



Sawlog deliveries rose 3% compared with the corresponding period in the previous year.

### 1 July – 30 September 2015

- Net sales decreased by 2% to SEK 1,284 million (1,309). Delivery volumes were unchanged while the average price was 1% lower.
- Operating profit from continuing operations increased by 34% to SEK 295 million (220). Delivery volumes from Sveaskog's own forests increased by 1% with on average unchanged prices. Earnings include a capital gain of SEK 47 million related to the sale of development land.
- Change in value of forest assets was SEK 83 million (120).
- Profit for the quarter rose 15% to SEK 260 million (227).

### 1 January – 30 September 2015

- Net sales decreased by 1% to SEK 4,532 million (4,591). Delivery volumes were unchanged while the average price was 1% lower.
- Operating profit from continuing operations increased by 8% to SEK 918 million (852). Delivery volumes from Sveaskog's own forests increased by 2% while average prices were unchanged.
- Change in value of forest assets was SEK 515 million (312).
- Profit for the period rose 30% to SEK 1,065 million (821).

| SEKm  | 3 months  |       |     | 9 months |           |    | 12 months |           |    |
|---|-----------|-------|-----|----------|-----------|----|-----------|-----------|----|
|   | July–Sept |       | %   | Jan–Sept |           | %  | Oct 2014– | Full year | %  |
| 2015  | 2014      | 2015  |     | 2014     | Sept 2015 |    | 2014      |           |    |
| Net sales                                   | 1,284     | 1,309 | -2  | 4,532    | 4,591     | -1 | 6,173     | 6,232     | -1 |
| Operating profit from continuing operations | 295       | 220   | 34  | 918      | 852       | 8  | 1,320     | 1,254     | 5  |
| Change in value of forest assets            | 83        | 120   | -31 | 515      | 312       | 65 | 1,235     | 1,032     | 20 |
| Operating profit                            | 382       | 353   | 8   | 1,515    | 1,233     | 23 | 2,700     | 2,418     | 12 |
| Profit before tax                           | 335       | 290   | 16  | 1,358    | 1,035     | 31 | 2,480     | 2,157     | 15 |
| Profit for the period                       | 260       | 227   | 15  | 1,065    | 821       | 30 | 1,935     | 1,691     | 14 |
| Cash flow from operating activities         | 214       | 192   | 11  | 837      | 702       | 19 | 904       | 769       | 18 |

### Key figures, Group

|  | Jan–Sept 2015          | Jan–Sept 2014 | Oct 2014–Sept 2015 | Full year 2014 |        |
|--|------------------------|---------------|--------------------|----------------|--------|
| Yield, % 1)  | (target at least 4.5%) | 5.1           | 4.7                | 5.1            | 5.0    |
| Net debt/equity ratio, multiple                    | (target 0.3–0.6)       | 0.44          | 0.47               | 0.44           | 0.44   |
| Return on operating capital, % 1)                  |                        | 10.2          | 9.1                | 10.2           | 9.2    |
| Return on equity, % 1)                             |                        | 10.6          | 9.3                | 10.6           | 9.4    |
| Interest cover, multiple 1,2)                      |                        | 5.9           | 4.3                | 5.9            | 4.8    |
| Equity ratio, %                                    |                        | 49            | 48                 | 49             | 50     |
| Interest-bearing net debt, SEKm                    |                        | 8,174         | 8,279              | 8,174          | 8,207  |
| Average number of employees                        |                        | 814           | 836                | 814            | 877    |
| Total delivery volume, thousand m <sup>3</sup> sub |                        | 7,947         | 7,948              | 10,838         | 10,838 |

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.



