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Svenska Cellulosa Aktiebolaget SCA

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Svenska Cellulosa Aktiebolaget SCA

Major Rating Factors

Corporate Credit Rating
BBB+/Negative/A-2

Strengths:

- Well-diversified earnings base.
- Relatively stable hygiene product markets
- Good market and cost positions, and a high level of vertical integration.
- Good operating cash flow generation over the cycle.

Weaknesses:

- Cyclical markets for publication paper and packaging businesses.
- Exposure to volatile input costs.
- High investment levels.
- Cash flow credit metrics currently below our expectations at the current rating level.

Rationale

The ratings on Sweden-based global hygiene and paper products company Svenska Cellulosa Aktiebolaget SCA (SCA) reflect the group's diverse earnings base, leading positions in its core hygiene and packaging markets, high level of integration, and Standard & Poor's Ratings Services assessment of SCA's financial risk profile as intermediate.

Key business and profitability developments

SCA's operating performance improved distinctly in the second and third quarter of 2009 compared with a relatively weak performance since the beginning of 2008. The improvement came primarily as a result of favorable currency exchange rate effects combined with resilient demand in SCA's hygiene businesses. Lower raw material and energy costs together with higher selling prices in the hygiene businesses were other factors which contributed to a strengthening of the results. Furthermore, SCA has been relatively successful in implementing internal measures, such as a cost saving program in the packaging division and synergy realizations in the tissue division.

SCA's operating margin for the 12 months ended Sept. 30, 2009, improved to about 15% compared with 14.2% in the previous quarter and 13.9% in the corresponding period of the previous year.

We reiterate our base case expectations of SCA being able to continue to improve its operating performance in the near to medium term, with a continued healthy performance of the hygiene businesses as a key element. The non-cyclical demand patterns for hygiene products as well as SCA's position in emerging markets are favorable factors in this respect, while high marketing costs and the risk of gradually higher input costs may temper further improvement of profitability somewhat.

Our main concerns, however, relate to SCA's exposure to the challenging European packaging markets. Demand for packaging products remains weak, and liner price increases implemented in September and October 2009 will impact results (through higher corrugated board prices), but with a time lag of three to six months. Furthermore, large capacity additions are being commissioned over the near term, which adds to the risk of renewed supply/demand imbalance. A mitigating factor is an ongoing cost saving program within SCA's packaging division,

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targeting about SEK1.1 billion in annual savings from mid-2010.

Further downside risk to SCA's profitability, in our view, primarily relates to further strengthening of the Swedish krona against the euro.

Key cash flow and capital-structure developments

SCA's credit measures gradually improved in 2009, roughly in line with our base-case scenario. Adjusted debt decreased sharply in the third quarter due to improved operating cash flow generation, and due to a strengthening of the Swedish krona against the euro and the U.S. dollar. Adjusted funds from operations stood at 27.6% for the 12 months ended Sept. 30, compared with 22.8% in June and 20.6% in March. Although improved, this ratio is still below our near-term expectations of 30% at the current rating level. Positively, free operating cash flow (FOCF) generation has been healthy, partly due to improved operating cash flow, but also due to lower dividends and a substantial release of working capital. This is a supportive factor at the current rating level, partly offsetting weak credit measures.

In our base-case scenario, SCA is able to continue to improve its financial performance in 2010, primarily through improved operating cash flows. We maintain, however, our view of downside risk with regards to the pace and extent of the potential recovery. This is based primarily on the risk of continued operating challenges, as well as relatively high expansionary capital expenditure. In addition, further fluctuations of the Swedish krona against the euro or U.S. dollar could cause volatility in debt levels, profitability, and cash flows. Although we note the acquisition in the fourth quarter 2009, of a feminine care company in Argentina for SEK165 million (on a debt-free basis through a half-owned joint venture in Colombia), we expect SCA's acquisition activity to be limited in the near term.

Short-term credit factors

The short-term rating is 'A-2', reflecting our view that the group's liquidity position is adequate. Liquidity is supported by large backup facilities, which balance SCA's substantial exposure to short-term financing. On Sept. 30, 2009, short-term debt amounted to SEK16.6 billion, of which SEK13 billion consisted of outstanding commercial paper with maturities of up to five months. The remaining SEK3.1 billion related to financial leases, subsidiary funding, and other short-term portions of long-term debt. Short-term borrowings are backed by committed syndicated and bilateral credit facilities totaling about SEK30.6 billion, unused as of Sept. 30, 2009. In addition, the group had about SEK6 billion in liquid funds.

