

Year-end Report 2016



Magnus Groth

President and CEO

Summary 2016



- Organic sales increased 2%¹⁾
 - ◆ Hygiene business +3%, Forest Products -3%, Emerging markets +7%
- Increased organic operating profit²⁾ and increased operating margin³⁾
- Strong contribution from efficiency gains
- Strong cash flow
- Introduced 23 innovations under brands such as Libero, Libresse, Lotus, Tempo, TENA and Tork
- The Board of Directors proposes an increase in the dividend by 4.3% to SEK 6.00 per share (5.75)



¹⁾ Sales which excludes exchange rate effects, acquisitions and divestments

²⁾ Operating profit which excludes items affecting comparability, currency translation effects, acquisitions and divestments

³⁾ Adjusted operating profit margin which excludes items affecting comparability

Summary 2016

Significant Initiatives



- Completed acquisition of Wausau Paper Corp.
- Divestment of South East Asian, Taiwan and South Korean businesses to Vinda
- Restructuring measures in Tissue in France and Spain
- Potential split of the Group into two listed companies; hygiene and forest products
- New vision and enhanced strategic framework
- Decision to close baby diaper business in Mexico and the hygiene business in India
- Entered agreement to acquire BSN medical, a leading medical solutions company



Group

2016 vs 2015

Net Sales

SEK
117,314m
+2%

Organic Sales¹⁾

+2%

Adjusted Operating Profit²⁾

SEK
13,989m
+8%³⁾

Adjusted Operating Margin²⁾

11.9%
+60bp

EPS

SEK 7.93
-20%⁴⁾

Operating Cash Flow

SEK
14,948m
+16%

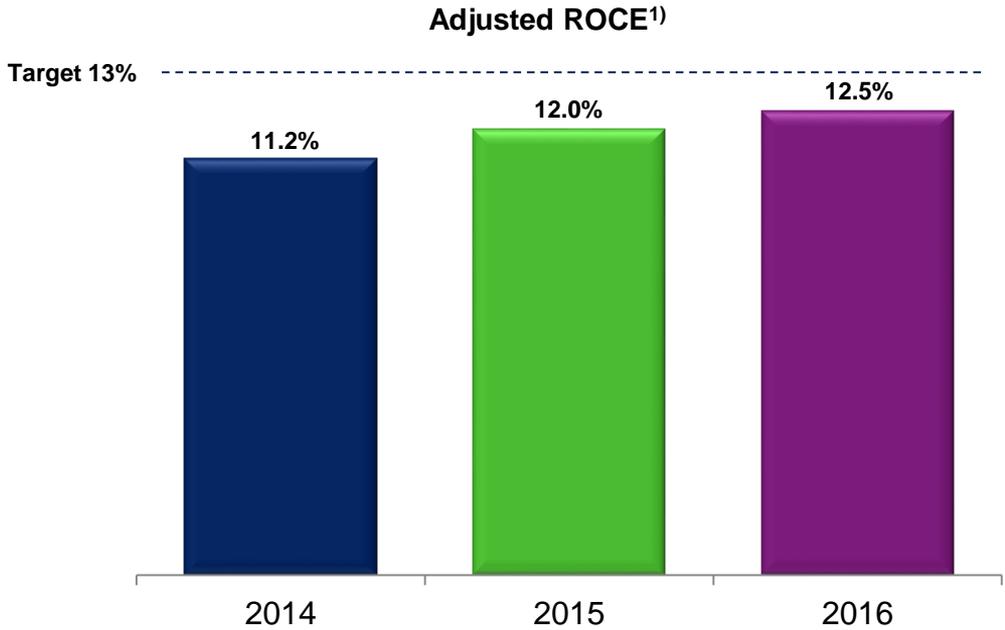
¹⁾ Sales which excludes exchange rate effects, acquisitions and divestments

²⁾ Excluding items affecting comparability

³⁾ Excluding items affecting comparability, currency translation effects, acquisitions and divestments

⁴⁾ Excluding items affecting comparability and a tax provision of SEK 1,300m (300): SEK 13.09 +7%

Group Adjusted ROCE¹⁾



¹⁾ Return on capital employed excluding items affecting comparability

Dividend



The Board of Directors proposes
an increase in the dividend by 4.3% to
SEK 6.00 per share (5.75)

SCA Enhanced Strategic Framework



VISION

“Dedicated to improving well-being through leading hygiene and health solutions”

MISSION

To sustainably develop, produce, market and sell value-added hygiene and forest products and services

OBJECTIVES

Generate increased **shareholder** value through profitable growth

Enable more **people** every day to enjoy a fuller life

Contribute to a sustainable and circular **society**

Enable our **employees** to realize their full potential, as part of one winning team

