

Interim report

January – March 2017



In Sweden, production of sawn wood products increased and stocks decreased. The sawmills are optimistic about the immediate future. (Photo by Shutterstock/guruXOX).

1 January – 31 March 2017

- Net sales, which comprise both deliveries from Sveaskog's own forests and purchased wood raw material, increased by 8% to SEK 1,597 million (1,476). Total delivery volumes rose by 4% while average prices increased by 2%.
- Operating profit from continuing operations increased by 10% and amounted to SEK 383 million (349). The improvement in earnings is mainly explained by higher prices.
- Yield, rolling 12 months, amounted to 4.4% (4.4).
- The recognised net change in value of standing timber was SEK 36 million (104).
- Profit for the quarter increased by 3% and amounted to SEK 339 million (329).

SEKm	3 months			12 months		
	Jan–March 2017	2016	%	April 2016– March 2017	Full year 2016	%
Net sales	1,597	1,476	8	6,043	5,922	2
Operating profit from continuing operations	383	349	10	1,162	1,128	3
Change in value of forest assets	36	104	-65	251	319	-21
Operating profit	466	471	-1	1,626	1,631	0
Profit before tax	431	420	3	1,468	1,457	1
Profit for the period	339	329	3	1,200	1,190	1
Cash flow from operating activities	235	155	52	869	789	10
Earnings per share, SEK	2.86	2.78	3	10.13	10.05	1

Performance measures ³⁾, Group

	Jan–March 2017	Jan–March 2016	April 2016– March 2017	Full year 2016
Yield, % 1) (target at least 4.5%)	4.4	4.4	4.4	4.2
Net debt/equity ratio, multiple (target 0.3–0.6)	0.38	0.40	0.38	0.40
Return on operating capital, % 1)	5.8	9.8	5.8	5.8
Return on equity, % 1)	5.9	9.9	5.9	6.0
Interest cover, multiple 1.2)	7.2	6.1	7.2	6.3
Equity ratio, %	52	51	52	52
Interest-bearing net debt, SEKm	7,679	7,912	7,679	7,937
Average number of employees	841	779	841	844
Total delivery volume, thousand m ³ sub	2,944	2,824	10,804	10,684

1) Rolling 12 months.

2) Operating profit before change in value of forest assets minus capital gains on property sales plus financial income divided by financial expenses.

3) Sveaskog has chosen to present the company's alternative performance measures in accordance with the decision by the European Securities and Markets Authority (ESMA) in a separate appendix. The appendix is published on www.sveaskog.se.

Sveaskog is Sweden's leading forest company and sells sawlogs, pulpwood, biofuel, forest seedlings and silvicultural services. Sveaskog complements supplies from its own forests with purchases from other forest owners, exchanges and imports. Sveaskog also works with land transactions and develops the forest as a venue for fishing, hunting and other nature-based experiences. The forest and its assets are Sveaskog's core business and sustainable development permeates every aspect of Sveaskog's activities. Sveaskog is affiliated with FSC®.


SVEASKOG



CEO's comments

Higher delivery volumes and timber prices in the first quarter

Sveaskog's operating profit from continuing operations for the first quarter of 2017 amounted to SEK 383 million (349), an increase of 10%. The improved earnings were mainly explained by higher prices. Yield, rolling 12 months, amounted to 4.4% (4.4).

Net sales increased to SEK 1,597 million (1,476). Sveaskog's sales of wood raw material totalled 2.9 (2.8) million m³sub during the quarter.

Market development

Europe is the largest market for the Swedish forest industry with regard to paper pulp, paper and sawn wood products but global demand for these products is also very important. The US economy strengthened while growth in

China is flattening at a high level. In Europe, several countries are showing relatively stable economic growth. Sweden has comparatively strong growth with high levels for industrial production and order bookings.

SAWMILLS

Sweden is the largest individual market for the sawmills and domestic demand for sawn wood products is considerable due to a high level of construction activity. Interest in using wood has increased in the building industry. Europe is the largest export market. Construction is also increasing in Europe, primarily in Germany. Exports to East Asia are rising. Russia, Canada and Finland remain the biggest competitors in export markets.

