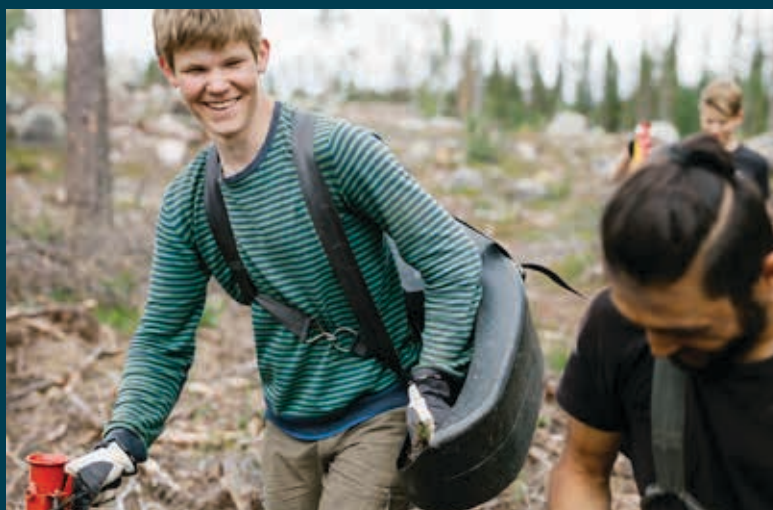


Interim report

January – September 2017



According to our most recent employee survey, our employees are proud to work at Sveaskog and very happy to recommend others to apply for a job with us.

1 July – 30 September 2017

- Net sales increased by 6% to SEK 1,294 million (1,222). Total delivery volumes rose 2% and prices increased by an average of 3%.
- Operating profit from continuing operations increased by 20% and amounted to SEK 208 million (173). The improved earnings are mainly explained by higher prices and higher delivery volumes.
- The net change in the carrying amount of standing timber amounted to SEK 54 million (99).
- Profit for the quarter increased by 7% and amounted to SEK 220 million (206).
- Earnings per share increased by 7% and amounted to SEK 1.86 (1.74).

1 January – 30 September 2017

- Net sales increased by 5% to SEK 4,593 million (4,373). Total delivery volumes rose 2% and prices increased by an average of 2%.
- Operating profit from continuing operations increased by 14% and amounted to SEK 933 million (819). The improved earnings are mainly explained by higher prices and higher delivery volumes.
- Yield, measured on a rolling 12-month basis, amounted to 4.6% (4.3).
- The net change in the carrying amount of standing timber amounted to SEK 162 million (319).
- Profit for the period increased by 11% and amounted to SEK 999 million (899).
- Earnings per share increased by 11% and amounted to SEK 8.44 (7.59).

SEKm	3 months			9 months			12 months		
	Jul-Sep		%	Jan-Sep		%	Oct 2016–	Full year	
	2017	2016		2017	2016		2017	2016	2016
Net sales	1,294	1,222	6	4,593	4,373	5	6,142	5,922	4
Operating profit from continuing operations	208	173	20	933	819	14	1,242	1,128	10
Change in value of forest assets	54	99	-45	162	319	-49	162	319	-49
Operating profit	313	302	4	1,341	1,229	9	1,743	1,631	7
Profit before tax	281	264	6	1,270	1,089	17	1,638	1,457	12
Profit for the period	220	206	7	999	899	11	1,290	1,190	8
Cash flow from operating activities	148	271	-45	794	811	-2	772	789	-2
Earnings per share, SEK	1.86	1.74	7	8.44	7.59	11	10.90	10.05	8

Performance measures³⁾, Group

	Jan-Sep 2017	Jan-Sep 2016	Oct 2016– Sep 2017	Full year 2016
Yield, % 1) (target at least 4.5%)	4.6	4.3	4.6	4.2
Net debt/equity ratio, multiple (target 0.3–0.6)	0.38	0.43	0.38	0.40
Return on operating capital, % 1)	6.2	9.1	6.2	5.8
Return on equity, % 1)	6.4	9.6	6.4	6.0
Interest cover, multiple 1,2)	9.9	5.7	9.9	6.3
Equity ratio, %	52	51	52	52
Interest-bearing net debt, SEKm	7,624	8,427	7,624	7,937
Average number of employees	821	818	821	844
Total delivery volume, thousand m ³ sub	8,027	7,866	10,845	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 prices and increased volumes raised earnings

Sveaskog's operating profit from continuing operations amounted to SEK 933 million (819), an increase of 14%. Earnings in our core business continue to improve driven by a strong market, increased productivity and good control of costs. Yield amounted to 4.6% (4.3) and net sales increased to SEK 4,593 million (4,373).

