

Alternative performance measures

The company presents some financial performance measures in the interim report which are not defined according to IFRS. The company is of the opinion that these measures provide valuable complementary information to investors and the company's management since they facilitate an evaluation of the company's performance. Since not all companies calculate financial performance measures in the same manner, these are not always comparable with measures used by other companies. These financial performance measures should therefore not be regarded as a replacement for measures as defined according to IFRS. Performance measures not defined according to IFRS, unless otherwise stated, are presented in the tables below.

Operating capital

Definition: Total assets excluding interest-bearing assets, tax assets and assets held for sale minus non-interest bearing liabilities and deferred tax liabilities, all calculated at the end of the period/year. The Group's definition is unchanged compared with previous periods.

Comments: Sveaskog calculates operating capital for the performance measures return on operating capital and average operating capital.

	Jan-Sep 2016	Jan-Sep 2015	Oct 2015– Sep 2016	Oct 2014– Sep 2015	Full year 2015
Current receivables, etc., non-interest bearing	1,890	1,620	1,890	1,620	1,407
Of which advance payments to suppliers	136	147	136	147	157
Of which tax assets	165	143	165	143	5
Of which accounts receivable, loans and other receivables	1,589	1,330	1,589	1,330	1,245
Current: Other liabilities	1,293	1,488	1,293	1,488	1,124
Of which tax liabilities	187	153	187	153	11
Of which accounts payable and other liabilities	1,106	1,335	1,106	1,335	1,113
Total assets	38,989	38,200	38,989	38,200	38,299
Minus interest-bearing assets (cash and cash equivalents)	-1,184	-1,815	-1,184	-1,815	-1,135
Minus tax assets	-165	-143	-165	-143	-5
Minus other liabilities and provisions (non-current)	-8,284	-7,987	-8,284	-7,987	-8,237
Minus accounts payable and other liabilities	-1,106	-1,335	-1,106	-1,335	-1,113
Operating capital	28,250	26,920	28,250	26,920	27,809

Yield

Definition: Operating profit before change in value of forest assets excluding capital gains on property sales, divided by average operating capital, excluding deferred tax. The Group's definition is unchanged compared with previous periods.

Comments: Yield is one of Sveaskog's financial targets. The target is that an average yield of at least 4.5%. This target reflects return on Sveaskog's operations without impact from forest asset valuations and incidental property sales.

	Jan-Sep 2016	Jan-Sep 2015	Oct 2015– Sep 2016	Oct 2014– Sep 2015	Full year 2015
Operating profit before change in value of forest assets	910	1,000	1,278	1,465	1,368
Minus capital gains on property sales	-61	-55	-84	-118	-78
Subtotal	849	945	1,194	1,347	1,290
Subtotal annualised to full-year value	1,132	1,260	1,194	1,347	1,290
Operating capital, opening balance	27,809	26,707	26,920	26,017	26,707
Operating capital, closing balance	28,250	26,920	28,250	26,920	27,809
Average operating capital (OB + CB)/2	28,030	26,814	27,585	26,469	27,258
Annualised full-year value from above	1,132	1,260	1,194	1,347	1,290
Divided by average operating capital	28,030	26,814	27,585	26,469	27,258
= Yield in %	4.0%	4.7%	4.3%	5.1%	4.7%

Interest-bearing net debt

Definition: Interest-bearing liabilities minus interest-bearing assets, all calculated at the end of the period/year. The Group's definition is unchanged compared with previous periods.

Comments: Sveaskog calculates interest-bearing net debt for the performance measure net debt/equity ratio.

	Jan–Sep 2016	Jan–Sep 2015	Oct 2015– Sep 2016	Oct 2014– Sep 2015	Full year 2015
Interest-bearing assets (cash and cash equivalents)	1,184	1,815	1,184	1,815	1,135
Interest-bearing liabilities and provisions (non-current)	-5,725	-5,794	-5,725	-5,794	-5,767
Interest-bearing liabilities (current)	-3,886	-4,195	-3,886	-4,195	-3,457
Interest-bearing net debt	-8,427	-8,174	-8,427	-8,174	-8,089

Net debt/equity ratio

Definition: Interest-bearing net debt divided by equity. The Group's definition is unchanged compared with previous periods.