In Sweden, production of sawn wood products increased and stocks decreased. The sawmills are optimistic about the immediate future. Demand for sawlogs is high and there was a tendency towards timber shortages in some regions. Sawlog prices have started to rise.

PULP AND PAPER INDUSTRY

Global demand for and deliveries of paper pulp are increasing which resulted in a rise in Swedish pulp exports. Sweden's exports of paper and cartonboard are increasing while demand for graphic papers continues to fall. Access to pulp-wood in the Swedish market is good and was strengthened by substantial imports from Norway. Prices were largely unchanged.

BIOFUEL

Biofuel customers are Swedish CHP plants as well as energy-producing forest industry. The market was weak except in southern Sweden. Prices were largely unchanged during the year, except in southern Sweden where they rose slightly.

Swedish Forests

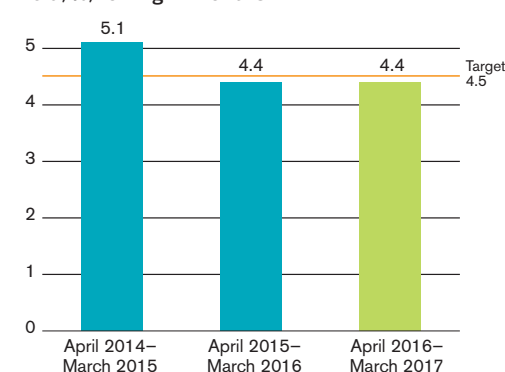
Sveaskog participates as one of several sponsors of the Swedish Forests project which is aimed at raising public awareness of the opportunities offered by the forest. The first national marketing campaign took place at the end of March.

Stable dividend level

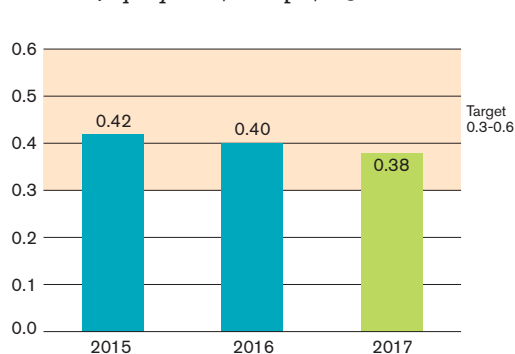
Sveaskog's dividend target is an ordinary dividend over time corresponding to 65–90% of the Group's profit after tax excluding non-cash changes in value of standing timber. The Board's proposal to the Annual General Meeting on 26 April is a dividend of SEK 800 million (800) which corresponds to 85% of the dividend base.

Per-Olof Wedin, President and CEO

Yield, %, rolling 12 months



Net debt/equity ratio, multiple, at 31 March



Supplier Satisfaction Index

Sveaskog complements supplies from its own forests with purchases from other forest owners, exchanges and imports. In order to ensure good competitiveness for procurements from other forest owners, surveys are conducted in the form of a Supplier Satisfaction Index. The most recent survey showed good values for overall satisfaction. Sveaskog received the highest grades for execution of felling assignments and contacts with timber purchasers.

Target indicator	Value 2012	Value 2014	Value 2016
Supplier Satisfaction Index	67	73	71

Group performance

1 JANUARY – 31 MARCH 2017

Net sales

Net sales increased by 8% to SEK 1,597 million (1,476). Total delivery volumes increased by 4% compared with the corresponding period in the previous year while selling prices increased by an average of 2%. Sales of wood raw material totalled 2.9 (2.8) million cubic metres (m³sub).

Earnings

Operating profit from continuing operations increased by 10% to SEK 383 million (349). Higher prices and a positive product mix improved earnings by SEK 20 million. Earnings include a payment from the Swedish Environmental Protection Agency in conjunction with the establishment of nature reserves. Delivery volumes from Sveaskog's own forests increased by 5%. A large part of the increase relates to deliveries from stocks, which were market valued earlier and the earnings impact during the quarter was therefore small.

Capital gains from property sales amounted to SEK 35 million (13). Share of profits of the associate Setra Group amounted to SEK 12 million (5). The net change in the carrying amount of standing timber was SEK 36 million (104). After change in value of forest assets, operating profit amounted to SEK 466 million (471).