SCA's main long-term credit facilities are a €1.1 billion facility maturing in 2012, a €1 billion facility due in 2014, and bilateral credit facilities totaling about SEK8 billion (the majority expiring in 2010, 2011, and 2013). In addition, the group signed a SEK3 billion bilateral credit facility in December 2009. The facilities have no financial covenants or material adverse change clauses that would restrict SCA from drawing under them.

As of Sept. 30, 2009, the group's debt maturities (excluding commercial paper) in the remainder of 2009 and in 2010 amounted to about SEK1.3 billion and SEK4.8 billion, respectively. Debt maturities in 2011 and 2012 were about SEK8.6 billion and SEK1.2 billion.

Over the short term, operating cash flow generation is likely to continue to exceed working capital and capital expenditure needs. Furthermore, we assume that SCA has a degree of flexibility in terms of capital expenditure, if necessary, to mitigate liquidity pressure.

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Outlook

The negative outlook reflects our assessment that there is minimal room for deterioration in SCA's financial performance at the current rating level. It also reflects the possibility that we will lower the ratings if SCA's operating cash flows and credit measures fail to improve further over the near to medium term, owing to weak market conditions. This means, for example, that we would expect adjusted funds from operations to debt to reach levels of 30% in the short term. Although not currently expected, any major debt-financed acquisition would also create downside risk for the ratings.

The outlook could be revised to stable if SCA were successful in strengthening its operating performance through price increases and/or cost reductions to restore margins and cash flows and maintain what we regard as an intermediate financial risk profile, with funds from operations to adjusted debt of about 30%-35%.

Business Description

SCA is a leading company in Europe within its main business areas: hygiene products (tissues, baby diapers, incontinence products, and feminine hygiene products) and packaging (corrugated board and containerboard). The group also produces publication papers (magazine papers and newsprint), and has integrated pulp production and forest and sawn timber operations. SCA's 4.9 million acres of productive forestland make the group one of the largest private owners of European forest. In 2008, net sales totaled SEK110 billion (see table 1). Europe accounted for about 78% and North America for about 11%, while most of the remainder was in Latin America and the Asia-Pacific region. Germany (14% of total revenue in 2008), the U.K. (11%), and France (8%) are the group's largest markets. SCA is publicly listed, and its largest shareholder is Industrivarden, AB (A/Stable/A-1), with 30% of the votes.

Table 1

Svenska Cellulosa Aktiebolaget SCA Reported Operating Statistics By Business Group (Not Adjusted)

	--Sales (Mil. SEK)*--		--EBITDA margin (%)--	
	2008	2007	2008	2007
Personal care	23,331	22,101	16.9	17.9
Tissue	38,380	33,332	11.6	11.8
Packaging	33,441	33,728	9.2	12.5
Forest products	16,710	18,744	17.2	22.4
Group total	110,449	105,913	12.6	18.7

*Includes some internal sales. SEK--Swedish krona.

Business Risk Profile: Strong Position In Stable Hygiene Markets; Still Challenging Conditions In Packaging Markets

SCA's strong business risk profile reflects the group's diverse earnings base, leading positions in its core hygiene and packaging markets, and high level of integration. These strengths are partly offset by the challenging conditions in the European packaging and publication paper markets.

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Diversity And Markets

Diversity remains a key strength for SCA. Although the hygiene business accounted for 55% of total sales in 2008, this area is divided into two main segments--tissue and personal care--which in turn include a number of product segments such as consumer tissue, away-from-home tissue (institutional sales), incontinence products, baby diapers, and feminine hygiene products. The hygiene products are more stable in terms of volume than SCA's packaging and forest products, as evidenced during the recent economic downturn.

SCA's diverse geographic footprint is favorable. The company's biggest market is Europe (78% of sales in 2008), where sales are well spread among different countries. Remaining sales in 2008 were distributed between North America (11%), Asia (4%), Australia and New Zealand (3%), Latin America (2%), and other locations (2%).

As most of SCA's existing markets are mature, the company focuses its growth efforts to rapidly growing markets such as Eastern Europe (including Russia), Asia, and Latin America. We expect such expansion to be gradual without materially changing the group's business risk profile over the short term.