There is a high level of construction activity in Sweden and the rest of Europe at the same time as interest in using wood has increased within the building sector. Steel and concrete can with advantage be replaced by wooden building components. This provides economic gains for the end customer at the same time as wood binds carbon. Global demand for paper pulp is rising as is production capacity in

our catchment area. Demand for wood raw material is high and prices increased during the autumn in particular for sawlogs.

Sustainable forest management

The forest and forest management are attracting increasing attention. Media debate has been particularly intensive recently as regards climate effects and impact on biodiversity. As far as Sveaskog is concerned, we conduct our forest management in the best interests of the entire Swedish population which involves achieving a balance between different interests: social, economic and ecological.

Sveaskog issued its second green bond in September. The financing from this issue will be used for investments that will result in positive environmental impact with sustainable forest management at its core. There was considerable interest in participation in the issue and 22 Swedish and international investors subscribed for a total of one billion Swedish kronor.

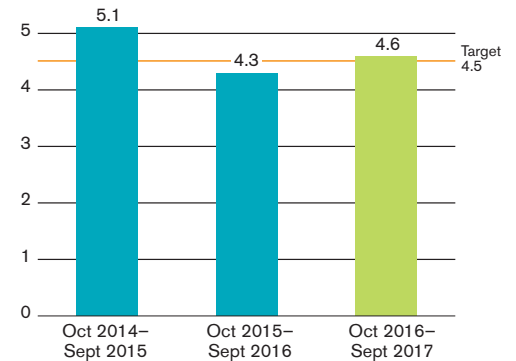
Proud employees

Every other year, Sveaskog conducts a major employee survey and the response rate was record high this year at 91%. I am pleased to note that the high scores are largely retained. The survey shows that our employees are proud to work at Sveaskog and very happy to recommend others to apply for a job with us. The Employee Motivation Index (EMI) has a high result of 68 where the average in Sweden is 65. The Leadership Index amounts to 70 which is the average in Sweden. We continue our work to strengthen employeeship and leadership.

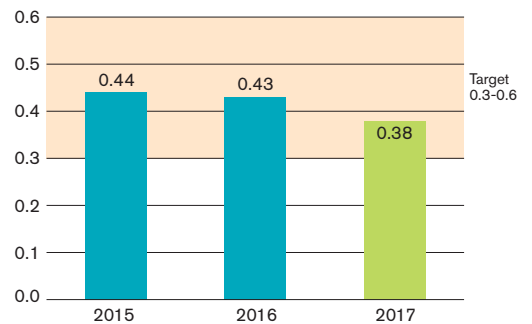
Taken overall we have a sound platform and I see continued potential to increase profitability within the framework of sustainable forest management and to contribute to a green transition.

Per-Olof Wedin, President and CEO

Yield, %, rolling 12 months



Net debt/equity ratio, multiple, at 30 September



Employee survey

One of Sveaskog's sustainable business objectives is to be the preferred choice for employees and contractors. We measure this using employee and contractor surveys and we make active efforts to increase the proportion of women and employees from a non-Swedish background.

Indicator	Result	
	2015	2017
Employee Motivation Index	70	68
Leadership Index	73	70

Group performance

1 JULY – 30 SEPTEMBER 2017

Net sales

Net sales increased by 6% to SEK 1,294 million (1,222). Total delivery volumes increased by 2% compared with the corresponding period last year and selling prices increased by an average of 3%. Sales of wood raw material totalled 2.3 (2.2) million cubic metres (m³sub).