Net financial items for the quarter amounted to SEK –35 million (–51) due to lower financing costs. Profit before tax rose to SEK 431 million (420). Tax for the period amounted to SEK –92 million (–91). Profit for the quarter increased by 3% to SEK 339 million (329).

Cash flow, investments and financial position

Cash flow from operating activities for the period January–March amounted to SEK 235 million (155). The increase was mainly due to a higher operating profit from continuing operations. Investments in property, plant and equipment amounted to SEK 58 million (21) and investments in shares amounted to SEK 1 million (1). Sales of property, plant and equipment, primarily forest properties, amounted to SEK 70 million (32).

Sveaskog's interest-bearing net debt at 31 March amounted to SEK 7,679 million (7,912). At the end of the period, the loan portfolio comprised loans issued under Sveaskog's MTN programme as well as a Swedish commercial paper programme. The loan volume under the commercial paper programme amounted to SEK 3,270 million (2,320) which is refinanced regularly. Under the MTN programme, the outstanding volume at 31 March was SEK 3,990 million (5,290). The lowest average fixed interest period during the quarter was approximately 30 months.

The net debt/equity ratio amounted to 0.38 (0.40).

Interest cover amounted to 7.2 (6.1) and the gross borrowing cost was 1.34% (1.78).

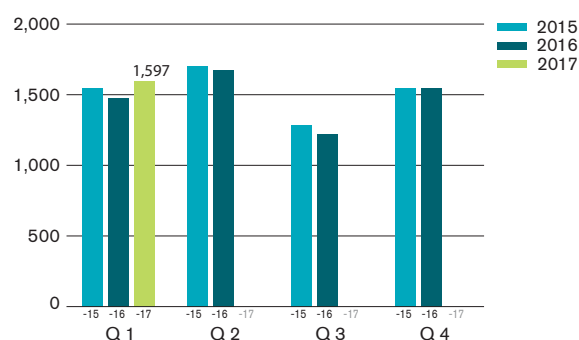
Parent Company

Sveaskog AB (publ.), 100% owned by the Swedish state, owns and manages forest properties and shares in subsidiaries and is responsible for Group-wide financing. Operating income for Sveaskog AB (publ.) during the first quarter was SEK 3 million (4). Loss after financial items amounted to SEK –59 million (–59). The Parent Company's costs mainly comprise interest expenses. The company has no employees.

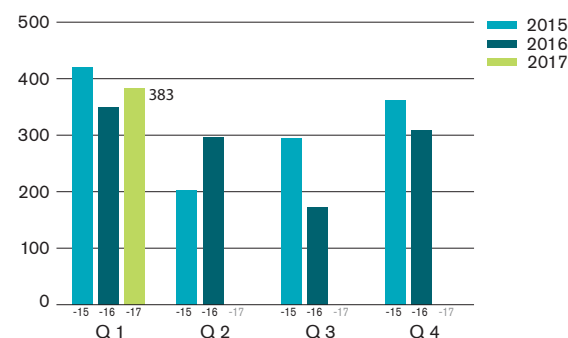
Change, net sales, SEKm

	Quarter 1
2016	1,476
Price, wood raw material	35
Delivery volume, wood raw material	61
Other	25
2017	1,597

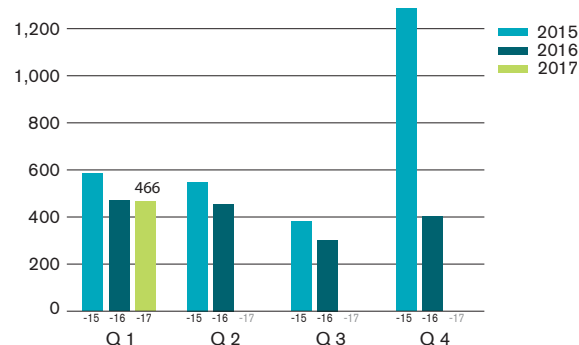
Net sales, SEKm



Operating profit from continuing operations, SEKm



Operating profit, SEKm



Setra Group AB

Sveaskog owns 50% of the shares in the wood products company Setra Group AB which is reported as an associate. Share of profits of associates is recognised in the consolidated income statement. Net sales for period January–March amounted to SEK 1,007 million (1,028). Operating profit amounted to SEK 33 million (9). The improved earnings were due to higher prices as a result of a favourable market situation. Sveaskog's share of the company's profits increased to SEK 12 million (5).