Hygiene products: Tissue (34% of 2008 revenue, 26% of EBIT) and Personal Care (21% of 2008 revenue, 32% of EBIT)

The markets for hygiene products display generally favorable characteristics, with relatively stable demand and fairly high industry concentration. Some of the European product markets, primarily consumer tissue, are, however, competitive, primarily reflecting price pressure from large retail chains (especially discount retailers) and competitors. New product innovation and development, more focus on higher value-added products, and realizing synergies from the acquisition of the European tissue business of Procter & Gamble Co. (AA/Stable/A-1+) are key measures for SCA in improving profitability in this segment. Sales of incontinence products and away-from-home tissues (together corresponding to about 43% of SCA's hygiene products sales) are less exposed to pressure from retailer chains than the other hygiene products segment, as a large part of these sales goes to institutions.

SCA's hygiene segments performed well in the first three quarters of 2009. With the exception of the travel and restaurant related segments in its tissue operations, demand proved resilient in a weak economic environment. Besides reaping the benefit from lower input costs, SCA has been able to raise prices across its different products. Furthermore, in its tissue division, SCA has continued to realize synergies from its acquisition in 2007 of Procter & Gamble's European operations. The group estimates that 60% of the targeted SEK700 million in synergies had been achieved as of the third quarter of 2009. Competition remains intense, however, and marketing costs have consequently increased. In addition, as a result of the weak economic environment, consumer price awareness has increased which could have a negative effect on product mix and margins. We believe that demand will continue to be largely stable, and that SCA will be able to continue to grow in emerging markets. Downside risk, in our opinion, relate to potentially higher input costs. The group's tissue operations are particularly sensitive in this respect, although SCA has been successful in the past in passing on increases in input costs in this segment.

SCA is well placed as one of the largest groups within the European hygiene products industry, with high market shares in different segments and countries. The group is the global market leader in incontinence products. It is also the market leader in consumer tissue, and away-from-home tissue in Europe, for example, and holds the second position in baby diapers, and the third position in feminine hygiene products. Its established brand names also support the group's position as a leading supplier in the European markets for retailers' own brands. At the same time, growth of retail brands has also contributed to price pressure on products, mitigated by the fact that these products incur no consumer advertising costs for the producers. In the U.S., SCA is the third-largest company in the

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highly consolidated away-from-home tissue segment. In 2004, the group acquired the leading tissue company in Australia and New Zealand. In addition, SCA is the second-largest tissue manufacturer in the fast growing Latin American market.

Packaging (30% of 2008 sales, 17% of EBIT)

In packaging, SCA is Europe's second-largest supplier of containerboard and corrugated board, although it is one-half the size of market leader Smurfit Kappa Group PLC (BB-/Stable/--) following a merger between Jefferson Smurfit Group and Kappa Packaging in late 2005. Although this merger increased industry consolidation, there is still a wide range of midsize producers that from time to time add new production capacity to the market and disturb the supply and demand balance.

European containerboard growth rates are modest and generally linked to European macroeconomic conditions. Prices are very volatile, and are influenced by capacity additions and the price of recovered paper and wood. Through 2008 and the beginning of 2009, prices gradually fell. Lower demand as a result of the economic downturn coupled with major capacity increases are factors which put downward pressure on selling prices. Lately, prices have started to increase from a low point in mid-2009. The price increases came as a result of lower inventory levels and an increase in prices for recovered containerboard, a key input. The increase in recovered containerboard prices was largely driven by demand from Asian producers, and has in turn caused margin pressure for European producers.

The European corrugated board markets are generally local, reflecting high transport costs, with varying trading conditions, which means that the industry is quite fragmented. End-user demand for corrugated board comes largely from relatively stable industries, such as food and agricultural products. Still, demand fell by about 10% in 2009, compared with 2008, while selling prices fell by about 8%. In response to the adverse market conditions, SCA has closed nine packaging plants and implemented about half of a planned total reduction of 2,200 staff. As of September 2009, SCA had achieved SEK148 million of a targeted SEK1.1 billion in annual cost savings.

There is usually a time lag before price increases in containerboard can be passed through in the corrugated segment, resulting in a period of margin squeeze for integrated producers such as SCA, especially as the group is no longer self-sufficient in containerboard after recent capacity closures. Recently implemented containerboard price increases will likely result in higher corrugated board prices, albeit with the previously mentioned time lag.