## CEO's comments

### Continued good earnings trend

Sveaskog's operating profit from continuing operations for the period January–September 2015 amounted to SEK 918 million (852), an increase of 8%. Deliveries from own forests increased by 2% while prices on average were unchanged. Earnings include a SEK 47 million capital gain on the sale of development land. Yield amounted to 5.1% (4.7). Net sales totalled SEK 4,532 million (4,591). Sveaskog's total sales of wood raw material amounted to 7.9 (7.9) million cubic metres (m<sup>3</sup>sub). Sawlog sales increased by 3%, sales of pulpwood and chips were unchanged while sales of biofuel

decreased by 11%. Despite the fact that earnings include some non-recurring items, profitability in continuing operations is good, which is gratifying.

### Mixed signals in the market

Demand for sawn wood products was good but there is some oversupply. Swedish sawmills expect slightly higher production but lower export prices in the next quarter. The sawmills were well supplied with sawlogs. Stocks were relatively high but are now showing signs of decreasing. Sawlog prices changed marginally.

Export levels for Swedish paper pulp are stable. As previously demand for and prices of cartonboard products are rising while demand for graphic paper products is falling. The period was characterised by good availability of pulpwood and cellulose chips in Sweden. Earlier price reductions for pulpwood have levelled out.

Investments in the Swedish and Finnish forest industries are increasing. Metsä's announced investments in Äänekoski in central Finland, Södra's investments in Värö and most recently SCA's announced investment in Östrand indicate a belief in the future and in growth in the forest industry. This will result in higher demand for wood raw material which is positive for Sveaskog as a major supplier.

### National forest programme important for the industry

This autumn, work with the Swedish national forest programme will start in earnest. The hope is that this will result in constructive and assertive guidelines for Swedish forests. As far as Sveaskog is concerned, we regard it as important that the programme encourages the use of wood in construction, provides greater clarity relating to energy and biofuel and facilitates research into bioeconomics.

### More salmon in Swedish rivers create more jobs in rural areas

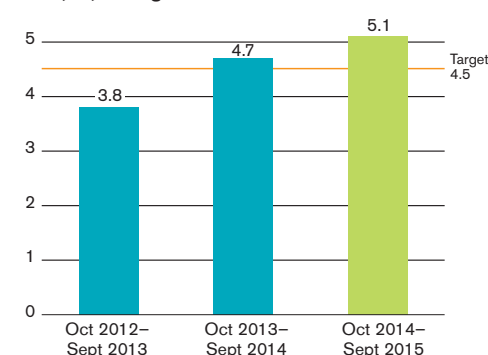
In September, Sveaskog arranged a seminar in Mörrum on growth potential for salmon fishing in Sweden. H.M. King Carl XVI Gustav and the Minister of Rural Affairs, Sven-Erik Bucht, participated. The conclusion from the seminar was that in an international perspective Sweden has the potential to create major values in the hospitality sector by building up salmon stocks. This will contribute to good growth and provide more job opportunities in rural areas.

### Sveaskog's employees more motivated

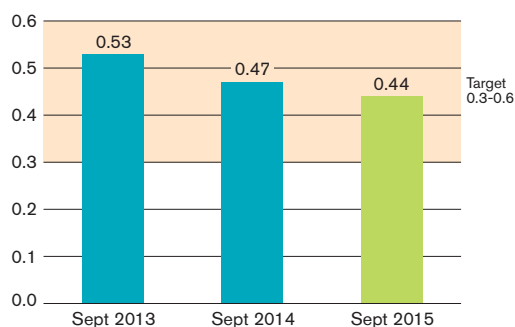
This year's employee survey shows significant improvements which is highly gratifying. One of the indicators, the Employee Motivation Index (MMI), increased compared with last year by six points to 70 and the Leadership Index rose by eight points to 73. The survey also indicates increased pride in working at Sveaskog and a greater willingness to recommend others to apply for jobs at Sveaskog.