Market situation and timber deliveries

Sveaskog conducts trading in wood raw material in Sweden and more than half of the material is taken from the company's own forests. The main product range is sawlogs, pulpwood and chips, and biofuel. Most of Sveaskog's customers are in Sweden and the majority of these export a large proportion of their products worldwide.

Europe, including Sweden, is the largest market for the Swedish forest industry with regard to pulp, paper and sawn wood products. However, global demand for these products is very important. The US economy strengthened while China's is flattening at a high level. The economic situation in Europe is relatively stable, although there are exceptions. Sweden has comparatively strong growth with high levels of industrial production and order bookings.

Exchange rates continue to fluctuate considerably.

SAWMILLS

Sweden is the largest individual market for the sawmills and demand for sawn wood products has risen mainly due to increased construction activities. Interest in using wood has increased in the building sector. Europe is the largest export market with the UK as the largest recipient. The significance of exports to North Africa and the Middle East is decreasing while East Asia is becoming increasingly important. Construction is increasing in Europe, particularly in Germany. Construction is also rising in the US while flattening in China. Russia and Canada continue to be major competitors in export markets, as does Finland.

In Sweden, production of sawn wood products increased and stocks decreased. Demand has been slightly higher for whitewood than for redwood. The sawmills are optimistic about the immediate future. Demand for sawlogs is considerable and with a tendency for timber shortages in some regions. Sawlog prices have started to rise.

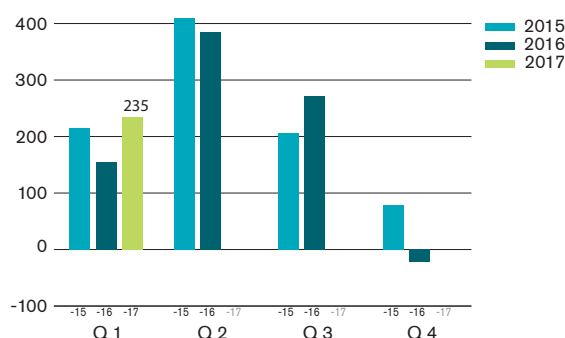
Sveaskog's deliveries

Sveaskog delivered 1,304 (1,205) thousand m³sub of sawlogs in the first quarter, which is 8% higher than in the corresponding period last year.

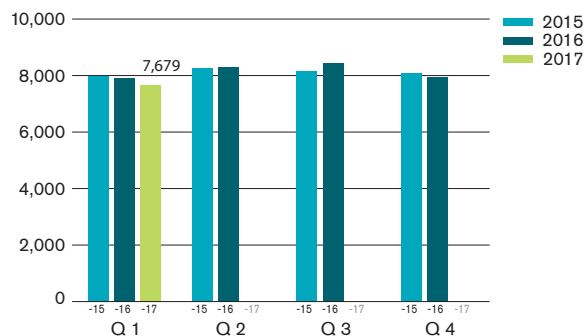
Change, operating profit from continuing operations, SEKm

	Quarter 1
2016	349
Price, own wood raw material	20
Delivery volume and change in stocks, own wood raw material	-2
Permanent tenure, Environmental Protection Agency	15
Other	1
2017	383

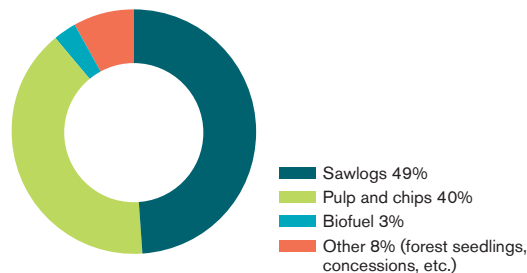
Cash flow from operating activities per quarter, SEKm



Interest-bearing net debt, SEKm



Products as % of sales, rolling 12 months



PULP AND PAPER INDUSTRY

Global demand and deliveries of paper pulp are increasing. Of the volumes not used directly in Sweden for paper production, most is exported to Europe, followed by Asia which accounts for an increasing share. Swedish paper pulp production is increasing.