Publication papers and sawn timber operations (15% of 2008 sales, 25% of EBIT)

Publication paper is a more cyclical operation than SCA's main businesses. Market growth for publication paper in Europe is on average low to modest, with elements of structural demand decline in certain grades, for example newsprint. Market balance is often disturbed by large capacity additions, and prices tend to fluctuate over time.

Current market conditions are tough. Demand has fallen sharply since the end of 2008 putting pressure on selling prices. Although SCA is not among the largest European players in this business, the group's operations are, however, efficient. Even if currently under pressure, they tend to show good profitability and cash flow generation over the cycle. In 2009, contrary to most other paper producers, SCA has been able to avoid volume losses, primarily due to an increase in exports to Japan and Africa.

The European market for sawn timber products is very fragmented and volatile, and demand is mainly driven by construction and homebuilding, which are cyclical industries. These characteristics are partly offset by low capital intensity. After a period of lower prices and volumes in combination with high input costs which put pressure on SCA's sawn timber operations, profitability improved gradually in 2009. Domestic demand is currently healthy and

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prices are increasing, primarily due to major capacity closures.

Cost position

SCA's competitive cost position benefits from the group's overall use of modern machinery, its good level of vertical integration, and its good geographic balance between production and sales. The group is continually investing heavily in upgrading existing assets and in new assets, with capital expenditures normally about 7%-8% of sales. The increasingly competitive environment and subsequent pressure on earnings has, however, pushed SCA to introduce major rationalization programs in recent years. Cost-saving measures have included major staff reductions, plant closures and relocation of production, and investments to improve the quality and efficiency of assets.

SCA is a fairly well-integrated company, which reduces volatility in its cost base. About 44% of virgin fiber requirements are fulfilled by SCA's own forest resources, and about 37% of recycled fibers are collected by the group's internal recovered-paper unit. Although the group's expansion in the hygiene business has gradually increased exposure to market pulp, self-sufficiency in pulp is still at about 40%. SCA's own electricity production accounts for about 25% of the group's overall consumption. Despite electricity hedges for some of its external needs, the group remains exposed to changes in energy prices (including natural gas and oil prices). SCA has formed a joint venture with Norway-based power utility Statkraft AS (A-/Negative/A-2) to invest in wind power farms located on SCA land in northern Sweden. In connection with this agreement, SCA has concluded a competitive long-term electricity supply agreement with Statkraft.

Profitability

SCA's operating margins have been under pressure in recent years owing to increased competition, higher input costs until the end of 2008 and, more recently, falling demand in important segments such as packaging. In the 12 months ended Sept. 30, 2009, the group's adjusted operating margin improved to about 15% compared with 14.2% in the previous quarter and 13.9% in the corresponding period of the previous year.

In our base case, we expect margins to recover over the near to medium term, although it would be a challenge, in our view, for SCA to return to historical margin levels. The group's return on capital has averaged 6.5% over the past three years, which is competitive compared with the returns of the company's forest product peers, but clearly lower than purely consumer product-based competitors such as Kimberly-Clark Corp. (A/Stable/A-1) and Procter & Gamble, which are less capital intensive and have higher operating margins.

SCA's operating margins in the packaging business are significantly lower than those of Smurfit Kappa (although slightly different business mixes distort the comparison). Both companies are integrated producers of containerboard and corrugated board, but with different levels of integration and different geographic footprints. While Smurfit Kappa is virtually 100% integrated on an economic basis, SCA is about 85% self-sufficient in containerboard. Furthermore, Smurfit Kappa has been able to benefit from merger synergies and from good performance in its Latin American operations.

Financial Risk Profile: Tempered By High Spending Levels; Timing And Magnitude Of Recovery Remains Uncertain

SCA's financial risk profile is intermediate, reflecting high spending levels as a result of expansionary projects, current underperformance in terms of our rating requirements, and uncertainty about the timing and magnitude of

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an expected recovery. These factors are balanced by good operating cash flow generation over the cycle, moderate financial policies, and the group's extensive forestland.

Accounting

SCA has reported under IFRS since Jan. 1, 2005. As surplus cash we consider only cash balances and equivalents, not other potential liquid means, for example listed shares. In our adjustments to SCA's reported financial statements in 2008, we have deducted reported cash and cash equivalents of SEK5.7 billion to arrive at adjusted debt.