STRATEGIES

Win in chosen **geographies and categories**

Focus on **customers and consumers**

Innovate bigger brands

Drive **efficiency**

SCA to Acquire BSN Medical

A Value Creating Acquisition



- BSN medical develops, manufactures, markets and sells products within wound care, compression therapy and orthopedics with well-known brands
- BSN medical reported net sales 2015 amounted to EUR 861m, adjusted EBITDA¹⁾ EUR 201m and adjusted operating profit²⁾ EUR 137m
- New growth platform and excellent strategic fit supporting SCA's vision
- Purchase price EUR 1,400m for the shares and net debt 1,340m³⁾
- Expected annual synergies of at least EUR 30m
- High cash conversion and an asset light business model
- Accretive to SCA's earnings per share from year one



¹⁾ Excluding items affecting comparability

²⁾ Excluding items affecting comparability and including BSN medical's purchase price allocation amortization

³⁾ Estimated as per December 31, 2016

Innovations 2016



Group

Q4 2016 vs. Q4 2015



¹⁾ Sales which excludes exchange rate effects, acquisitions and divestments

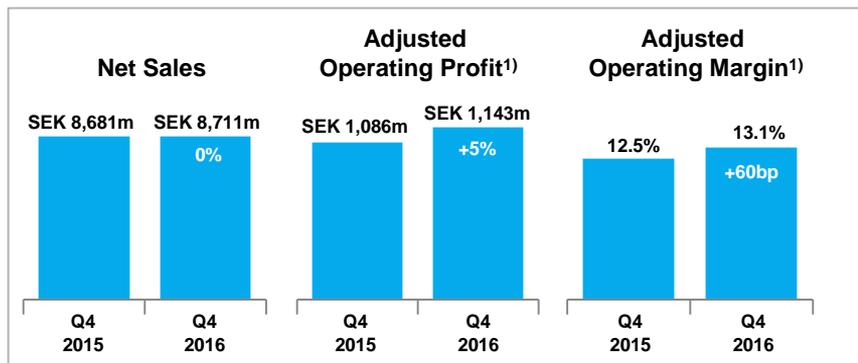
²⁾ Excluding items affecting comparability

³⁾ Excluding items affecting comparability, currency translation effects, acquisitions and divestments

⁴⁾ Excluding items affecting comparability and a tax provision of SEK 300m in Q4 2015: SEK 2.87 -15%

Personal Care

Q4 2016 vs Q4 2015



- **Net sales 0%**
- **Organic sales decreased 1%**
- **Adjusted operating profit¹⁾ +5%**
 - ◆ Better price/mix
 - ◆ Cost savings
 - ◆ Lower volumes
 - ◆ Investments in increased marketing activities
 - ◆ Negative impact from weaker GBP and MXN
- **Adjusted operating margin¹⁾ 13.1%**
- **Adjusted ROCE²⁾ 34.7%**

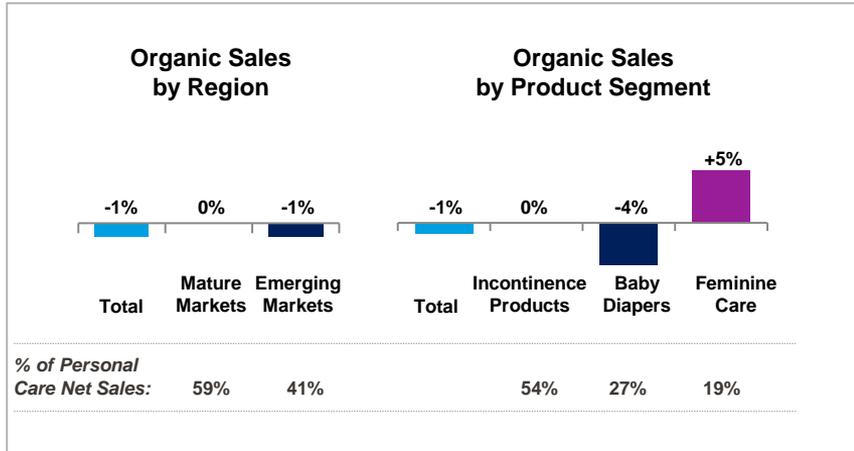


¹⁾ Excluding items affecting comparability

²⁾ Adjusted return on capital employed excluding items affecting comparability

Personal Care

Q4 2016 vs Q4 2015



- **Organic sales decreased 1%**

- ◆ Price/mix +1%
- ◆ Volume -2%
- ◆ Lower sales for baby diapers
- ◆ Higher sales for feminine care

- **Mature markets**

- ◆ Western Europe
 - Flat sales for incontinence products
 - Higher sales for baby diapers and feminine care
- ◆ North America
 - Lower sales for incontinence products