Sweden’s exports of paper and cartonboard primarily for packaging applications are increasing while demand for newsprint continues to fall. The forest industry continues to make major investments in new production capacity.

There are good supplies of pulpwood in the market in Sweden which have been strengthened by substantial imports from Norway. A high level of sawmill production results in large volumes of cellulose chips which partly compete with pulpwood. Prices have essentially remained unchanged.

Sveaskog’s deliveries

Sveaskog delivered 1,408 (1,319) thousand m³sub of pulpwood and chips in the first quarter, which is an increase of 7% compared with the corresponding period last year.

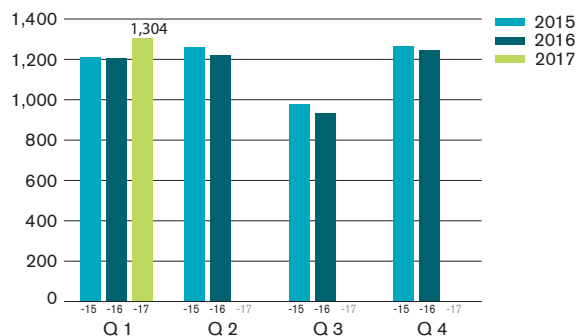
BIOFUEL MARKET

The biofuel market is regional and local due to transport costs. Customers are CHP plants as well as energy-producing forest industry. Demand for biofuel was strong in southern Sweden, more balanced in the central part of the country and weak in the north. There is considerable competition from other fuels such as waste and recycled wood. More efficient energy production and distribution also have an impact on demand. Prices were generally unchanged, except in southern Sweden where they rose slightly.

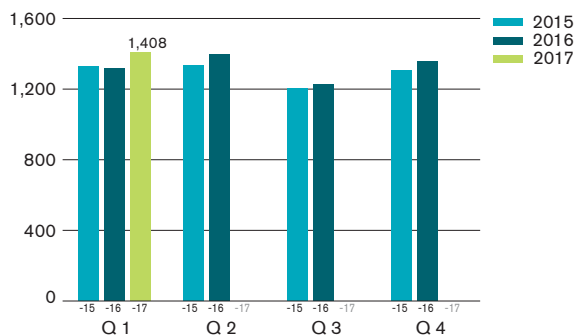
Sveaskog’s deliveries

Sveaskog delivered 232 (300) thousand m³sub of biofuel in the first quarter, which is a decrease of 23% compared with the corresponding period last year.

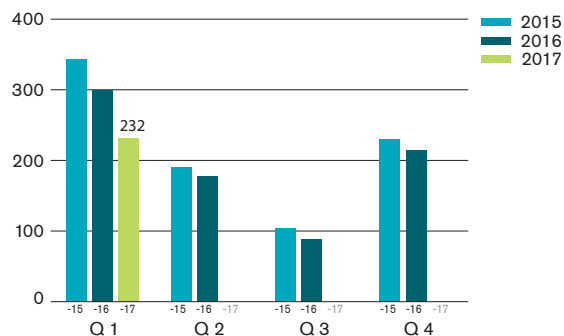
Delivery volume, sawlogs, thousand m³sub



Delivery volume, pulpwood and chips, thousand m³sub



Delivery volume, biofuel, thousand m³sub



Sveaskog Group

Condensed income statement

SEKm	3 months		12 months	
	Jan–Mar 2017	Jan–Mar 2016	Apr 2016– Mar 2017	Full year 2016
Net sales	1,597	1,476	6,043	5,922
Other operating income	49	9	211	171
Raw materials and consumables	-497	-458	-1,661	-1,622
Change in inventories	32	47	-77	-62
Other external costs	-640	-574	-2,732	-2,666
Employee benefit expenses	-137	-130	-542	-535
Depreciation	-21	-21	-80	-80
Operating profit from continuing operations	383	349	1,162	1,128
Capital gains from property sales	35	13	153	131
Share of profits of associates	12	5	60	53
Operating profit before change in value of forest assets	430	367	1,375	1,312
Change in value of forest assets (Note 1, 2)	36	104	251	319
Operating profit	466	471	1,626	1,631
Financial items	-35	-51	-158	-174
Profit before tax	431	420	1,468	1,457
Tax	-92	-91	-268	-267
Profit for the period/year	339	329	1,200	1,190
Earnings per share, SEK, before and after dilution	2.86	2.78	10.13	10.05
- calculated on average number of shares, millions	118.4	118.4	118.4	118.4

