17	22	21
Operating profit	**1,845**	1,684	-3,148	1,870	1,810
Financial items	-316	-331	-367	-361	-283
Profit before tax	**1,529**	1,353	-3,515	1,509	1,527
Taxes	-445	-391	-152	-403	-366
Net profit for the period from disposal group	234	269	265	178	225
Net profit for the period	**1,318**	1,231	-3,402	1,284	1,386

INCOME STATEMENT PARENT COMPANY

SEKm	**1206**	1106
Administrative expenses	-354	-247
Other operating income	71	98
Other operating expenses	-71	-98
Operating profit	**-354**	-247
Financial items	768	1,623
Profit before tax	**414**	1,376
Tax	436	396
Net profit for the period	**850**	1,772

BALANCE SHEET PARENT COMPANY

SEKm	30 June 2012	31 December 2011
Intangible fixed assets	1	1
Tangible fixed assets	6,543	6,504
Financial fixed assets	127,961	127,503
Total fixed assets	134,505	134,008
Total current assets	848	1,512
Total assets	**135,353**	135,520
Restricted equity	10,996	10,996
Unrestricted equity	36,138	38,238
Total equity	47,134	49,234
Untaxed reserves	169	169
Provisions	957	915
Non-current liabilities	16,167	15,811
Current liabilities	70,926	69,391
Total equity, provisions and liabilities	**135,353**	135,520

For further information, please contact:

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NB

SCA discloses the information provided herein pursuant to the Securities Markets Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. Submitted for publication on 19 July 2012, at 12.00 CET.