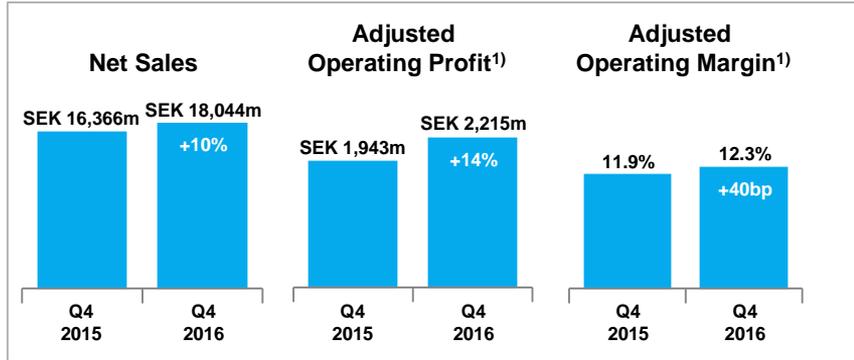
- **Emerging markets**

- ◆ Latin America +5%
 - Good growth for incontinence products and feminine care
 - Lower sales for baby diapers
- ◆ Russia -30%
 - Lower sales for all personal care categories
- ◆ Africa -14%
 - Lower sales for baby diapers
- ◆ Asia 0%



Tissue

Q4 2016 vs Q4 2015



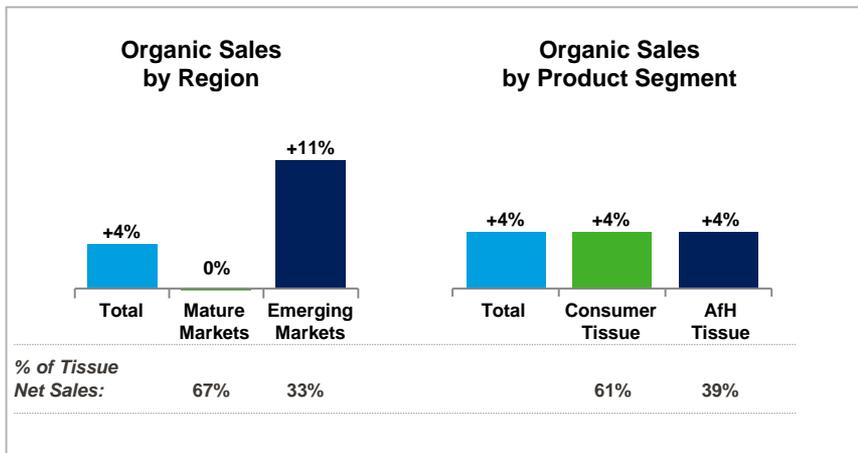
- **Net sales +10%**
- **Organic sales increased 4%**
- **Adjusted operating profit¹⁾ +14%**
 - ◆ Higher volumes
 - ◆ Better price/mix
 - ◆ Cost savings
 - ◆ Lower raw material and energy costs
 - ◆ Acquisition of Wausau Paper Corp.
 - ◆ Investments in increased marketing activities
 - ◆ Negative impact from weaker GBP and MXN
- **Adjusted operating margin¹⁾ 12.3%**
- **Adjusted ROCE²⁾ 14.4%**

¹⁾ Excluding items affecting comparability

²⁾ Adjusted return on capital employed excluding items affecting comparability

Tissue

Q4 2016 vs Q4 2015



- **Organic sales increased 4%**

- ◆ Price/mix 0%
- ◆ Volume +4%
- ◆ Strong growth in emerging markets

- **Mature markets**

- ◆ Western Europe
 - Lower sales for consumer tissue due to lower sales of mother reels
 - Slightly higher sales for AfH tissue
- ◆ North America
 - Higher sales for AfH tissue