Table 2

Reconciliation Of Svenska Cellulosa Aktiebolaget SCA Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. SEK)*

	--Fiscal year ended Dec. 31, 2008--								
Svenska Cellulosa Aktiebolaget SCA reported amounts									
	Debt	**Shareholders' equity**	**Operating income (before D&A)**	**Operating income (before D&A)**	**Operating income (after D&A)**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Capital expenditures**
Reported	52,029.0	66,450.0	14,765.0	14,765.0	8,554.0	2,233.0	9,328.0	9,328.0	8,635.0
Standard & Poor's adjustments									
Operating leases	4,011.8	--	988.0	197.7	197.7	197.7	790.3	790.3	907.2
Postretirement benefit obligations	2,158.0	(64.1)	(202.0)	(202.0)	(202.0)	--	398.2	398.2	--
Surplus cash and near cash investments	(5,738.0)	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	63.0	(63.0)	(63.0)	(63.0)
Capitalized development costs	--	--	(30.0)	(30.0)	12.0	--	(30.0)	(30.0)	(30.0)
Reclassification of nonoperating income (expenses)	--	--	--	--	229.0	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	19.0	--
Minority interests	--	802.0	--	--	--	--	--	--	--
Derivatives, accrued interest and payments relating to restructuring	(780.0)	--	(25.0)	(25.0)	--	--	616.0	616.0	--
Total adjustments	(348.2)	737.9	731.0	(59.3)	236.7	260.7	1,711.5	1,730.5	814.2

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Table 2

Reconciliation Of Svenska Cellulosa Aktiebolaget SCA Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. SEK)* (cont.)

Standard & Poor's adjusted amounts

	Debt	Equity	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Adjusted	51,680.8	67,187.9	15,496.0	14,705.7	8,790.7	2,493.7	11,039.5	11,058.5	9,449.2

*Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Corporate governance/Risk tolerance/Financial policies

We expect SCA's financial policy to remain moderate. The group's long-term financial targets include a debt to equity ratio of 0.7x (0.7x on Dec. 31, 2008). Although the company's cash flows are more stable than the industry average and provide good debt repayment capacity, investment levels are expected to remain high as a result of the group's growth ambitions in its hygiene products segments. Following its acquisition of Procter & Gamble's European tissue operations in October 2007 and current underperformance with regard to credit measures, the room within the ratings for further debt-financed acquisitions is minimal. However, we expect acquisition activity to be low over the near term.

Cash flow adequacy

The group has historically benefited from strong operating cash flows, which have sufficiently covered current and strategic capital expenditures, and dividend payments. In the past few years, operating cash flows have, however, been negatively affected by price pressure, higher input costs, and most recently lower demand.

Weaker operating cash flows have also had a negative impact on credit measures, which was most apparent at the end of 2008 and in the first quarter of 2009. We currently expect FFO/debt to continue to improve towards an average of 30%-35% over the medium term in our base case. The improvement is expected to come from a strengthening in operating performance, although the timing and magnitude are uncertain due to challenging market conditions.

Capital structure/Asset protection

Despite high investment levels and major acquisitions, SCA's capital structure has remained in line with expectations for the ratings in recent years. At the end of September 2009, estimated adjusted debt to capital was about 42%.

SCA's pension deficit is expected to fluctuate over the years ahead depending on the return on the group's pension fund assets and the effect of interest rates on its pension liabilities. Following an adjusted net deficit of almost SEK3.5 billion in 2005, the deficit gradually decreased, primarily as a result of an increase in pension plan assets. At the end of 2008, the net pension deficit had increased from a surplus in 2007 to about SEK2.1 billion.

At the end of 2008, SCA valued its forestland at about SEK25 billion. Although the forestland is a core asset, providing a large part of the company's fiber needs, disposal of part of it could provide an alternative source of liquidity in a distressed situation. The company's land ownership enables its joint venture with Statkraft, in which SCA's primary contribution is to provide land for wind farms, demonstrating the additional debt protection these assets offer.