Statement of comprehensive income

SEKm	3 months		12 months	
	Jan–Mar 2017	Jan–Mar 2016	Apr 2016– Mar 2017	Full year 2016
Profit for the period/year	339	329	1,200	1,190
Other comprehensive income				
Components that will not be reversed in profit or loss				
Actuarial gains/losses on pensions	-	-	-24	-24
Tax on actuarial gains/losses	-	-	5	5
Components that can be reversed in profit or loss				
Exchange differences	0	0	1	1
Cash flow hedges	10	-17	35	8
Tax attributable to cash flow hedges	-2	3	-7	-2
Total other comprehensive income for the period/year net after tax	8	-14	10	-12
Total other comprehensive income for the period/year	347	315	1,210	1,178

Sveaskog Group

Condensed balance sheet

SEKm	31 March 2017	31 March 2016	31 Dec 2016
ASSETS (Note 3)			
Non-current assets			
Intangible assets	64	1	52
Property, plant and equipment			
Forest land (Note 1, 2)	2,408	2,346	2,384
Other property, plant and equipment	482	525	498
Biological assets – standing timber (Note 1, 2)	32,019	31,845	31,993
Financial assets	518	471	506
Total non-current assets	35,491	35,188	35,433
Current assets			
Inventories	631	727	582
Current receivables, etc., non-interest bearing	1,525	1,395	1,520
Cash and cash equivalents	1,307	1,881	1,070
Total current assets	3,463	4,003	3,172
TOTAL ASSETS	38,954	39,191	38,605
EQUITY AND LIABILITIES			
Equity	20,439	20,029	20,092
Non-current liabilities (Note 3)			
Interest-bearing liabilities and provisions	5,113	5,754	5,726
Other liabilities and provisions	8,387	8,267	8,365
Total non-current liabilities	13,500	14,021	14,091
Current liabilities (Note 3)			
Interest-bearing liabilities	3,872	4,039	3,281
Other liabilities	1,143	1,102	1,141
Total current liabilities	5,015	5,141	4,422
TOTAL LIABILITIES	18,515	19,162	18,513
TOTAL EQUITY AND LIABILITIES	38,954	39,191	38,605

Condensed statement of changes in equity

SEKm	Jan–March 2017	Jan–March 2016	Full year 2016
Opening equity, 1 January	20,092	19,714	19,714
Total comprehensive income	347	315	1,178
Dividend paid in accordance with AGM decision	–	–	–800
Closing equity at the end of the period/year	20,439	20,029	20,092

Sveaskog Group

Condensed statement of cash flows

SEKm	Jan–March 2017	Jan–March 2016	Full year 2016
Operating activities			
Operating profit	466	471	1,631
Adjustment for non-cash items, etc.	-93	-150	-509
Interest received	0	1	13
Interest paid	-35	-52	-195
Paid tax	-50	-71	-144
Cash flow from operating activities before change in working capital	288	199	796
Change in working capital	-53	-44	-7
Cash flow from operating activities	235	155	789
Investing activities			
Investments in property, plant and equipment	-58	-21	-183
Investments in shares	-1	-1	-1
Dividend from associate	0	0	5
Sale of property, plant and equipment	70	32	298
Sale of shares	0	0	3
Cash flow from investing activities	11	10	122
Financing activities			
Dividend paid	0	0	-800
Borrowings	3,170	3,320	9,530
Repayment of borrowings	-3,179	-2,739	-9,706
Cash flow from financing activities	-9	581	-976
Cash flow for the period/year	237	746	-65
Cash and cash equivalents at the beginning of the year	1,070	1,135	1,135
Cash and cash equivalents at the end of the period/year	1,307	1,881	1,070