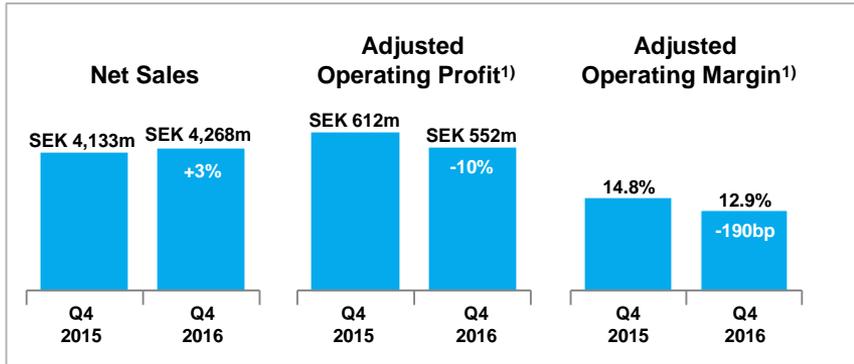
- **Emerging markets**

- ◆ Asia +18%
- ◆ Latin America +5%
- ◆ Russia +4%



Forest Products

Q4 2016 vs Q4 2015



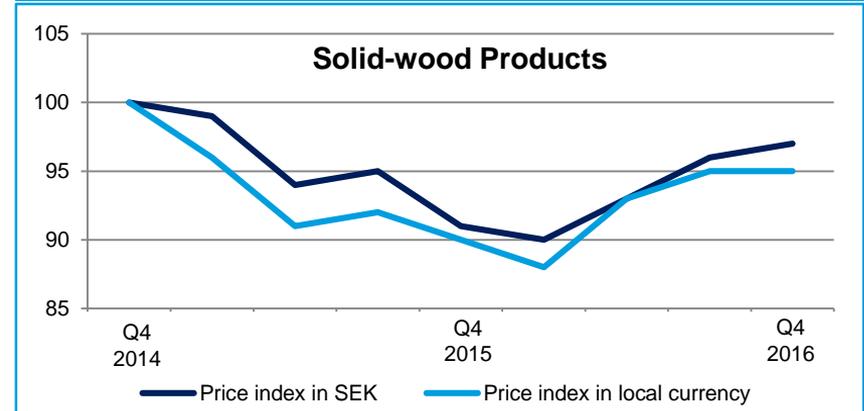
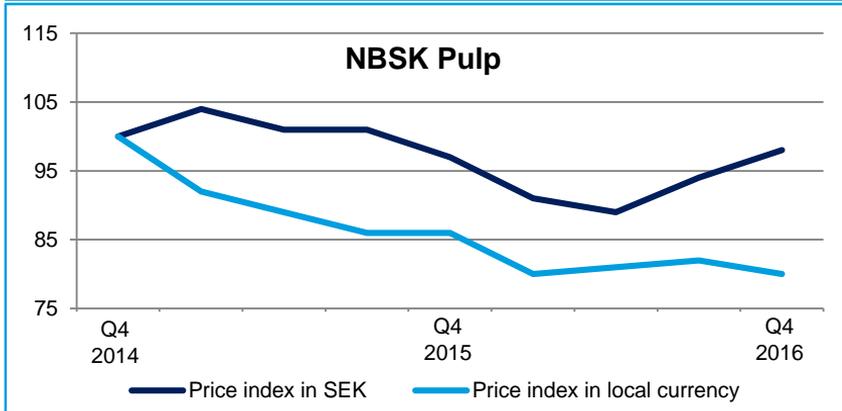
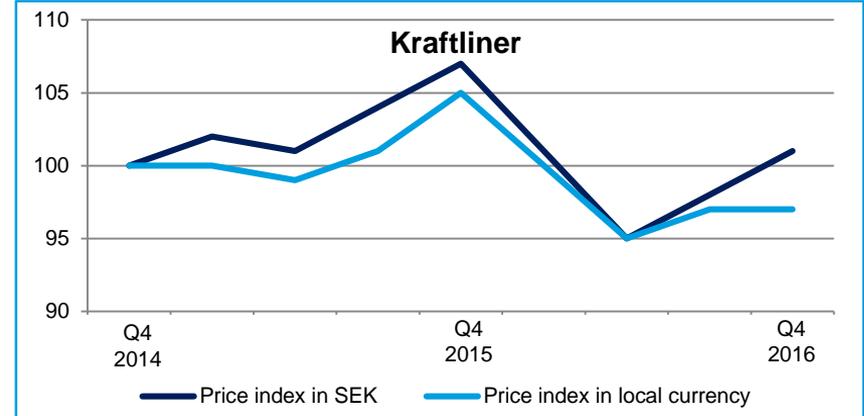
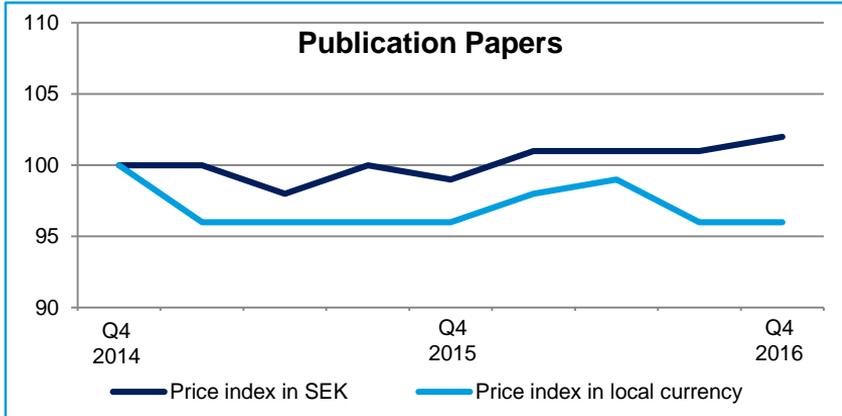
¹⁾ Excluding items affecting comparability

