

Interim report

January – March 2018



A favourable market situation led to higher prices for Sveaskog's products but the very snowy winter made felling conditions difficult.

1 January – 31 March 2018

- Net sales increased by 3% to SEK 1,649 million (1,597). Prices rose by an average of 6% while total delivery volumes decreased by 2%.
- Operating profit from continuing operations increased by 3% and amounted to SEK 393 million (383). Higher prices were offset by lower delivery volumes from Sveaskog's own forests.
- Yield, measured on a rolling 12-month basis, amounted to 4.7% (4.4).
- The net change in the carrying amount of standing timber amounted to SEK 63 million (36).
- Profit for the quarter increased by 14% and amounted to SEK 387 million (339).
- Earnings per share increased by 14% and amounted to SEK 3.27 (2.86).

SEKm	3 months			12 months		
	Jan–March 2018	2017	%	April 2017– March 2018	Full year 2017	%
Net sales	1,649	1,597	3	6,258	6,206	1
Operating profit from continuing operations	393	383	3	1,258	1,248	1
Change in value of forest assets	63	36	75	227	200	14
Operating profit	522	466	12	1,883	1,827	3
Profit before tax	486	431	13	1,774	1,719	3
Profit for the period	387	339	14	1,407	1,359	4
Cash flow from operating activities	–60	235	n/a	508	803	–37
Earnings per share, SEK	3.27	2.86	14	11.89	11.48	4

Performance measures ³⁾

	Jan–March 2018	Jan–March 2017	April 2017– March 2018	Full year 2017
Yield, % ¹⁾ (target at least 4.5%)	4.7	4.4	4.7	4.6
Net debt/equity ratio, multiple (target 0.3–0.6)	0.35	0.38	0.35	0.36
Return on operating capital, % ¹⁾	6.6	5.8	6.6	6.5
Return on equity, % ¹⁾	6.8	5.9	6.8	6.7
Interest cover, multiple ^{1,2)}	10.0	7.2	10.0	9.8
Equity ratio, %	53	52	53	52
Interest-bearing net debt, SEKm	7,427	7,679	7,427	7,410
Average number of employees	810	841	810	846
Total delivery volumes, thousand m ³ sub	2,894	2,944	10,767	10,817

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

Strong market but difficult felling conditions

Sveaskog's operating profit from continuing operations for the first quarter of 2018 amounted to SEK 393 million (383). A favourable market situation led to higher prices for our products but the very snowy winter made felling conditions difficult in some places while transport capacity from forest roads to industry was under considerable strain. Combining deliveries from our own forests with timber procured externally gives us good opportunities to select the most easily accessible felling areas. As a result, we have largely managed to meet deliveries to our customers although with a higher proportion of purchased timber where the margins are lower.

Net sales amounted to SEK 1,649 million (1,597). Sveaskog's total sales of wood raw material during the quarter amounted to 2.9 million m³sub (2.9) of which 1.5 million m³sub (1.7) from our own forests.

The market situation for our customers remains very strong with high prices for both paper pulp and sawn wood products, the latter largely due to a strong construction climate.

Our associated company Setra Group reports a strong earnings trend which contributed to an increase in our combined yield to 4.7% compared with 4.4% in the corresponding period last year. We therefore exceeded our yield target of 4.5%.

The forest debate

The debate about the use of the forest remains polarised. Our aim is to produce more bio raw material to replace climate-damaging products while ensuring that diversity in the forest increases. In this way we contribute to increased growth and value for our stakeholders.

Increased potential for eco-tourism

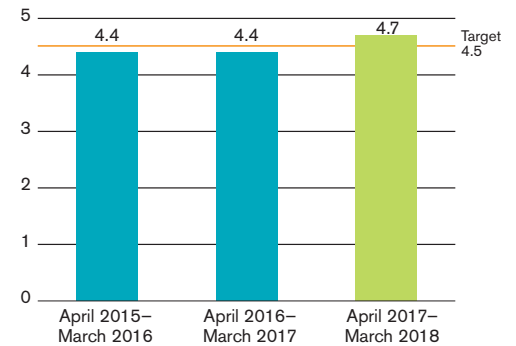
This year marks 15 years since the inauguration of the Omberg Ecopark, the first of Sveaskog's 37 ecoparks. The Swedish government white paper "A country to visit" highlights the potential of eco-tourism in Sveaskog's ecoparks. Sveaskog has entered into a collaboration with the Swedish Eco-tourism Society and started an analysis of the suitability of initially five ecoparks for the development of eco-tourism.