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Table 3

Svenska Cellulosa Aktiebolaget SCA -- Peer Comparison*

	Svenska Cellulosa Aktiebolaget SCA¶	Kimberly-Clark Corp.	UPM-Kymmene Corp.	Holmen AB¶
Ratings as of Jan. 13, 2010	BBB+/Negative/A-2	A/Stable/A-1	BB+/Negative/B	BBB/Stable/A-2
	--Fiscal year ended Dec. 31, 2008--			
(Mil. $)				
Revenues	14,000.3	19,415.0	13,307.3	2,482.8
EBITDA	1,866.8	3,561.2	1,842.2	352.3
Net income from cont. oper.	707.1	1,698.0	(249.6)	81.4
Funds from operations (FFO)	1,412.7	2,970.7	1,368.9	301.7
Capital expenditures	1,099.8	1,103.2	762.7	146.8
Debt	6,551.0	8,676.6	7,512.1	992.8
Equity	8,516.6	4,896.0	8,340.2	1,982.7
Adjusted ratios				
EBITDA/revenues (%)	13.3	18.3	13.8	14.2
Oper. income (bef. D&A)/revenues (%)	14.0	18.7	13.9	14.3
EBIT interest coverage (x)	3.5	8.8	2.1	4.5
EBITDA interest coverage (x)	5.9	10.8	5.6	8.3
Return on capital (%)	7.1	20.9	4.0	5.3
FFO/debt (%)	21.4	34.2	18.2	30.4
Free operating cash flow/debt (%)	3.1	17.7	5.6	6.8
Debt/EBITDA (x)	3.5	2.4	4.1	2.8

*Fully adjusted (including postretirement obligations). ¶Excess cash and investments netted against debt.

Table 4

Svenska Cellulosa Aktiebolaget SCA -- Financial Summary*

	--Fiscal year ended Dec. 31--				
	2008	2007	2006	2005	2004
Rating history	BBB+/Negative/A-2	BBB+/Stable/A-2	BBB+/Stable/A-2	A-/Negative/A-2	A-/Stable/A-2
(Mil. kr)					
Revenues	110,449.0	105,913.0	101,439.0	96,385.0	89,967.0
EBITDA	14,705.7	15,317.3	14,087.4	13,430.8	14,168.3
Net income from continuing operations	5,578.0	7,138.0	5,437.0	430.0	5,164.0
Funds from operations (FFO)	11,058.5	12,660.2	11,700.4	10,797.4	11,504.3
Capital expenditures	9,449.2	8,042.6	7,556.9	8,288.5	8,592.1
Free operating cash flow	1,590.3	3,318.6	3,349.4	2,746.8	2,266.2
Debt	51,680.8	42,201.0	40,673.6	44,333.3	39,545.0
Equity	67,187.9	64,222.1	58,901.1	57,050.2	55,114.4
Adjusted ratios					
EBITDA/revenues (%)	13.3	14.5	13.9	13.9	15.7
Oper. income (bef. D&A)/revenues (%)	14.0	15.2	14.6	14.7	16.4
EBIT interest coverage (x)	3.5	2.8	4.5	4.1	5.2

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Table 4

Svenska Cellulosa Aktiebolaget SCA -- Financial Summary* (cont.)					
EBITDA interest coverage (x)	5.9	7.3	7.9	7.7	8.8
Return on capital (%)	7.1	5.1	7.3	6.6	8.5
FFO/debt (%)	21.4	30.0	28.8	24.4	29.1
Debt/EBITDA (x)	3.5	2.8	2.9	3.3	2.8

*Fully adjusted (including postretirement obligations). Excess cash and investments netted against debt.

Ratings Detail (As Of January 13, 2010)*	
Svenska Cellulosa Aktiebolaget SCA	
Corporate Credit Rating	BBB+/Negative/A-2
Commercial Paper	
Nordic National Scale Rating	K-1
Senior Unsecured (8 Issues)	BBB+
Corporate Credit Ratings History	
29-Oct-2008	BBB+/Negative/A-2
17-Oct-2006	BBB+/Stable/A-2
26-Apr-2005	A-/Negative/A-2
Business Risk Profile	Strong
Financial Risk Profile	Intermediate
Debt Maturities	
At Sept. 30, 2009 2009: SEK10.1 bil. (of which SEK8.8 bil. consisted of outstanding commercial paper) 2010: SEK8.9 bil. (of which SEK4.2 bil. consisted of outstanding commercial paper) 2011: SEK8.6 bil. 2012: SEK1.2 bil. 2013: SEK4.4 bil. Thereafter: SEK12.5 bil.	

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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