Earnings

Operating profit from continuing operations increased by 20% to SEK 208 million (173). The improved earnings are mainly explained by higher prices and higher delivery volumes.

Capital gains from property sales amounted to SEK 47 million (30). Share of profits in the associate Setra Group amounted to SEK 4 million (0). The net change in the carrying amount of standing timber amounted to SEK 54 million (99). After change in value of forest assets, operating profit was SEK 313 million (302).

Net financial items for the quarter amounted to SEK –32 million (–38) due to lower financing costs. Profit before tax rose to SEK 281 million (264). Tax for the period amounted to SEK –61 million (–58). Profit for the quarter increased by 7% to SEK 220 million (206).

1 JANUARY – 30 SEPTEMBER 2017

Net sales

Net sales increased by 5% to SEK 4,593 million (4,373). Total delivery volumes increased by 2% compared with the corresponding period last year and selling prices increased by an average of 2%. Sales of wood raw material totalled 8.0 (7.9) million cubic metres (m³sub).

Earnings

Operating profit from continuing operations increased by 14% to SEK 933 million (819). The improved earnings are mainly explained by higher prices and higher delivery volumes. Revenues for ecological compensation* from Boliden, improved earnings in the field purchases operations and lower road costs also made a positive contribution.

Capital gains from property sales amounted to SEK 208 million (61). Share of profits of the associate Setra Group amounted to SEK 38 million (30). Net change in the carrying amount of standing timber amounted to SEK 162 million (319). The decrease is mainly due to increased felling volumes. After change in value of forest assets, operating profit amounted to SEK 1,341 million (1,229).

Net financial items for the first nine months of 2017 amounted to SEK –71 million (–140) due to lower interest expense and higher dividends from shareholders not related to the holding in Setra Group. Profit before tax increased to SEK 1,270 million (1,089). Tax for the period amounted to SEK –271 million (–190). The higher tax expense is due, among other things, to Sveaskog receiving a refund of SEK 43 million in 2016 due to too higher reported tax for the years 2011–2014 relating to a previously unutilised replacement reserve. Profit for the period increased by 11% to SEK 999 million (899).

Cash flow, investments and financial position

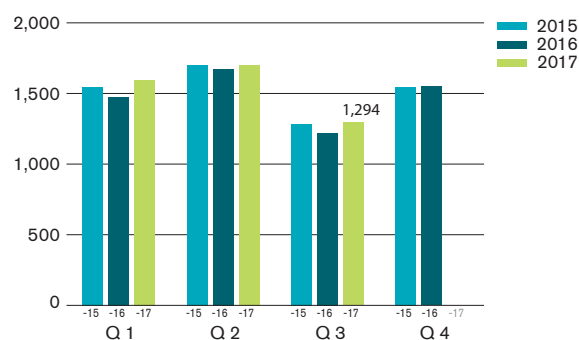
Cash flow from operating activities in the period January–September amounted to SEK 794 million (811). The decrease is mainly due to changes in operating capital. Investments in property, plant and equipment amounted to SEK 174 million (98) and investments in shares amounted to SEK 1 million (1). Sales of property, plant and equipment, primarily forest properties, amounted to SEK 402 million (154). Share dividends received totalled SEK

* Agreed compensation programme with a number of different silvicultural measures to create new conservation values and protect existing ones.

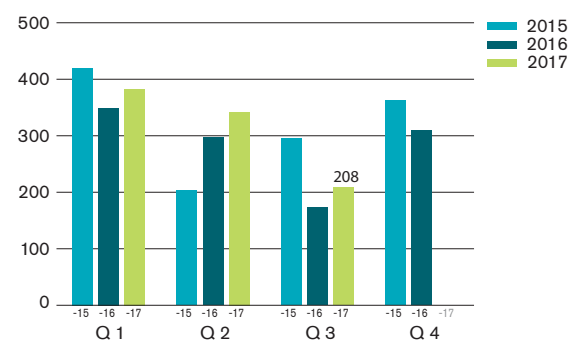
Change, net sales, SEKm

	Quarter 3	Jan–Sept
2016	1,222	4,373
Price, wood raw material	30	99
Delivery volumes, wood raw material	24	82
Other	18	39
2017	1,294	4,593