Changed organisation

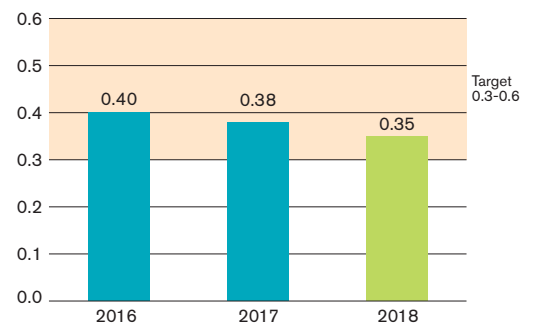
In order to achieve continued improved efficiency, with effect from 1 April Sveaskog's forestry operations are conducted in two (previously three) market areas. The former Central and South Market Areas have been merged into one, the South Market Area. Eva Karlsson Berg, formerly head of the Central Market Area, has been appointed as head of the South Market Area. Fredrik Klang, who was previously head of the South Market Area, has been appointed as SVP Forestry.

Per-Olof Wedin, President and CEO

Yield, %, rolling 12 months



Net debt/equity ratio, multiple, 31 March



Gender equality

We work continuously to improve gender equity. The target is at least 30% women employees by 2021.

Gender breakdown permanent employees in Sweden

	2015	2016	2017	Quarter 1 2018
Proportion women	21	22	24	24
Proportion men	79	78	76	76

Group performance

1 JANUARY – 31 MARCH 2018

Net sales

Net sales increased by 3% to SEK 1,649 million (1,597). Selling prices increased by an average of 6% while total delivery volumes decreased by 2% compared with the corresponding period in the previous year. Sales of wood raw material amounted to 2.9 (2.9) million cubic metres (m³sub).

Earnings

Operating profit from continuing operations increased by 3% to SEK 393 million (383). Prices from Sveaskog's own forests increased by 6%. Delivery volumes from own forests fell by 13% which in terms of earnings was partly offset by a higher inventory value. The decrease is due to, among other things, difficult production conditions during the snowy winter and a lack of transport capacity.

Capital gains from property sales amounted to SEK 30 million (35). Share of profits of the associate Setra Group amounted to SEK 36 million (12). The net change in the carrying amount of standing timber amounted to SEK 63 million (36). After change in value of forest assets, operating profit amounted to SEK 522 million (466).

Financial items for the quarter amounted to SEK –36 million (–35). Profit before tax increased to SEK 486 million (431). Tax for the period amounted to SEK –99 million (–92). Profit for the quarter increased by 4% to SEK 387 million (339).

Cash flow, investments and financial position

Cash flow from operating activities at 31 March amounted to SEK –60 million (235). The change is mainly due to a temporary increase in working capital due to increased trade receivables since Easter occurred at the turn of the quarter. Investments in property, plant and equipment amounted to SEK 30 million (58) and investments in shares amounted to SEK 0 million (1). Sales of property, plant and equipment, primarily forest properties, amounted to SEK 61 million (70).

Sveaskog's interest-bearing net debt at 31 March totalled SEK 7,427 million (7,679). At the end of the period, the loan portfolio mainly comprised loans issued under Sveaskog's MTN programme as well as a Swedish commercial paper programme. The loan volume under the commercial paper programme, which is refinanced regularly, amounted to SEK 2,410 million (3,270). The outstanding volume under the MTN programme at 31 March was SEK 4,390 million (3,990). The lowest average fixed interest period during the quarter was approximately 31 months.

Net debt/equity ratio amounted to 0.35 (0.38).

Interest cover amounted to 10.0 (7.2) and the gross borrowing cost was 1.30% (1.34).

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.) for the first quarter was SEK 3 million (3). Loss after financial items amounted to SEK 58 million (–59). The Parent Company's costs mainly comprise interest expenses. The company has no employees.

