

## 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 2017	Jan-Sep 2016	Oct 2016– Sep 2017	Oct 2015– Sep 2016	Full year 2016
Current receivables, etc., non-interest bearing	1,631	1,890	1,631	1,890	1,520
Of which advance payments to suppliers	134	136	134	136	136
Of which tax assets	157	165	157	165	8
Of which accounts receivable, loans and other receivables	1,340	1,589	1,340	1,589	1,376
Current, other liabilities	1,349	1,293	1,349	1,293	1,141
Of which tax liabilities	251	187	251	187	2
Of which accounts payable and other liabilities	1,098	1,106	1,098	1,106	1,139
Total assets	39,436	38,989	39,436	38,989	38,605
Minus interest-bearing assets (cash and cash equivalents)	-1,772	-1,184	-1,772	-1,184	-1,070
Minus tax assets	-157	-165	-157	-165	-8
Minus other liabilities and provisions (non-current)	-8,376	-8,284	-8,376	-8,284	-8,365
Minus accounts payable and other liabilities	-1,098	-1,106	-1,098	-1,106	-1,139
Operating capital	28,033	28,250	28,033	28,250	28,023

### 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.

	Oct 2016– Sep 2017	Oct 2015– Sep 2016	Full year 2016
Operating profit before change in value of forest assets	1,581	1,278	1,312
Minus capital gains on property sales	-278	-84	-131
Subtotal	1,303	1,194	1,181
Operating capital, opening balance	28,250	26,920	27,809
Operating capital, closing balance	28,033	28,250	28,023
Average operating capital (OB + CB)/2	28,142	27,585	27,916
Subtotal from above	1,303	1,194	1,181
Divided by average operating capital	28,142	27,585	27,916
= Yield in %	<b>4.6%</b>	<b>4.3%</b>	<b>4.2%</b>

## 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 2017	Jan–Sep 2016	Oct 2016– Sep 2017	Oct 2015– Sep 2016	Full year 2016
Interest-bearing assets (cash and cash equivalents)	1,772	1,184	1,772	1,184	1,070
Interest-bearing liabilities and provisions (non-current)	-6,085	-5,725	-6,085	-5,725	-5,726
Interest-bearing liabilities (current)	-3,312	-3,886	-3,312	-3,886	-3,281
Interest-bearing net debt	<b>-7,624</b>	<b>-8,427</b>	<b>-7,624</b>	<b>-8,427</b>	<b>-7,937</b>

## 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 2017	Jan–Sep 2016	Oct 2016– Sep 2017	Oct 2015– Sep 2016	Full year 2016
Interest-bearing net debt	7,624	8,427	7,624	8,427	7,937
Divided by equity	20,314	19,801	20,314	19,801	20,092
= Net debt/equity ratio, multiple	<b>0.38</b>	<b>0.43</b>	<b>0.38</b>	<b>0.43</b>	<b>0.40</b>

## 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.

	Oct 2016– Sep 2017	Oct 2015– Sep 2016	Full year 2016
Operating profit	1,743	2,514	1,631
Divided by average operating capital	28,142	27,585	27,916
= Return on operating capital in %	<b>6.2%</b>	<b>9.1%</b>	<b>5.8%</b>

## 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.

	Oct 2016– Sep 2017	Oct 2015– Sep 2016	Full year 2016
Profit for the period/year	1,290	1,851	1,190
Equity, opening balance	19,801	18,736	19,714
Equity, closing balance	20,314	19,801	20,092
Average equity (OB + CB)/2	20,058	19,269	19,903
Profit for the year	1,290	1,851	1,190
Divided by average equity	20,058	19,269	19,903
= Return on equity in %	<b>6.4%</b>	<b>9.6%</b>	<b>6.0%</b>

## 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 states the company's ability to meet its financial expenses (interest, etc.).

	Oct 2016– Sep 2017	Oct 2015– Sep 2016	Full year 2016
Financial items in income statement	-105	-197	-174
Of which financial income	30	14	15
Of which financial expenses	-135	-211	-189
Operating profit before change in value of forest assets	1,581	1,278	1,312
Minus capital gains on property sales	-278	-84	-131
Plus financial income	30	14	15
Subtotal	1,333	1,208	1,196
Subtotal above	1,333	1,208	1,196
Divided by financial expenses	135	211	189
= Interest cover, multiple	<b>9.9</b>	<b>5.7</b>	<b>6.3</b>

## 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 2017	Jan–Sep 2016	Oct 2016– Sep 2017	Oct 2015– Sep 2016	Full year 2016
Equity	20,314	19,801	20,314	19,801	20,092
Divided by total assets	39,436	38,989	39,436	38,989	38,605
= Equity ratio in %	<b>52%</b>	<b>51%</b>	<b>52%</b>	<b>51%</b>	<b>52%</b>