Per-Olof Wedin, President and CEO

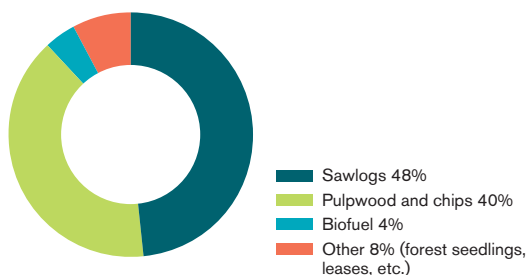
Yield, %, rolling 12 months



Net debt/equity ratio, multiple, at 30 September



Product breakdown by % of sales, rolling 12 months



### Theme – Sustainability

One of Sveaskog's targets for sustainable business 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.

| Target metric                    | Value |      |      |
|----------------------------------|-------|------|------|
|                                  | 2013  | 2014 | 2015 |
| Employee Motivation Index (MMI)* |       | 64   | 70   |
| Leadership Index                 | 70    | 65   | 73   |

\* New metrics from 2014.

# Group performance

## 1 JULY–30 SEPTEMBER 2015

### Net sales

Net sales decreased by 2% to SEK 1,284 million (1,309). Total delivery volumes were unchanged compared with the corresponding period last year while average selling prices were 1% lower. Sales of wood raw material totalled 2.3 (2.3) million cubic metres (m<sup>3</sup>sub).

### Earnings

Operating profit from continuing operations increased by 34% to SEK 295 million (220). Delivery volumes from own forests increased by 1% while prices on average were unchanged. Earnings include a capital gain of SEK 47 million relating to the sale of a large agricultural property.

Gains from property sales related to forest land and standing timber amounted to SEK 9 million (7). Share of profits of the associate Setra Group amounted to SEK –5 million (6). Operating profit before change in value of forest assets amounted to SEK 299 million (233). Change in value for the third quarter was SEK 83 million (120). The increase is attributable to higher price effects in the valuation model. After change in value of forest assets, operating profit amounted to SEK 382 million (353).

Net financial items in the quarter amounted to SEK –47 million (–63). Profit before tax increased by 16% to SEK 335 million (290). Tax for the period amounted to SEK –75 million (–63). Profit for the quarter rose 15% to SEK 260 million (227).

## 1 JANUARY–30 SEPTEMBER 2015

### Net sales

Net sales decreased by 1% to SEK 4,532 million (4,591). Sales volumes were unchanged but timber prices were on average 1% lower. Sales of wood raw material totalled 7.9 (7.9) million cubic metres (m<sup>3</sup>sub).

### Earnings

Operating profit from continuing operations increased by 8% to SEK 918 million (852). Deliveries from own forests were 2% higher and prices were largely unchanged. Earnings include a VAT remission of SEK 36 million attributable to a transfer of operations at the beginning of the 2000s as well as a capital gain of SEK 47 million relating to the sale of a large agricultural property.

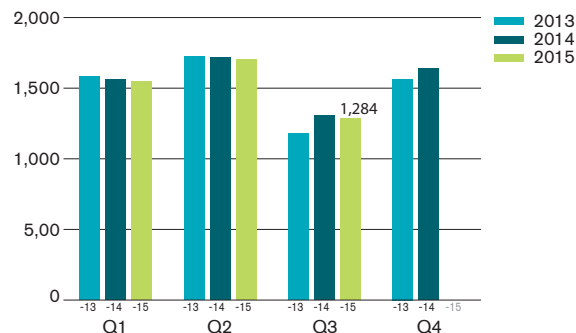
Gains from property sales relating to forest land and standing timber amounted to SEK 55 million (5).

Share of profits of the associate Setra Group amounted to SEK 27 million (64).

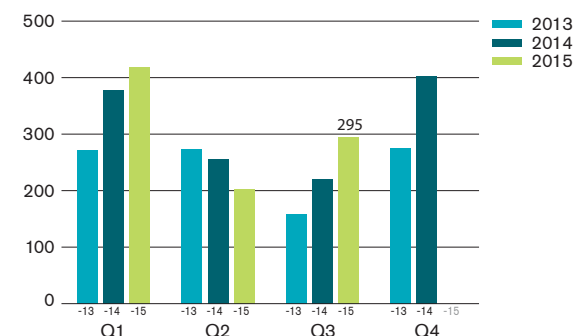
Operating profit before change in value of forest assets amounted to SEK 1,000 million (921). Change in value of forest assets was SEK 515 million (312). The increase is attributable to higher price effects in the valuation model and slightly lower felling volumes. After change in value of forest assets, operating profit amounted to SEK 1,515 million (1,233).