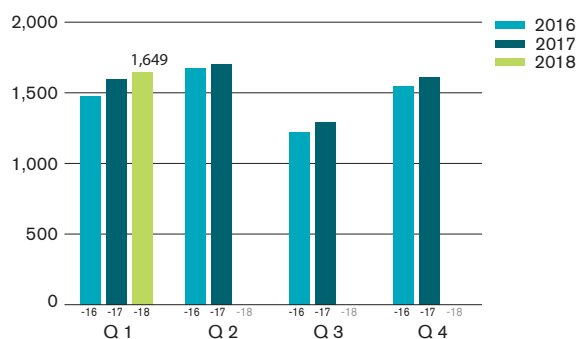
Setra Group AB

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 the period January–March amounted to SEK 1,130 million (1,007). Operating profit amounted to SEK 92 million (33). The improved earnings are due to higher

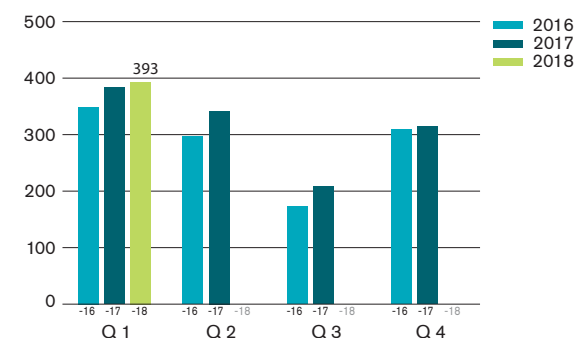
Change, net sales, SEKm

	Quarter 1
2017	1,597
Price, wood raw material	89
Delivery volumes, wood raw material	–26
Other	–11
2018	1,649

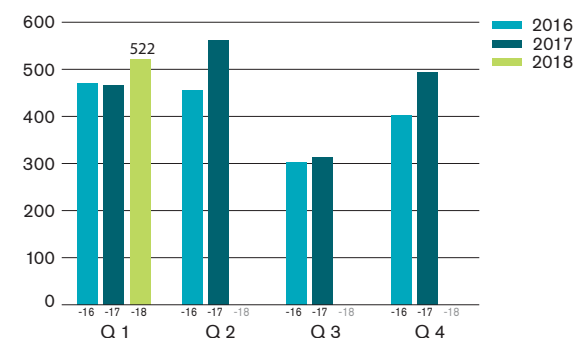
Net sales, SEKm



Operating profit from continuing operations, SEKm



Operating profit, SEKm



prices as a result of a favourable market situation. Sveaskog's share of profits of the company adjusted for intra-group profits increased by 292% to SEK 36 million (12). Sveaskog's share of Setra Group's other comprehensive income amounted to SEK –9 million (2).

Market situation and timber deliveries

Sveaskog conducts trading in wood raw material in Sweden and more than half of the material comes 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.

The largest market for Swedish forest industry with regard to paper pulp, paper and sawn wood products is Europe, including Sweden. However, the development of global demand for these products is also very important. The business climate is expected to remain favourable in Europe and Asia in 2018. The risk of inflation is increasing driven by rising production costs in China and a clearer shortage of labour in several economies. Production is increasing to some extent and selling prices for forest industry products are at historically record levels.

Exchange rate fluctuations continue to have a significant impact on the profitability of Swedish forest industry. The weakening of the Swedish krona which has been taking place since September 2017 means a significant boost to the industry's profitability since the krona has weakened against the euro by 10%. The increased competitiveness of the forest industry improves ability to pay when it comes to wood raw material. The krona is expected to recover in pace with stabilisation in the property market.

SAWMILLS

The market for sawn wood products and therefore for sawlogs mainly depends on construction activity. Sweden is the largest individual market for the sawmills and demand for sawn wood products is considerable due to a high level of activity in the construction sector. Total production measured in number of homes is now clearly decreasing compared with 2017 but remains at a high level in a longer perspective. Viewed over the whole of Europe, the building sector will continue to expand in 2018. Deliveries to North Africa and the Middle East are expected to recover after the previous halt in Algeria while deliveries to the US and east Asia are increasing. Taken together, this ensures a continued very favourable situation for Swedish sawmills. The willingness of sawmills to invest in both capacity and processing remains high.