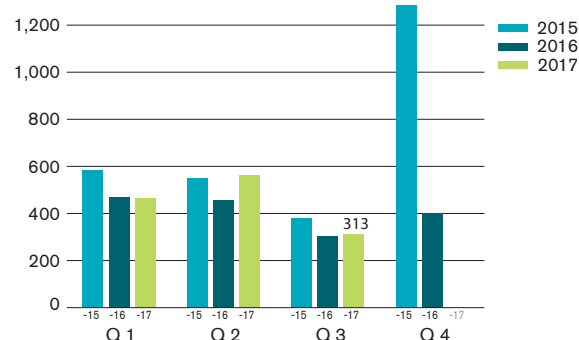
Net sales, SEKm



Operating profit from continuing operations, SEKm



Operating profit, SEKm



78 million (16) including SEK 50 million (5) from Setra Group AB and SEK 28 million (11) from other shareholdings.

Sveaskog's interest-bearing net debt at 30 September amounted to SEK 7,624 million (8,427). 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, which is refinanced regularly, amounted to SEK 2,710 million (2,420). The outstanding volume under the MTN programme at 30 September was SEK 4,990 million (4,990), of which SEK 1,000 million was issued in September as a green bond. The lowest average fixed interest period during the period was approximately 28 months and approximately 33 months on the closing date.

The net debt/equity ratio amounted to 0.38 (0.43).

Interest cover amounted to 9.9 (5.7) and the gross borrowing cost was 1.29% (1.83).

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 nine months of 2017 was SEK 36 million (21). Loss after financial items amounted to SEK 150 million (-174). 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–September amounted to SEK 3,027 million (3,043). Operating profit amounted to SEK 107 million (86). Both selling prices and sales volumes increased for comparable units. The sale of Setra's sawmill in Vimmerby was completed in January 2017. Figures for the previous year include the operations in Vimmerby as well as Setra Plusshus and the planing operations in Valbo, both of which were sold in the second quarter of 2016. Sveaskog's share of the company's profits increased to SEK 38 million (30).

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 paper pulp, paper and sawn wood products. However, the development of total global demand for these products is also very important. In the most recent economic forecast from Handelsbanken the growth rate was increased for both Sweden and most export markets. An anticipated turnaround has been postponed further into 2018. Capacity utilisation in the forest industry is high and selling prices for the forest industry's products are at historically high levels in many cases. Fluctuating exchange rates continue to have a significant impact on the profitability of Swedish forest industry.

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 a high level of activity in the construction sector. Production measured in the number of homes is not expected to further increase due to limited capacity. Wood consumption, however, does have potential to increase further as construction solutions with a higher proportion of wood are offered in the

Change, operating profit from continuing operations, SEKm

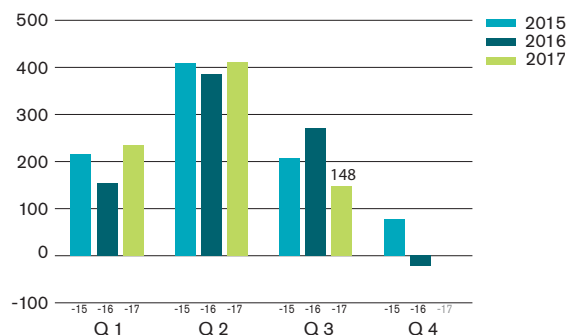
	Quarter 3	Jan–Sept
2016	173	819
Price, own wood raw material	13	45
Volume and change in inventories, own wood raw material	23	31
Ecological compensation	-	13
Other property transactions *	-5	-3
Other **	4	28
2017	208	933

* Other property transactions relate to combined:

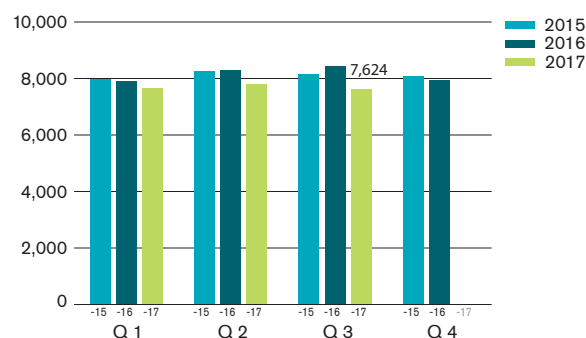
Permanent tenure, Environmental Protection Agency 2016	-60	
Permanent tenure, Environmental Protection Agency 2017	15	
Permanent tenure, other	1	
Sale of non-forest land	-6	42
Other property transactions	-5	-3

** Relates among other things to revenues for ecological compensation, improved earnings from field purchases and lower road costs.

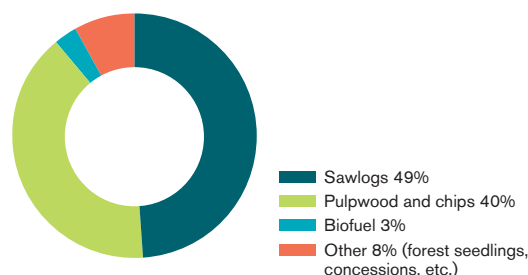
Cash flow from operating activities per quarter, SEKm



Interest-bearing net debt, SEKm



Products as % of sales, rolling 12 months



market. The European market headed by the UK continues to be the most important export market. During the past quarter volumes to North Africa and the Middle East continued to decrease to the benefit of an expansion in the US and east Asia. The situation has been particularly challenging for industries which export to Algeria which has not taken deliveries between April and September.

International competition comes among others from Finland, Germany and Russia. Russian expansion is focused on China where it is the leading supplier today. Finland is also increasing its market share driven by increased supplies of Finnish sawlogs.

Production in the Swedish sawmills is at a high but not record level. The stock of finished products has seen a falling trend over the past two years. Demand for sawlogs is high and prices are rising throughout Sweden. Ahead of the next quarter, many sawmills plan to increase their production.

Sveaskog's deliveries

Sveaskog delivered 932 (934) thousand m³sub of sawlogs in the third quarter, which is in principle an unchanged level compared with the corresponding period last year. Deliveries in the period January–September increased to 3,487 (3,361) 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 Europe, followed by Asia, which accounts for an sharply increasing share. Global stock levels have risen slightly during the year while prices rose sharply by approximately 100 USD/tonne.

Sweden's exports of paper and cartonboard are increasing, primarily for material for cartonboard manufacture. Demand for newsprint continues to decrease, 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. Additional price increases for some product groups will be announced in the coming quarter.

The forest industry continues to make major investments in new production capacity.

In the short term, the market for pulpwood continues to be balanced due to the high level of activity in the forest and at the sawmills. Preparations are underway for increased delivery levels and upward price movements can be noted in sections of the market.

Sveaskog's deliveries

Sveaskog delivered 1,286 (1,226) thousand m³sub of pulpwood and chips in the third quarter which is 5% higher compared with the corresponding period last year. Deliveries for the period January–September amounted to 4,101 (3,939) thousand m³sub of pulpwood and chips.

BIOFUEL MARKET

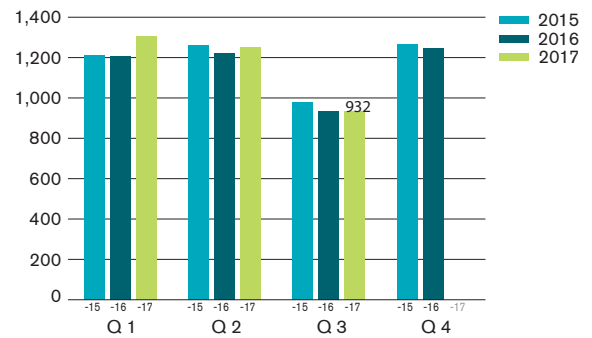
The total biofuel market is exposed to continued restructuring but is otherwise regional and local due to transport costs. Customers are CHP plants as well as energy-producing forest industry. Demand for biofuel was strong in southern Sweden, more balanced in central Sweden and weak in the northern part 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.