Net financial items amounted to SEK –157 million (–198). Profit before tax increased by 31% to SEK 1,358 million (1,035). Tax for the period amounted to SEK –293 million (–214). Profit for the period increased by 30% to SEK 1,065 million (821).

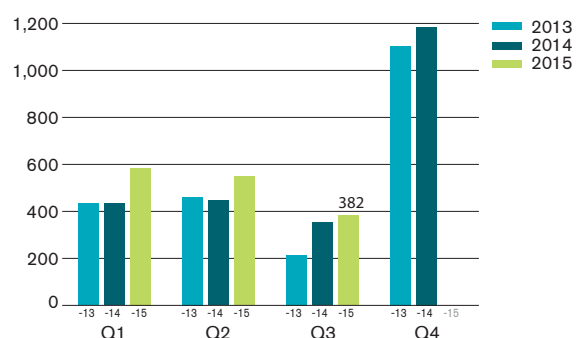
Net sales, SEKm



Operating profit from continuing operations, SEKm



Operating profit, SEKm



Change, net sales, SEKm

|                                    | July–Sept    | Jan–Sept     |
|------------------------------------|--------------|--------------|
| <b>2014</b>                        | <b>1,309</b> | <b>4,591</b> |
| Price, wood raw material           | –19          | –43          |
| Delivery volume, wood raw material | 1            | –1           |
| Other                              | –7           | –15          |
| <b>Total</b>                       | <b>–25</b>   | <b>–59</b>   |
| <b>2015</b>                        | <b>1,284</b> | <b>4,532</b> |

### Cash flow, investments and financial position

Cash flow from operating activities amounted to SEK 837 million (702). The increase is mainly due to a positive change in working capital. Investments in property, plant and equipment amounted to SEK 258 million (82) and investments in shares amounted to SEK 1 million (1). Sales of property, plant and equipment, primarily forest properties, amounted to SEK 181 million (45). Cash flow includes a dividend from the associate company Setra Group AB of SEK 32 million.

Sveaskog's interest-bearing net debt at 30 September amounted to SEK 8,174 million (8,279). At the end of the period, the loan portfolio mostly comprised loans issued under Sveaskog's MTN programme as well as a Swedish commercial paper programme. Approximately 4% of the portfolio consists of bank financing. The loan volume under the commercial paper programme amounted to SEK 2,721 million (2,520) and is refinanced regularly. Under the MTN programme the outstanding volume at 30 September was SEK 4,890 million (5,190). The lowest average fixed interest period during the nine-month period was approximately 30 months.

The net debt/equity ratio amounted to 0.44 (0.47).

Interest cover for the period amounted to 5.7 (4.3) and the gross borrowing cost was 2.00% (2.65).

### 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.) in the first nine months of the year amounted to SEK 11 million (10). Loss after net financial items was SEK 182 million (–261). The Parent Company's costs mainly comprise interest expenses. The company has no employees.

### Setra Group AB

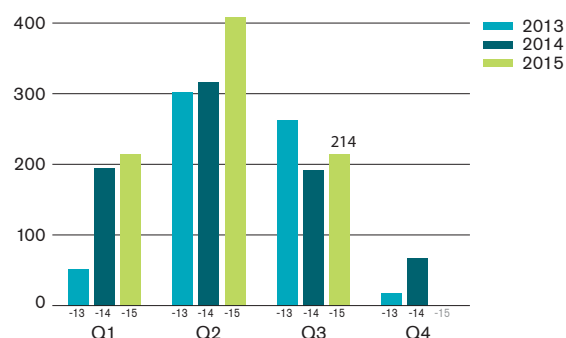
Sveaskog owns 50% of the shares in the wood products company Setra Group AB which is reported as an associate. Share of profits of associates is recognised in the consolidated income statement. Net sales for the period January–September amounted to SEK 3,232 million (3,162). Operating profit amounted to SEK 78 million (192). The earnings trend is a result of a less favourable market situation which was counteracted by a weaker Swedish krona and completed efficiency improvements. Earnings include discontinuation costs of SEK 21 million for the planing mill in Valbo. Sveaskog's share of the company's profits, adjusted for intra-group profits, decreased by 58% for the first nine months of 2015 to SEK 27 million (64).