International competition comes, among others, from Finland, Germany and Russia. Russian volume expansion is focused on China where it is the leading supplier today. We are now seeing an expansion of both German and Finnish production driven by the market situation and good access to sawlogs.

Production in Swedish sawmills is at a high but not record level. The stock of finished products has seen a falling trend for just over three years and is at very low levels considering the season. Demand for sawlogs is high and prices are rising throughout the country. Ahead of the next quarter, many sawmills wish to further increase their production.

Sveaskog's deliveries

Sveaskog delivered 1,260 (1,304) thousand m³sub of sawlogs in the first quarter, which is 3% lower than in the corresponding period last year. For the period April 2017 to March 2018 deliveries totalled 4,650 (4,706) thousand m³sub of sawlogs.

PULP AND PAPER INDUSTRY

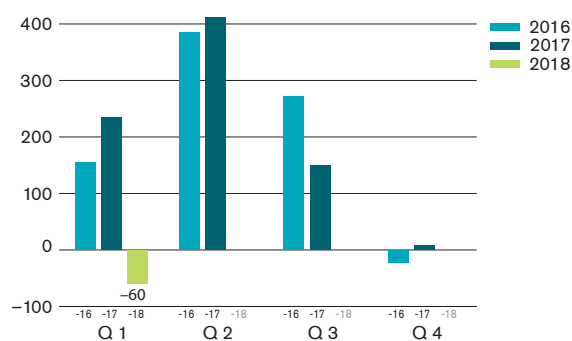
Global demand and deliveries of paper pulp are increasing. Of the volumes not used directly in Sweden for paper production, most is exported to

Change, operating profit from continuing operations, SEKm

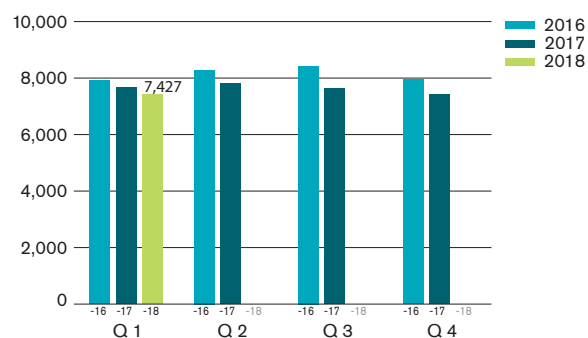
	Quarter 1
2017, Q 1	383
Price, own wood raw material	35
Volume and change in inventories, own wood raw material	-40
Seedling operations	-3
Other property transactions *	-17
Other **	35
2018, Q 1	393
* Other property transactions relate to combined:	
Ecological compensation	-13
Permanent tenure, other	-4
Other property transactions	-17

** Relates among other things to costs for silvicultural activities, roads and administration.

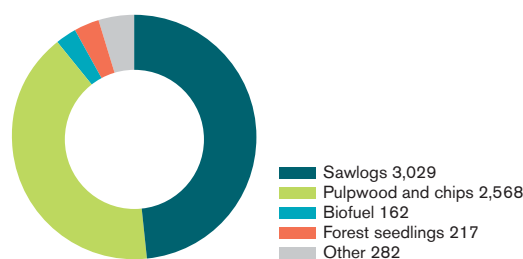
Cash flow from operating activities per quarter, SEKm



Interest-bearing net debt, SEKm



Sales per product, rolling 12 months, SEKm



Europe followed by Asia, which accounts for a significantly increasing share. Prices rose sharply in 2017 and at the start of 2018. A price level of 1,170 USD/tonne was announced at the end of March. Additional capacity in 2018 is expected to lead to some price pressure.

Sweden's exports of paper and cartonboard for packaging material are increasing. Demand for newsprint continues to decrease in Europe at a rate of about 5% per year. Production capacity is being closed down or converted to products with better market prospects. Taken overall, Swedish paper and cartonboard production has seen a positive trend since 2012 with rising volumes and prices. During the last six months, the price of packaging material has tracked the development for market pulp while the trend for graphic products is more modest.