²⁾ Adjusted return on capital employed excluding items affecting comparability

- **Net sales +3%**
- **Organic sales increased 4%**
 - ◆ Price/mix 0%
 - ◆ Volume +4%
 - ◆ Closure of publication paper machine -3%
- **Adjusted operating profit¹⁾ -10%**
 - ◆ Higher energy and raw material costs
 - ◆ Higher volumes
 - ◆ Lower distribution costs
- **Adjusted operating margin¹⁾ 12.9%**
- **Adjusted ROCE²⁾ 5.5%**
- **Biological assets adjustments**

Forest Products

Price Development

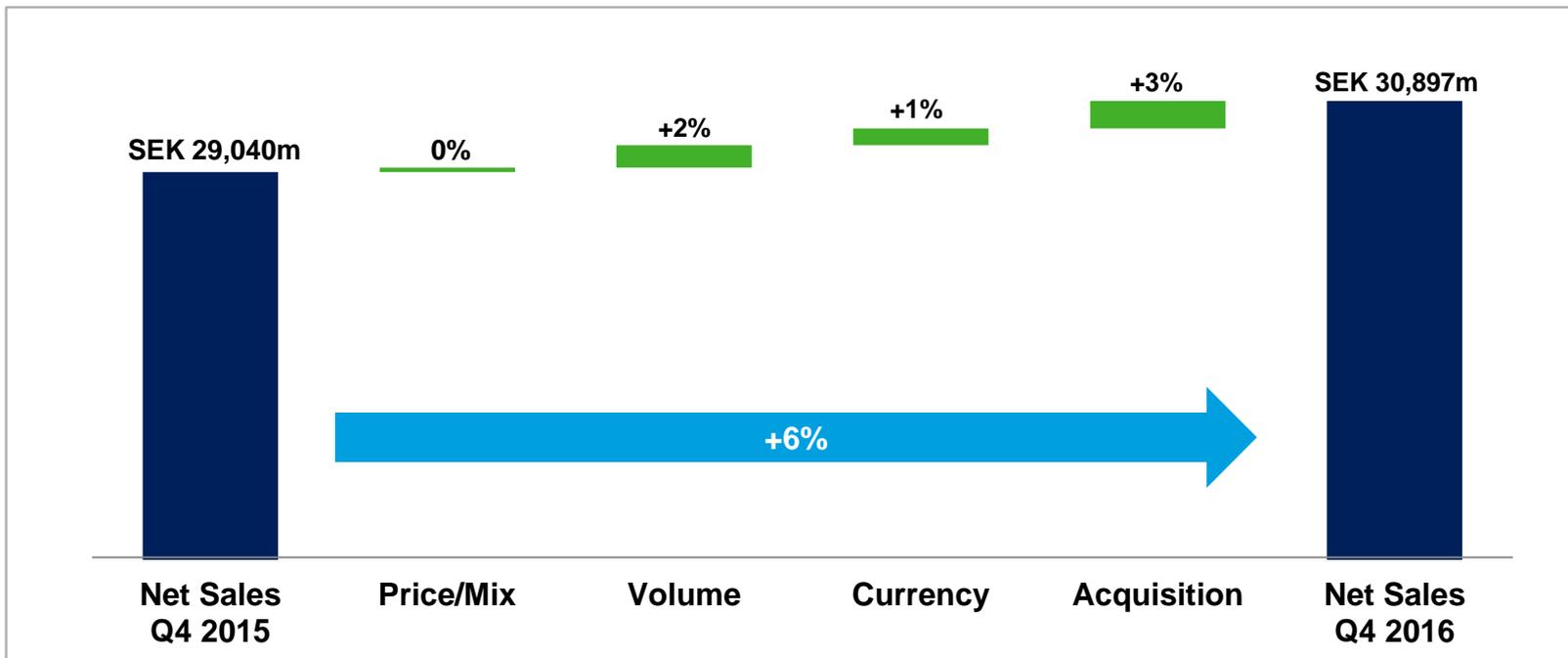


Fredrik Rystedt

Executive Vice President and CFO

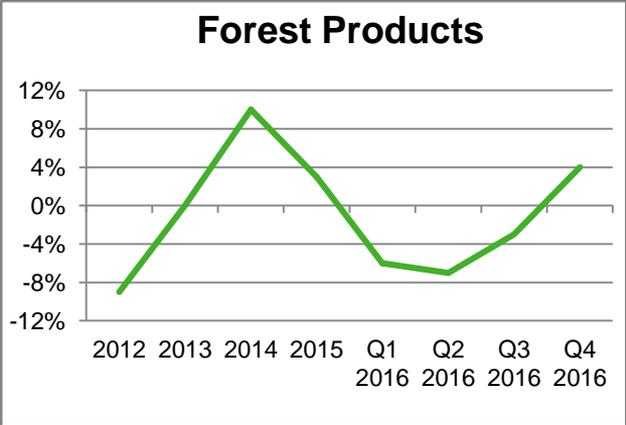
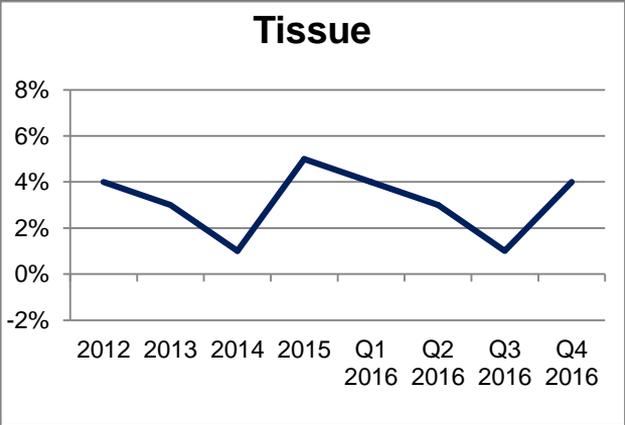
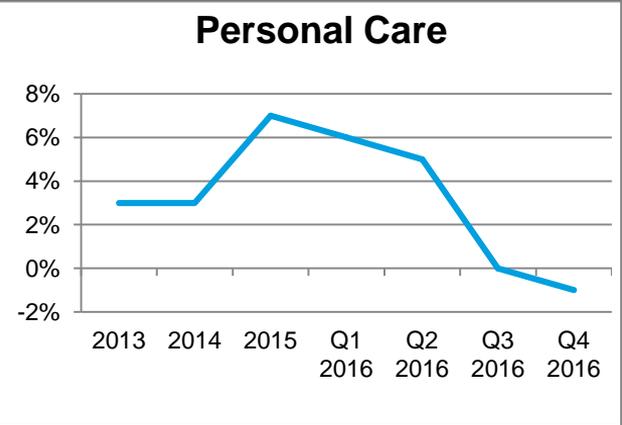
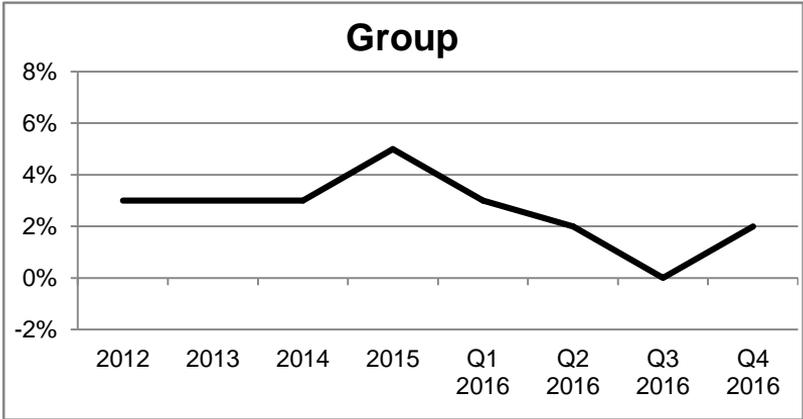
Group Net Sales