Parent Company

Condensed income statement

SEKm	3 months		12 months	
	Jan–Mar 2017	Jan–Mar 2016	Apr 2016– Mar 2017	Full year 2016
Operating income	3	4	64	65
Operating expenses	0	–1	–1	–2
Operating profit/loss	3	3	63	63
Financial items	–62	–62	–259	–259
Profit/loss before appropriations and tax	–59	–59	–196	–196
Appropriations	–	–	196	196
Tax	13	13	0	0
Profit/loss for the period/year *	–46	–46	0	0

* Same as total comprehensive income for the period/year

Condensed balance sheet

SEKm	31 March 2017	31 March 2016	31 Dec 2016
ASSETS			
Non-current assets			
Property, plant and equipment	52	55	52
Total property, plant and equipment	52	55	52
Financial assets			
Shares and participations	24,934	24,934	24,934
Receivables from group companies, interest-bearing	2,000	2,250	2,000
Total financial assets	26,934	27,184	26,934
Total non-current assets	26,986	27,239	26,986
Current assets			
Current receivables, etc., non-interest bearing	74	277	275
Receivables from group companies, interest-bearing	574	701	363
Cash and cash equivalents	0	0	0
Total current assets	648	978	638
TOTAL ASSETS	27,634	28,217	27,624
EQUITY			
Equity	9,219	10,019	9,265
Non-current liabilities			
Interest-bearing non-current liabilities	4,587	5,187	5,187
Total non-current liabilities	4,587	5,187	5,187
Current liabilities			
Interest-bearing liabilities and provisions	13,813	12,991	13,120
Other liabilities and provisions	15	20	52
Total current liabilities	13,828	13,011	13,172
TOTAL EQUITY AND LIABILITIES	27,634	28,217	27,624

Parent Company

Condensed statement of changes in equity

SEKm	Jan–March 2017	Jan–March 2016	Full year 2016
Opening equity, 1 January	9,265	10,065	10,065
Dividend paid in accordance with AGM decision	–	–	–800
Profit/loss for the period/year	–46	–46	0
Closing equity at the end of the period/year	9,219	10,019	9,265

Condensed statement of cash flows

SEKm	Jan–March 2017	Jan–March 2016	Full year 2016
Cash flow from operating activities	–290	–746	–625
Cash flow from investing activities	0	–99	206
Cash flow from financing activities	290	845	419
Total cash flow	0	0	0
Cash and cash equivalents at the beginning of the year	0	0	0
Cash and cash equivalents at the end of the period/year	0	0	0

ACCOUNTING PRINCIPLES

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. For the Parent Company the interim report is prepared in accordance with the Annual Accounts Act, which is in accordance with the regulations in RFR 2 Accounting for Legal Entities. The accounting principles and calculation principles applied in this report for the Parent Company and the Group are unchanged compared with the most recently published annual report. New or revised IFRSs and interpretations from IFRIC have not had any effect on the earnings or financial position of the Group or the Parent Company.

Amounts are stated in SEK million unless otherwise indicated. Figures in parentheses refer to the corresponding period in the previous year.

NOTE 1 – CHANGE IN VALUE OF FOREST ASSETS

The book value of Sveaskog's forest assets at 31 March 2017 has been calculated at SEK 34,427 million (34,191), of which SEK 32,019 million (31,845) comprises the fair value of standing timber and SEK 2,408 million (2,346) an identified cost for land. The change in the balance sheet since year-end 2016 amounts to SEK 50 million (94) and is specified in Note 2. The parameters applies when calculating the market value of standing timber are updated annually.