Completed investments in forest industry have raised production capacity and additional capacity will be put into operation during 2018.

Despite the high level of activity in the sawmills, pulpwood availability has weakened in the last six months. This was caused partly by the industry's increased production and partly by disruptions in delivery capacity. The price of pulpwood is rising throughout the country which is positive for Sveaskog as a raw material supplier.

Sveaskog's deliveries

Sveaskog delivered 1,441 (1,408) thousand m³sub of pulpwood and chips in the first quarter, which is an increase of 2%. For the period April 2017 to March 2018 deliveries totalled 5,557 (5,387) thousand m³sub of pulpwood and chips.

BIOFUEL MARKET

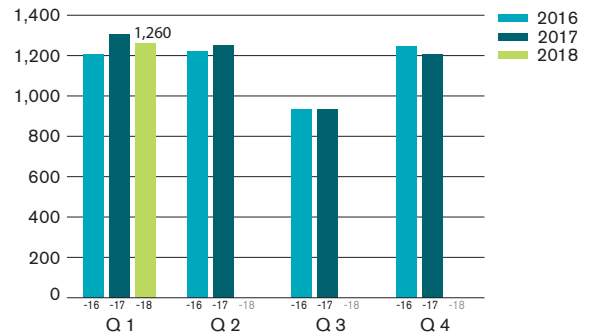
The biofuel market is regional and local due to transport costs. Customers are CHP plants as well as energy-producing forest industry. Demand for biofuel was strong in southern Sweden, more balanced in central Sweden and weak in the northern part of the country. There is considerable competition from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

Availability of biofuel has fallen sharply during the winter and price levels for new delivery volumes are rising.

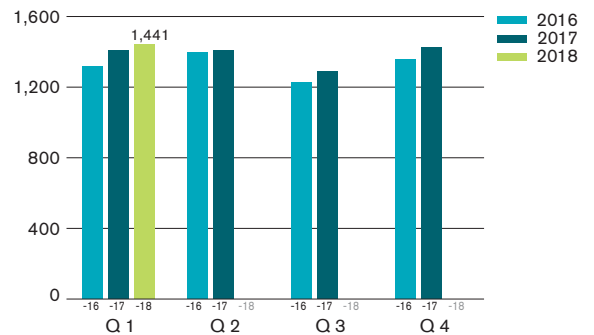
Sveaskog's deliveries

Sveaskog delivered 193 (232) thousand m³sub of biofuel in the first quarter, which is a decrease of 17%. For the period April 2017 to March 2018 deliveries totalled 560 (712) thousand m³sub.

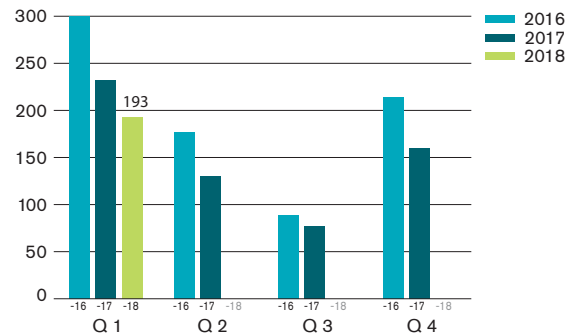
Delivery volume, sawlogs, thousand m³sub