Q4 2016 vs. Q4 2015



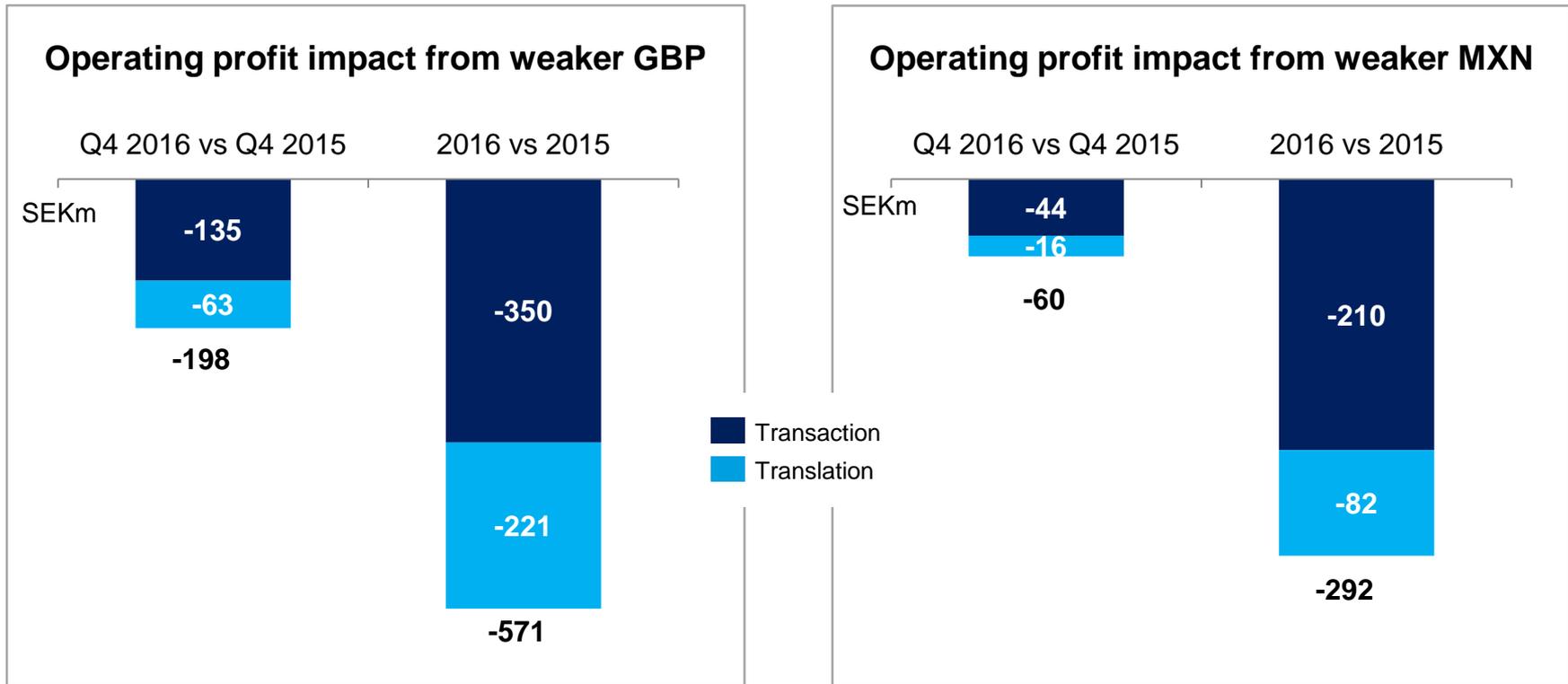
- Organic sales increased 2%
- ◆ Price/Mix 0%
- ◆ Volume +2%

Organic Sales



Group Adjusted Operating Profit¹⁾

Impact from Weaker GBP and MXN Currencies



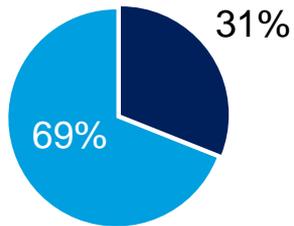
¹⁾ Excluding items affecting comparability