## Market situation and timber deliveries

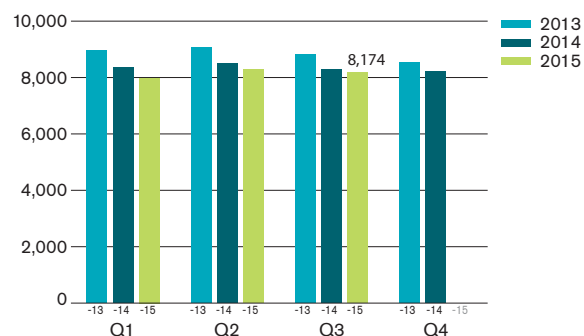
Sveaskog conducts trading in wood raw material in Sweden and more than half of the material is taken from the company's own forests. The main product range is sawlogs, pulpwood and chips, and biofuel. Most of Sveaskog's customers are in Sweden but they export a large proportion of their products worldwide.

The Swedish forest industry's largest market for paper pulp, paper and sawn wood products is Europe including Sweden. Economic growth in Europe is increasing while the rate of increase has slowed. Growth and demand remain weak in several European countries. The World Trade Organization (WTO) recently lowered its world trade forecast which it has done on several previous occasions. Outside Europe there is uncertainty about China's economic situation. The earlier high growth figures have been lowered and the reliability of statistics questioned. In the US, the economic recovery has improved but at a slower rate than expected. The Swedish economy is strengthening.

### Cash flow from operating activities, per quarter, SEKm



### Interest-bearing net debt, SEKm



### Change, operating profit from continuing operations

|  | July–Sept  | Jan–Sept   |
|--|------------|------------|
| <b>2014</b>                            | <b>220</b> | <b>852</b> |
| Price, own wood raw material           | –3         | 0          |
| Delivery volume, own wood raw material | 4          | 27         |
| Change in stocks                       | 9          | –97        |
| VAT remission                          | 0          | 36         |
| Capital gain development land          | 47         | 47         |
| Other                                  | 18         | 53         |
| <b>Total</b>                           | <b>75</b>  | <b>66</b>  |
| <b>2015</b>                            | <b>295</b> | <b>918</b> |

Oil prices are at very low levels which should affect continued growth. The dollar remains strong but the Swedish krona is strengthening steadily. There have been considerable fluctuations in exchange rates.

**SAWMILLS**

Construction in Europe is at a stable but still relatively low level. In the US, construction is rising but the change mainly applies to apartment blocks. Exports of sawn wood products to the US from Europe and Sweden are rising but Canada is still by far the biggest exporter. Imports from East Asia, excluding China and Japan, have fallen somewhat following an earlier rise. Wood product prices are falling in China and Egypt. Taken overall, there is still a surplus of sawn products.

In Sweden production of sawn wood products is at a high level and stocks have risen.

Swedish demand was high and exports have risen. Demand has also been surprisingly high in North Africa and the Middle East against the background of the political uncertainty in the region. The UK is still Sweden's largest single export country with good demand thus far. Exports to China increased earlier at an average even rate but are now falling due to lower demand and sharply falling prices.

The sawmills were well supplied with sawlogs. Raw material stocks have been relatively high but are now showing signs of decreasing. Sawlog prices changed marginally.

**Sveaskog's deliveries**

Sveaskog delivered 977 (949) thousand m<sup>3</sup>sub of sawlogs in the third quarter which is 3% higher than in the corresponding period last year.