Delivery volume, pulpwood and chips, thousand m³sub



Delivery volume, biofuel, thousand m³sub



Sveaskog Group

Condensed income statement

SEKm	3 months		12 months	
	Jan–March 2018	Jan–March 2017	Apr 2017– March 2018	Full year 2017
Net sales	1,649	1,597	6,258	6,206
Other operating income	35	49	191	205
Raw material and consumables	-593	-497	-1,861	-1,765
Change in inventories	48	32	-31	-47
Other external costs	-590	-640	-2,645	-2,695
Employee benefit expenses	-136	-137	-574	-575
Depreciation	-20	-21	-80	-81
Operating profit from continuing operations	393	383	1,258	1,248
Capital gains from property sales	30	35	316	321
Share of profits of associates	36	12	82	58
Operating profit before change in value of forest assets	459	430	1,656	1,627
Change in value of forest assets (Note 2, 3)	63	36	227	200
Operating profit	522	466	1,883	1,827
Financial items	-36	-35	-109	-108
Profit before tax	486	431	1,774	1,719
Tax	-99	-92	-367	-360
Profit for the period/year	387	339	1,407	1,359
Earnings per share, SEK, before and after dilution	3.27	2.86	11.89	11.48
- 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–March 2018	Jan–March 2017	Apr 2017– March 2018	Full year 2017
Profit for the period/year	387	339	1,407	1,359
Other comprehensive income				
Components that will not be reversed in profit or loss				
Actuarial gains/losses on pensions	-	-	-4	-4
Tax on actuarial gains/losses	-	-	1	1
Components that can be reversed in profit or loss				
Exchange differences	1	0	2	1
Other comprehensive income from associate	-12	2	-10	4
Tax attributable to other comprehensive income from associate	3	0	2	-1
Cash flow hedges	6	10	32	36
Tax attributable to cash flow hedges	-1	-2	-7	-8
Total other comprehensive income for the period/year, net after tax	-3	10	16	29
Total comprehensive income for the period/year	384	349	1,423	1,388

Sveaskog Group

Condensed balance sheet

SEKm	31 March 2018	31 March 2017	31 Dec 2017
ASSETS (Note 4)			
Non-current assets			
Intangible assets	104	64	93
Property, plant and equipment			
Forest land (Note 2, 3)	2,460	2,408	2,460
Other property, plant and equipment	451	482	458
Biological assets – standing timber (Note 2, 3)	32,100	32,019	32,054
Financial assets	523	509	497
Total non-current assets	35,638	35,482	35,562
Current assets			
Inventories	609	631	540
Contract assets	1,216	1,042	1,080
Other current receivables, etc., non-interest bearing	729	483	582
Cash and cash equivalents	1,256	1,307	1,681
Total current assets	3,810	3,463	3,883
TOTAL ASSETS	39,448	38,945	39,445
EQUITY AND LIABILITIES			
Equity	21,053	20,430	20,669
Non-current liabilities (Note 4)			
Interest-bearing liabilities and provisions	5,615	5,053	5,626
Other liabilities and provisions	8,446	8,366	8,421
Total non-current liabilities	14,061	13,419	14,047
Current liabilities (Note 4)			
Interest-bearing liabilities and provisions	3,068	3,932	3,465
Contract liabilities	0	2	2
Other liabilities and provisions	1,266	1,162	1,262
Total current liabilities	4,334	5,096	4,729
TOTAL LIABILITIES	18,395	18,515	18,776
TOTAL EQUITY AND LIABILITIES	39,448	38,945	39,445

Statement of changes in equity

SEKm	Jan–March 2018	Jan–March 2017	Full year 2017
Opening equity, 1 January	20,669	20,081	20,081
Total comprehensive income	384	349	1,388
Dividend paid according to Annual General Meeting resolution	–	–	–800
Closing equity at the end of the period/year	21,053	20,430	20,669

Sveaskog Group

Condensed statement of cash flows

SEKm	Jan–March 2018	Jan–March 2017	Full year 2017
Operating activities			
Operating profit	522	466	1,827
Adjustment for non-cash items, etc.	-146	-93	-644
Interest received	0	0	28
Interest paid	-36	-35	-186
Paid tax	-50	-50	-175
Cash flow from operating activities before change in working capital	290	288	850
Change in working capital	-350	-53	-47
Cash flow from operating activities	-60	235	803
Investing activities			
Investments in property, plant and equipment	-30	-58	-219
Investments in shares	0	-1	-1
Dividend from associate	0	0	50
Sale of property, plant and equipment	61	70	647
Cash flow from investing activities	31	11	477
Financing activities			
Dividend paid	0	0	-800
Borrowings	2,360	3,170	11,600
Repayment of borrowings	-2,756	-3,179	-11,469
Cash flow from financing activities	-396	-9	-669
Cash flow for the period/year	-425	237	611
Cash and cash equivalents at the beginning of the period/year	1,681	1,070	1,070
Cash and cash equivalents at the end of the period/year	1,256	1,307	1,681