Group

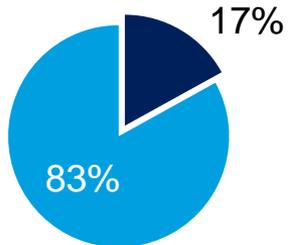
Mature Markets and Emerging Markets

2014

Share of Net Sales

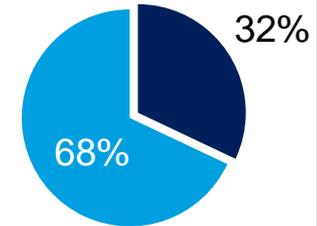


Share of Operating Profit

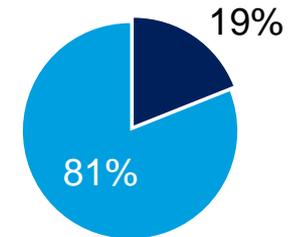


2016

Share of Net Sales



Share of Operating Profit



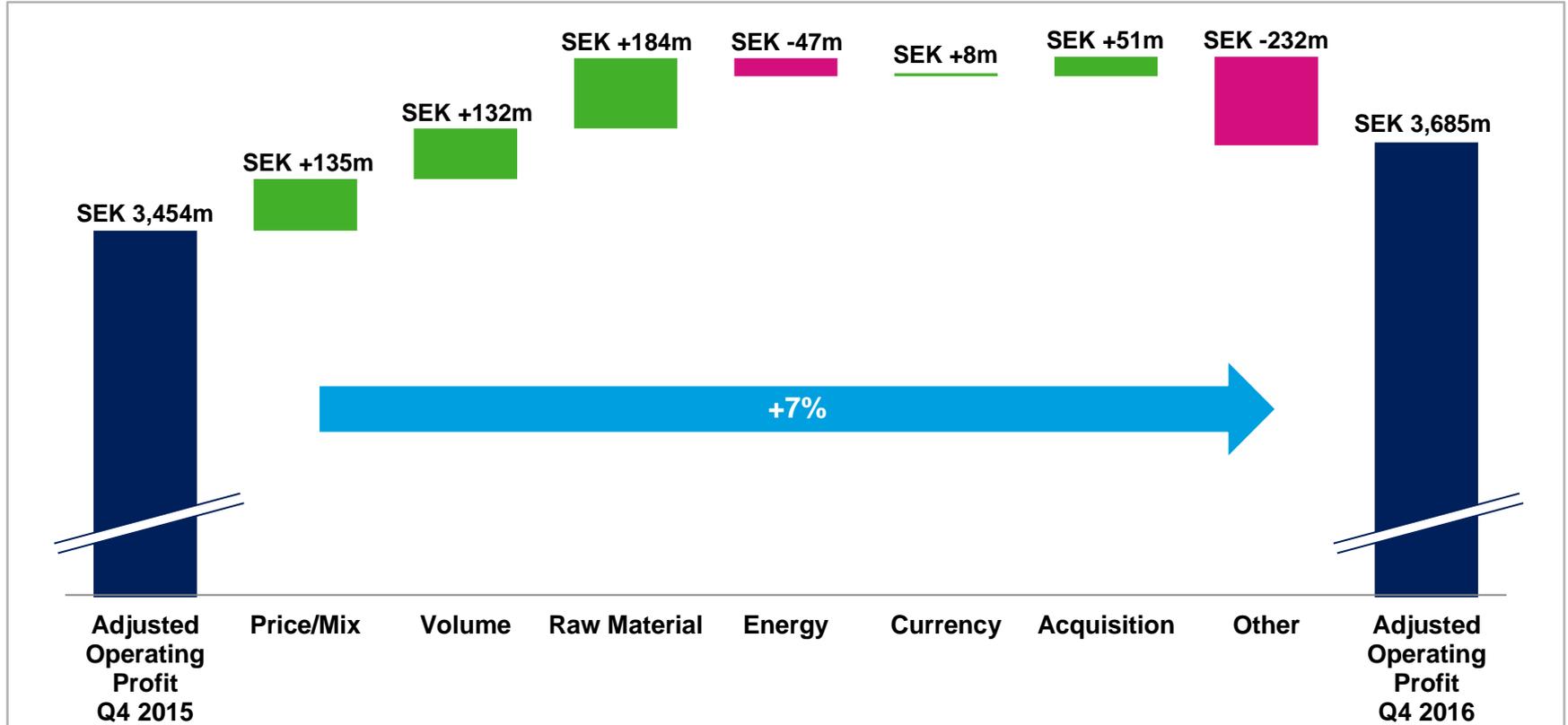
Operating Margin	2014*	2015	2016
Mature markets	13.0%	13.3%	14.1%
Emerging markets	6.4%	7.0%	7.1%
Total Group	11.1%	11.3%	11.9%

*excluding gains on forest swaps

■ Emerging markets
■ Mature markets

Group Adjusted Operating Profit¹⁾

Q4 2016 vs. Q4 2015



¹⁾ Excluding items affecting comparability

Group Cash Flow

Q4 2016 vs Q4 2015



	Q4 2016 SEKm	Q4 2015 SEKm
Operating cash surplus	5,165	4,798
Change in working capital	1,509	465
Restructuring costs and other operating cash flow	-625	-150
Capital expenditures (including strategic)	-3,517	-2,948
Operating cash flow including strategic capital expenditures	2,532	2,165

Group Items Affecting Comparability

Q4 2016



	Q4 2016 SEKm
Costs for discontinuation of Indian hygiene business	-375
Transaction costs for BSN medical	-145
Wausau Paper Corp.	-50
Other, including costs for measures at the tissue production plant in Hondouville, France	-126
Total items affecting comparability	-696

Biological Assets

2016 Adjustments



- Weighted average cost of capital decreased from 6.25% to 5.25%
- Adjustment of future prices and costs
 - ◆ Based on the trends over the most recent five years instead of ten years
 - ◆ Average wood price has been reduced from 467 SEK/m³sub to 432 SEK/m³sub



¹⁾ Adjusted for storm effects

Biological Assets

2016 Adjustments



	SEKbn
Value, January 1, 2016	30.1
Adjustment of Weighted average cost of capital	+7.1
Adjustment of future prices and costs	-6.7
Other changes	+0.3
Value, December 31, 2016	30.8

Estimated Costs for Potential Split of the Group



	SEKm
Project and listing costs	320
One-time foreign tax on fixed assets outside Sweden	450
Branding	300
Total	1,070
Of which:	
Financial items	120
Equity	155
Items Affecting Comparability	795

- Cost of SEK 80m impacted Q4 2016
- Estimated need of recruiting in Forest Products of 15-20 positions at the headquarter in Sundsvall

Magnus Groth

President and CEO

Summary 2016

- Strong financial performance
- Actions for profitable growth
- Significant initiatives and acquisitions supporting enhanced strategic framework
- Potential split of the Group
- The Board of Directors proposes an increase in the dividend by 4.3% to SEK 6.00 per share (5.75)





This presentation may contain forward-looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read our most recent annual report for a better understanding of these risks and uncertainties.



SCA
Care of Life