NOTE 2 – BIOLOGICAL ASSETS, STANDING TIMBER AND FOREST LAND

Standing timber	SEKm	Forest land	SEKm
<i>Market value</i>		<i>Cost</i>	
Opening value, 1 January 2016	31,751	Opening value, 1 January 2016	2,346
Acquisition of standing timber	2	Acquisition of forest land	1
Sales of standing timber	–12	Sales of forest land	–1
Changes due to felling	–357	Closing value, 31 March 2016	2,346
Changes in fair value	461		
Closing value, 31 March 2016	31,845	Opening value, 1 January 2017	2,384
		Acquisition of forest land	25
Opening value, 1 January 2017	31,993	Sales of forest land	–1
Acquisition of standing timber	12	Closing value, 31 March 2017	2,408
Sales of standing timber	–21		
Changes due to felling	–363		
Changes in fair value	398		
Closing value, 31 March 2017	32,019		

NOTE 3 – FAIR VALUE MEASUREMENT

The table below shows the Group's assets, liabilities and derivatives measured at fair value:

SEKm	Level 1		Level 2		Level 3	
	Jan–Mar 2017	Jan–Mar 2016	Jan–Mar 2017	Jan–Mar 2016	Jan–Mar 2017	Jan–Mar 2016
<i>Assets</i>						
<i>Financial assets at fair value through profit or loss</i>						
Standing timber					32,019	31,845
Total assets	0	0	0	0	32,019	31,845
<i>Liabilities</i>						
Non-current liabilities	0	0	4,602	5,204	0	0
Current liabilities	0	0	3,871	4,024	0	0
Derivative instruments	0	0	103	155	0	0
Total liabilities	0	0	8,576	9,383	0	0

Measurement techniques for Level 2 fair value

Liabilities are measured at amortised cost. Derivatives in level 2 consist of interest rate swaps and are recognised at market value or as hedge accounting. Measurement at fair value of interest rate swaps is based on swap rates obtained from a financial information system and converted to a zero coupon curve for measurement. Compared with 2016, no transfers have been made between the different levels in the hierarchy and no significant changes have been made in measurement method, data used or assumptions.

Issues

During 2017 Sveaskog issued SEK 3,170 million (2,320) under the commercial paper programme and SEK 0 million (1,000) under the MTN programme.

OTHER INFORMATION**Risks and uncertainties**

A description of risks, uncertainties and risk management is provided in Sveaskog's 2016 Annual Report (in Swedish) on pages 35–37. No other significant changes, in addition to those mentioned in this interim report, have occurred since publication of the annual report. The company is carefully monitoring developments in the UK following the referendum result to leave the EU. This is because the UK is a key market for several of Sveaskog's customers.

Significant events after the closing date

No significant events have occurred after the closing date.

Related-party transactions

No significant changes have occurred in relations or related-party transactions compared with what is described in the 2016 Annual Report.

The CEO hereby confirms that this interim report provides a true and fair overview of the Parent Company's and the Group's operations, their financial position and performance, and describes material risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, 26 April 2017
Sveaskog AB (publ.) (556558-0031)

Per-Olof Wedin
President and CEO

The report has been signed by the CEO under authorisation from the Board of Directors.
The report has not been reviewed by the auditors.

FOR FURTHER INFORMATION, PLEASE CONTACT

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www.sveaskog.se

FINANCIAL CALENDAR

Interim report January – June 2017

17 July 2017

Interim report January – September 2017

26 October 2017

Year-end report 2017

January 2018

Definitions ¹⁾

Capital turnover rate

Net sales divided by average operating capital.

Equity ratio

Equity divided by total assets, all calculated at the end of the period/year.

Gross margin

Operating profit before depreciation and share of profits of associates expressed as a percentage of net sales.

Interest-bearing net debt

Interest-bearing liabilities minus interest-bearing assets, all calculated at the end of the period/year.

Interest cover

Operating profit before change in value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses.

Net debt/equity ratio

Interest-bearing net debt divided by equity.

Net earnings per share

Profit for the period/year after tax divided by average number of shares during the period/year.

Operating capital

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.

Operating margin

Operating profit expressed as a percentage of net sales.

Operating profit from continuing operations

Operating profit before change in value of forest assets, share of profits of associates and capital gains from property sales.

Return on equity

Profit after tax expressed as a percentage of average equity.

Return on operating capital

Operating profit divided by average operating capital, excluding deferred tax.

Yield

Operating profit before change in value of forest assets excluding capital gains on property sales, divided by average operating capital, excluding deferred tax.

1) Sveaskog has chosen to present the company's alternative performance measures in accordance with the decision by the European Securities and Markets Authority (ESMA) in a separate appendix. The appendix is published on www.sveaskog.se.