Parent Company

Condensed income statement

SEKm	3 months		12 months	
	Jan–March 2018	Jan–March 2017	Apr 2017– March 2018	Full year 2017
Operating income	3	3	53	53
Operating expenses	0	0	–2	–2
Operating profit	3	3	51	51
Financial items	–61	–62	–250	–251
Profit/loss before appropriations and tax	–58	–59	–199	–200
Appropriations	–	–	200	200
Tax	13	13	0	0
Profit/loss for the period/year *	–45	–46	1	0

* Same as Total comprehensive income for the period/year.

Condensed balance sheet

SEKm	31 March 2018	31 March 2017	31 Dec 2017
ASSETS			
Non-current assets			
Property, plant and equipment	49	52	49
Total property, plant and equipment	49	52	49
Financial assets			
Shares and participations	24,934	24,934	24,934
Receivables from group companies, interest-bearing	1,800	2,000	2,400
Total financial assets	26,734	26,934	27,334
Total non-current assets	26,783	26,986	27,383
Current assets			
Current receivables, etc., non-interest bearing	281	74	292
Receivables from group companies, interest-bearing	10	574	10
Cash and cash equivalents	0	0	0
Total current assets	291	648	302
TOTAL ASSETS	27,074	27,634	27,685
EQUITY			
Equity	8,420	9,219	8,465
Non-current liabilities			
Interest-bearing liabilities	5,187	4,587	5,187
Total non-current liabilities	5,187	4,587	5,187
Current liabilities			
Interest-bearing liabilities and provisions	13,450	13,813	14,001
Other liabilities and provisions	17	15	32
Total current liabilities	13,467	13,828	14,033
TOTAL EQUITY AND LIABILITIES	27,074	27,634	27,685

Parent Company

Statement of changes in equity

SEKm	Jan–March 2018	Jan–March 2017	Full year 2017
Opening equity, 1 January	8,465	9,265	9,265
Dividend paid according to Annual General Meeting resolution	–	–	–800
Profit/loss for the period/year	–45	–46	0
Closing equity at the end of the period/year	8,420	9,219	8,465

Condensed statement of cash flows

SEKm	Jan–March 2018	Jan–March 2017	Full year 2017
Cash flow from operating activities	–249	–290	–285
Cash flow from investing activities	600	0	–356
Cash flow from financing activities	–351	290	641
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

REDOVISNINGSPRINCIPER

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Disclosures according to IAS 34 Interim Financial Reporting are provided both in notes and elsewhere in the year-end report. For the Parent Company the year-end report is prepared in accordance with the Annual Accounts Act, which is in accordance with the regulations in RFR 2 Accounting for Legal Entities.

With effect from 1 January 2018 the company applies IFRS 15 “Revenue from Contracts with Customers” with full retrospective application. This means that revenue is recognised when the customer obtains control of the sold good or service and is able to use and obtain benefit from the good or service. The effect on the company is negligible. See Note 1 for a breakdown of revenue from contracts with customers. See also the Annual Report for 2017 page 71 for a description of the various revenue groups. In addition, with effect from 1 January 2018 the company applies IFRS 9 “Financial Instruments”. IFRS 9 contains new principles for how financial assets are classified and measured, as well as new rules for impairment testing of financial assets. The effect on the company is negligible and the new classification does not result in any change in measurement method. See also page 68 in the Annual Report for 2017 for a description of the effects of this transition. In other respects, the accounting principles and calculations 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 – REVENUE FROM CONTRACTS WITH CUSTOMERS, SEKm

Revenue from contracts with customers

SEKm	Jan–Mar 2018	Jan–Mar 2017	Apr 2017– Mar 2018	Full year 2017
Sawlogs	836	817	3,029	3,010
Pulpwood and chips	697	639	2,568	2,510
Biofuel	54	68	162	176
Forest seedlings	8	11	217	220
Other	30	35	150	155
Total	1,625	1,570	6,126	6,071
- of which net sales	1,624	1,570	6,122	6,068
- of which other operating income	1	0	4	3

Date of revenue recognition

	Jan–Mar 2018	Jan–Mar 2017	Apr 2017– Mar 2018	Full year 2017
Goods transferred to customer at a specific date	1,622	1,567	6,073	6,018
Goods and services transferred to customers over time	3	3	53	53

Sveaskog has an unfulfilled performance obligations that will not be fulfilled within one year for SEK 1,760 million. The obligations comprise contracted deliveries forward in time, where Sveaskog has undertaken to deliver a specific volume per year. The value of these obligations has some uncertainty since the contracts consist of several delivery contracts where the price is renegotiated each year.

