

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 2018	Jan–Sep 2017	Oct 2017– Sep 2018	Oct 2016– Sep 2017	Full year 2017
Current receivables, etc., non-interest bearing	1,828	1,611	1,828	1,611	1,648
Of which advance payments to suppliers	172	134	172	134	168
Of which tax assets	62	157	62	157	1
Of which trade receivables, loans and other receivables	1,594	1,320	1,320	1,320	1,479
Current: other liabilities and provisions	1,512	1,366	1,512	1,366	1,262
Of which tax liabilities	258	251	258	251	91
Of which trade payables and other liabilities	1,254	1,115	1,254	1,115	1,171
Total assets	39,079	39,437	39,079	39,437	39,445
Minus interest-bearing assets (cash and cash equivalents)	-918	-1,772	-918	-1,772	-1,681
Minus tax assets	-62	-157	-62	-157	-1
Minus other liabilities and provisions (non-current)	-7,970	-8,355	-7,970	-8,355	-8,421
Minus contract liabilities	-1	-4	-1	-4	-2
Minus trade payables and other liabilities	-1,254	-1,115	-1,254	-1,115	-1,171
Operating capital	28,874	28,034	28,874	28,034	28,169

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 2017– Sep 2018	Oct 2016– Sep 2017	Full year 2017
Operating profit before change in value of forest assets	1,710	1,581	1,627
Minus capital gains on property sales	-229	-278	-321
Subtotal	1,481	1,303	1,306
Operating capital, opening balance	28,034	28,250	28,012
Operating capital, closing balance	28,874	28,034	28,169
Average operating capital (OB + CB)/2	28,454	28,142	28,091
Subtotal from above	1,481	1,303	1,306
Divided by average operating capital	28,454	28,142	28,091
= Yield, %	5.2%	4.6%	4.6%

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 2018	Jan-Sep 2017	Oct 2017– Sep 2018	Oct 2016– Sep 2017	Full year 2017
Interest-bearing assets (cash and cash equivalents)	918	1,772	918	1,772	1,681
Interest-bearing liabilities and provisions (non-current)	-5,090	-6,025	-5,090	-6,025	-5,626
Interest-bearing liabilities (current)	-3,120	-3,372	-3,120	-3,372	-3,465
Interest-bearing net debt	-7,292	-7,624	-7,292	-7,624	-7,410

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 2018	Jan-Sep 2017	Oct 2017– Sep 2018	Oct 2016– Sep 2017	Full year 2017
Interest-bearing net debt	7,292	7,624	7,292	7,624	7,410
Divided by equity	21,386	20,315	21,386	20,315	20,669
= Net debt/equity ratio, multiple	0.34	0.38	0.34	0.38	0.36

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 2017– Sep 2018	Oct 2016– Sep 2017	Full year 2017
Operating profit	1,954	1,744	1,827
Divided by average operating capital	28,454	28,142	28,091
= Return on operating capital, %	6.9%	6.2%	6.5%

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 2017– Sep 2018	Oct 2016– Sep 2017	Full year 2017
Equity, opening balance	20,315	19,801	20,081
Equity, closing balance	21,386	20,315	20,669
Average equity (OB + CB)/2	20,851	20,058	20,375
Profit for the period/year	1,953	1,290	1,359
Divided by average equity	20,851	20,058	20,375
= Return on equity, %	9.4%	6.4%	6.7%

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.).

	Jan–Sep 2018	Jan–Sep 2017	Oct 2017– Sep 2018	Oct 2016– Sep 2017	Full year 2017
Financial items in income statement	-70	-71	-107	-105	-108
Of which financial income	27	28	27	30	28
Of which financial expenses	-97	-99	-134	-135	-136
Operating profit before change in value of forest assets	1,262	1,179	1,710	1,581	1,627
Minus capital gains on property sales	-116	-208	-229	-278	-321
Plus financial income	27	28	27	30	28
Subtotal	1,173	999	1,508	1,333	1,334
Subtotal from above	1,173	999	1,508	1,333	1,334
Divided by financial expenses	97	99	134	135	136
= Interest cover, multiple	12.1	10.1	11.2	9.9	9.8

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 2018	Jan–Sep 2017	Oct 2017– Sep 2018	Oct 2016– Sep 2017	Full year 2017
Equity	21,386	20,315	21,386	20,315	20,669
Divided by total assets	39,079	39,437	39,079	39,437	39,445
= Equity ratio, %	55%	52%	55%	52%	52%