Comments: Net debt/equity ratio is one of Sveaskog's financial targets. The target is a net debt/equity ratio of 0.3–0.6.

Sveaskog is of the opinion that this performance measure reflects the possibility for dividends and implementation of strategic investments as well as assessing the Group's ability to meet its financial commitments.

	Jan–Sep 2016	Jan–Sep 2015	Oct 2015– Sep 2016	Oct 2014– Sep 2015	Full year 2015
Interest-bearing net debt	8,427	8,174	8,427	8,174	8,089
Divided by equity	19,801	18,736	19,801	18,736	19,714
= Net debt/equity ratio	0.43	0.44	0.43	0.44	0.41

Return on operating capital

Definition: Operating profit divided by average operating capital, excluding deferred tax. The Group's definition is unchanged compared with previous periods.

Comments: Sveaskog is of the opinion that this measure shows the company's return in a fair manner independent of financial assets and financing options.

	Jan–Sep 2016	Jan–Sep 2015	Oct 2015– Sep 2016	Oct 2014– Sep 2015	Full year 2015
Operating profit	1,229	1,515	2,514	2,700	2,800
Operating profit annualised to full-year value	1,639	2,020	2,514	2,700	2,800
Annualised full-year value from above	1,639	2,020	2,514	2,700	2,800
Divided by average operating capital	28,030	26,814	27,585	26,469	27,258
= Return on operating capital in %	5.8%	7.5%	9.1%	10.2%	10.3%

Return on equity

Definition: Profit after tax expressed as a percentage of average equity. The Group's definition is unchanged compared with previous periods.

Comments: Sveaskog is of the opinion that this performance measure reflects the company's return during the year on the capital the owner has invested in operations and therefore shows how profitable the company is for its shareholder.

	Jan–Sep 2016	Jan–Sep 2015	Oct 2015– Sep 2016	Oct 2014– Sep 2015	Full year 2015
Profit for the year	899	1,065	1,851	1,935	2,017
Profit for the year annualised to full-year value	1,199	1,420	1,851	1,935	2,017
Equity, opening balance	19,714	18,463	18,736	17,701	18,463
Equity, closing balance	19,801	18,736	19,801	18,736	19,714
Average equity (OB + CB)/2	19,758	18,600	19,269	18,219	19,089
Annualised full-year value from above	1,199	1,420	1,851	1,935	2,017
Divided by average equity	19,758	18,600	19,269	18,219	19,089
= Return on equity in %	6.1%	7.6%	9.6%	10.6%	10.6%

Interest cover

Definition: Operating profit before change in value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses. The Group's definition is unchanged compared with previous periods.

Comments: Sveaskog is of the opinion that this performance measure indicates the company's ability to meet its financial expenses (interest, etc.).

	Jan–Sep 2016	Jan–Sep 2015	Oct 2015– Sep 2016	Oct 2014– Sep 2015	Full year 2015
Financial items in income statement	-140	-157	-197	-220	-214
Of which financial income	13	10	14	10	-7
Of which financial expenses	-153	-167	-211	-230	-207
Operating profit before change in value of forest assets	910	1,000	1,278	1,465	1,368
Minus capital gains on property sales	-61	-55	-84	-118	-78
Plus financial income	13	10	14	10	-7
Subtotal	862	955	1,208	1,357	1,283
Subtotal above	862	955	1,208	1,357	1,283
Divided by financial expenses	153	167	211	230	207
= Interest cover	5.6	5.7	5.7	5.9	6.2

Equity ratio

Definition: Equity divided by total assets, all calculated at the end of the period/year. The Group's definition is unchanged compared with previous periods.

Comments: Sveaskog is of the opinion that this performance measure states the size of the assets financed by equity and indicates the company's sensitivity to interest-rate fluctuations.

	Jan–Sep 2016	Jan–Sep 2015	Oct 2015– Sep 2016	Oct 2014– Sep 2015	Full year 2015
Equity	19,801	18,736	19,801	18,736	19,714
Divided by total assets	38,989	38,200	38,989	38,200	38,299
= Equity ratio in %	51%	49%	51%	49%	51%