Prices were generally unchanged, except in southern Sweden where they rose slightly.

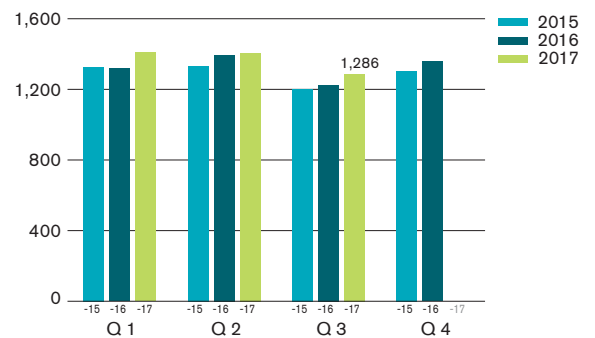
Sveaskog's deliveries

Sveaskog delivered 77 (89) thousand m³sub of biofuel in the third quarter which is a decrease of 13% compared with the corresponding period last year. Deliveries for the period January–September amounted to 439 (566) thousand m³sub.

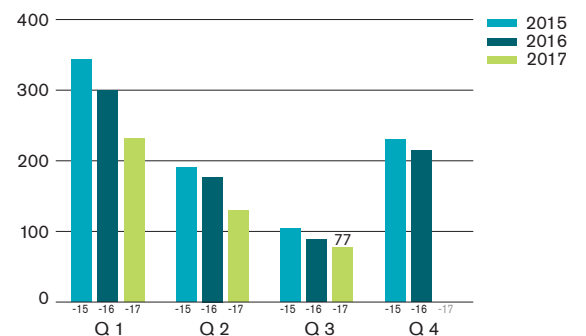
Delivery volume, sawlogs, thousand m³sub



Delivery volume, pulpwood and chips, thousand m³sub



Delivery volume, biofuel, thousand m³sub



Sveaskog Group

Condensed income statement

SEK m	3 months		9 months		12 months	
	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Oct 2016– Sep 2017	Full year 2016
Net sales	1,294	1,222	4,593	4,373	6,142	5,922
Other operating income	13	19	141	126	186	171
Raw materials and consumables	-352	-330	-1,260	-1,149	-1,733	-1,622
Change in inventories	21	15	-113	-142	-33	-62
Other external costs	-628	-613	-1,967	-1,935	-2,698	-2,666
Employee benefit expenses	-120	-120	-400	-393	-542	-535
Depreciation	-20	-20	-61	-61	-80	-80
Operating profit from continuing operations	208	173	933	819	1,242	1,128
Capital gains from property sales	47	30	208	61	278	131
Share of profits of associates	4	0	38	30	61	53
Operating profit before change in value of forest assets	259	203	1,179	910	1,581	1,312
Change in value of forest assets (Note 1, 2)	54	99	162	319	162	319
Operating profit	313	302	1,341	1,229	1,743	1,631
Financial items	-32	-38	-71	-140	-105	-174
Profit before tax	281	264	1,270	1,089	1,638	1,457
Tax	-61	-58	-271	-190	-348	-267
Profit for the period/year	220	206	999	899	1,290	1,190
Earnings per share, SEK before and after dilution	1.86	1.74	8.44	7.59	10.90	10.05
- calculated on average number of shares, millions	118.4	118.4	118.4	118.4	118.4	118.4

Statement of comprehensive income

SEK m	3 months		9 months		12 months	
	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Oct 2016– Sep 2017	Full year 2016
Profit for the period/year	220	206	999	899	1,290	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	0	1	0	1
Cash flow hedges	10	8	29	-17	54	8
Tax attributable to cash flow hedges	-2	-1	-6	4	-12	-2
Total other comprehensive income for the period/year net after tax	8	7	23	-12	23	-12
Total comprehensive income for the period/year	228	213	1,022	887	1,313	1,178