NOTE 2 – CHANGE IN VALUE OF FOREST ASSETS

The book value of Sveaskog's forest assets at 31 March 2018 has been calculated at SEK 34,560 million (34,427), of which SEK 32,100 million (32,019) comprises the fair value of standing timber and SEK 2,460 million (2,408) an identified cost for land. The change in the balance sheet since year-end 2017 amounts to SEK 46 million (50) and is specified in Note 3. No significant changes in the parameters applies when calculating the market value of biological assets have occurred compared with the 2017 Annual Report.

NOTE 3 – STANDING TIMBER AND FOREST LAND

Standing timber	SEKm	Forest land	SEKm
<i>Market value</i>		<i>Cost</i>	
Opening value, 1 January 2017	31,993	Opening value, 1 January 2017	2,384
Acquisition of standing timber	12	Acquisition of forest land	25
Sales of standing timber	-21	Sales of forest land	-1
Changes due to felling	-363	Closing value, 31 March 2017	2,408
Changes in fair value	398		
Closing value, 31 March 2017	32,019	Opening value, 1 January 2018	2,460
Opening value, 1 January 2018	32,054	Acquisition of forest land	2
Acquisition of standing timber	1	Sales of forest land	-2
Sales of standing timber	-18	Closing value, 31 March 2018	2,460
Changes due to felling	-364		
Changes in fair value	427		
Closing value, 31 March 2018	32,100		

NOTE 4 – FAIR VALUE

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

SEKm	Level 1		Level 2		Level 3	
	Jan–March	Jan–March	Jan–March	Jan–March	Jan–March	Jan–March
	2018	2017	2018	2017	2018	2017
<i>Assets</i>						
Standing timber					32,100	32,019
Total assets	0	0	0	0	32,100	32,019
<i>Liabilities</i>						
Non-current liabilities	0	0	5,345	5,356	0	0
Current liabilities	0	0	3,410	3,291	0	0
Derivative instruments	0	0	66	103	0	0
Total liabilities	0	0	8,821	8,750	0	0

Measurement techniques for Level 2 fair value

Current liabilities are measured at book value including accrued interest which is assessed to provide a good approximation of fair value. Fair value of non-current debt instruments is established using valuation models such as discounting future cash flows to listed market interest rates for the respective term. 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 2017, 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.

Measurement techniques used for Level 3 fair value

Measurement techniques are specified in Note 15 page 79 of the 2017 Annual Report.

Issues

During 2018 Sveaskog has issued SEK 2,160 million (3,170) under the commercial paper programme and SEK 0 million (0) under the MTN programme.

OTHER INFORMATION

Risks and uncertainties

A description of risks, uncertainties and risk management is provided in Sveaskog's 2017 Annual Report on pages 45–47. No other significant changes, in addition to those mentioned in this year-end report, have occurred since publication of the annual report.

Significant events after the closing date

No significant events have occurred after the closing date except that with effect from 1 April Sveaskog's forestry operations are conducted in two (previously three) market areas.

Related-party transactions

No significant changes have occurred in relations or related-party transactions compared with what is described in the 2017 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 the Group.

Stockholm, 23 April 2018
Sveaskog AB (publ.) (556558-0031)

Per-Olof Wedin
President and CEO

This report has been signed by the CEO after authorisation by the Board of Directors.
The report has not been reviewed by the company's auditors.

FOR FURTHER INFORMATION, PLEASE CONTACT

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FINANCIAL CALENDAR

Interim report January – June 2018	17 July 2018
Interim report January – September 2018	26 October 2018
Year-end report 2018	January 2019

Definitions¹⁾

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.

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