Sveaskog Group

Condensed balance sheet

SEKm	30 Sep 2017	30 Sep 2016	31 Dec 2016
ASSETS (Note 3)			
Non-current assets			
Intangible assets	84	37	52
Property, plant and equipment			
Forest land (Note 1, 2)	2,451	2,366	2,384
Other property, plant and equipment	467	474	498
Biological assets – standing timber (Note 1,2)	32,081	32,036	31,993
Financial assets	490	491	506
Total non-current assets	35,573	35,404	35,433
Current assets			
Inventories	460	511	582
Current receivables, etc., non-interest bearing	1,631	1,890	1,520
Cash and cash equivalents	1,772	1,184	1,070
Total current assets	3,863	3,585	3,172
TOTAL ASSETS	39,436	38,989	38,605
EQUITY AND LIABILITIES			
Equity	20,314	19,801	20,092
Non-current liabilities (Note 3)			
Interest-bearing liabilities and provisions	6,085	5,725	5,726
Other liabilities and provisions	8,376	8,284	8,365
Total non-current liabilities	14,461	14,009	14,091
Current liabilities (Note 3)			
Interest-bearing liabilities	3,312	3,886	3,281
Other liabilities	1,349	1,293	1,141
Total current liabilities	4,661	5,179	4,422
TOTAL LIABILITIES	19,122	19,188	18,513
TOTAL EQUITY AND LIABILITIES	39,436	38,989	38,605

Condensed statement of changes in equity

SEKm	Jan–Sep 2017	Jan–Sep 2016	Full year 2016
Opening equity, 1 January	20,092	19,714	19,714
Total comprehensive income	1,022	887	1,178
Dividend decided at Annual General Meeting	–800	–800	–800
Closing equity at the end of the period/year	20,314	19,801	20,092

Sveaskog Group

Condensed statement of cash flows

SEKm	Jan–Sep 2017	Jan–Sep 2016	Full year 2016
Operating activities			
Operating profit	1,340	1,229	1,631
Adjustment for non-cash items, etc.	–445	–379	–509
Interest received	28	13	13
Interest paid	–99	–154	–195
Paid tax	–149	–126	–144
Cash flow from operating activities before change in working capital	675	583	796
Change in working capital	119	228	–7
Cash flow from operating activities	794	811	789
Investing activities			
Investments in property, plant and equipment	–174	–98	–183
Investments in shares	–1	–1	–1
Dividend from associate	50	5	5
Sale of property, plant and equipment	402	154	298
Sale of shares	0	0	3
Cash flow from investing activities	277	60	122
Financing activities			
Dividend paid	–800	–800	–800
Borrowings	9,440	7,760	9,530
Repayment of borrowings	–9,009	–7,782	–9,706
Cash flow from financing activities	–369	–822	–976
Cash flow for the period/year	702	49	–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	1,772	1,184	1,070

Parent Company

Condensed income statement

SEKm	3 months		9 months		12 months	
	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Oct 2016– Sep 2017	Full year 2016
Operating income	29	3	36	21	80	65
Operating expenses	-1	-1	-2	-2	-2	-2
Operating profit	28	2	34	19	78	63
Financial items	-62	-66	-184	-193	-250	-259
Profit/loss before tax	-34	-64	-150	-174	-172	-196
Group contribution	-	-	-	-	196	196
Tax	7	15	33	39	-6	0
Profit/loss for the period/year*	-27	-49	-117	-135	18	0

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

Condensed balance sheet

SEKm	30 Sep 2017	30 Sep 2016	31 Dec 2016
ASSETS			
Non-current assets			
Property, plant and equipment	50	54	52
Total property, plant and equipment	50	54	52
Financial assets			
Shares and participations	24,934	24,934	24,934
Receivables from group companies, interest-bearing	2,250	2,350	2,000
Total financial assets	27,184	27,284	26,934
Total non-current assets	27,234	27,338	26,986
Current assets			
Current receivables, etc., non-interest bearing	130	522	275
Receivables from group companies, interest-bearing	1,000	381	363
Cash and cash equivalents	0	0	0
Total current assets	1,130	903	638
TOTAL ASSETS	28,364	28,241	27,624
EQUITY			
Equity	8,348	9,130	9,265
Non-current liabilities			
Interest-bearing non-current liabilities	5,587	5,187	5,187
Total non-current liabilities	5,587	5,187	5,187
Current liabilities			
Interest-bearing liabilities and provisions	14,398	13,878	13,120
Other liabilities and provisions	31	46	52
Total current liabilities	14,429	13,924	13,172
TOTAL EQUITY AND LIABILITIES	28,364	28,241	27,624

Parent Company

Condensed statement of changes in equity

SEKm	Jan–Sep 2017	Jan–Sep 2016	Full year 2016
Opening equity, 1 January	9,265	10,065	10,065
Dividend decided at Annual General Meeting	–800	–800	–800
Profit/loss for the period/year	–117	–135	0
Closing equity at the end of the period/year	8,348	9,130	9,265

Condensed statement of cash flows

SEKm	Jan–Sep 2017	Jan–Sep 2016	Full year 2016
Cash flow from operating activities	–1,212	–295	–625
Cash flow from investing activities	–222	–187	206
Cash flow from financing activities	1,434	482	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. Disclosures according to IAS 34 Interim Financial Reporting are provided both in notes and elsewhere in the interim report. 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 30 September 2017 has been calculated at SEK 34,532 million (34,402), of which SEK 32,081 million (32,036) comprises the fair value of standing timber and SEK 2,451 million (2,366) an identified cost for land. The change in the balance sheet since year-end 2016 amounts to SEK 155 million (305) and is specified in Note 2. No significant changes in the parameters applies when calculating the market value of biological assets have occurred compared with the 2016 Annual Report.

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	9	Acquisition of forest land	25
Sales of standing timber	–42	Sales of forest land	–5
Changes due to felling	–1,072	Closing value, 30 September 2016	2,366
Changes in fair value	1,390		
Closing value, 30 September 2016	32,036	Opening value, 1 January 2017	2,384
		Acquisition of forest land	73
Opening value, 1 January 2017	31,993	Sales of forest land	–6
Acquisition of standing timber	24	Closing value, 30 September 2017	2,451
Sales of standing timber	–98		
Changes due to felling	–1,089		
Changes in fair value	1,251		
Closing value, 30 September 2017	32,081		

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-Sep 2017	Jan-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Sep 2017	Jan-Sep 2016
<i>Assets</i>						
Standing timber					32,081	32,036
Total assets	0	0	0	0	32,081	32,036
<i>Liabilities</i>						
Non-current liabilities	0	0	5,619	5,217	0	0
Current liabilities	0	0	3,311	3,433	0	0
Derivative instruments	0	0	111	180	0	0
Total liabilities	0	0	9,041	8,830	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 has issued SEK 8,440 million (7,210) under the commercial paper programme and SEK 1,000 million (1,000) under the MTN programme. The issue under the MTN programme relates to a green bond.

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.

Significant events after the closing date

No significant events have occurred after the closing date.

Related-party transactions

In the second quarter a dividend was paid to the owner of SEK 800 million. Apart from this, no significant changes have occurred in relations or related-party transactions compared with what is described in the 2016 Annual Report.

The Board of Directors and CEO hereby confirm 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, 26 October 2017
Sveaskog AB (publ.) (556558-0031)

Eva Färnstrand
Chairman

Thomas Hahn
Board Member

Leif Ljungqvist
Board Member

Annika Nordin
Board Member

Anna-Stina Nordmark Nilsson
Board Member

Sven Wird
Board Member

Sofia Gilliusson
Employee Representative

Kenneth Andersson
Employee Representative

Per-Olof Wedin
President and CEO

Auditor's review

Introduction

We have reviewed the interim report of Sveaskog AB (publ) as of 30 September 2017 and the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International

Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 26 October 2017

Deloitte AB
Hans Warén, Authorised public accountant

FOR FURTHER INFORMATION, PLEASE CONTACT

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FINANCIAL CALENDAR

Year-end report 2017	26 January 2018
Annual Report 2017	March 2018
Interim report January – March 2018	23 April 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.

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