**PULP AND PAPER INDUSTRY**

Globally, deliveries of paper pulp are increasing. Stock levels have risen at producers, in ports and at buyers. Almost 80% of Swedish exports go to Europe where economic growth has improved but at a slow rate. The price of long-fibre sulphate pulp has fallen steadily. Swedish export levels are largely unchanged.

Demand for graphic paper products continues to fall. On the other hand an improvement can be seen for many other products such as cartonboard for packaging and packaging paper. Swedish production here is at a high level. In total, the export volume is comparable with the previous year's level. The period was characterised by good availability for pulpwood and cellulose chips. Significant volumes are also imported. Earlier price reductions for pulpwood have levelled out.

**Sveaskog's deliveries**

Sveaskog delivered 1,201 (1,209) thousand m<sup>3</sup>sub of pulpwood and chips in the third quarter which is 1% lower than in the corresponding period last year.

**BIOFUEL MARKET**

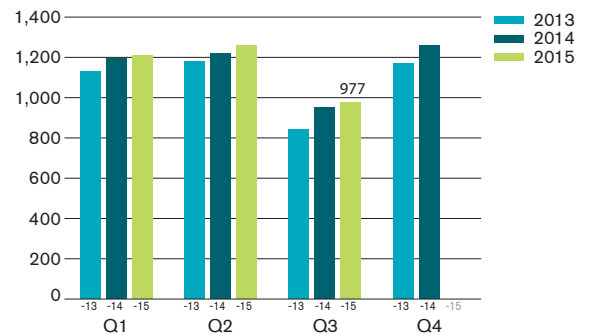
The continental pellets market is characterised by oversupply and falling prices.

In Sweden, energy production based on biofuel is regional or local. Demand for wood-based biofuel has been weak. The main reasons are other competing fuels such as waste, more efficient production and distribution of energy as well as low electricity prices. Production of felling residues (branches and tops) is falling.

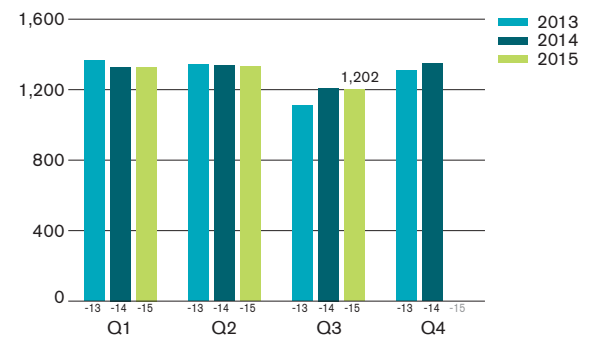
**Sveaskog's deliveries**

Sveaskog delivered 103 (122) thousand m<sup>3</sup>sub of biofuel in the third quarter which is 16% less than in the corresponding period last year.

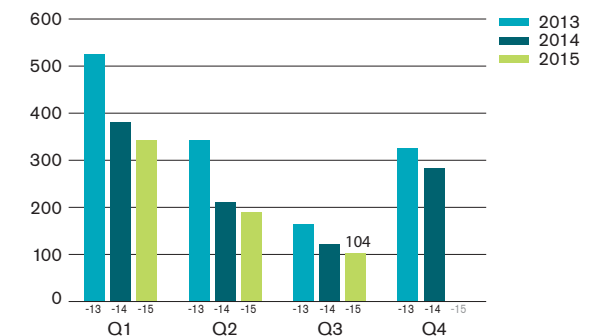
**Delivery volume sawlogs, thousand m<sup>3</sup>sub**



**Delivery volume, pulpwood and chips, thousand m<sup>3</sup>sub**



**Delivery volume biofuel, thousand m<sup>3</sup>sub**



## Group

### Condensed income statement

| SEKm  | 3 months          |                   | 9 months         |                  | 12 months              |                   |
|---|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
|   | July–Sept<br>2015 | July–Sept<br>2014 | Jan–Sept<br>2015 | Jan–Sept<br>2014 | Oct 2014–<br>Sept 2015 | Full year<br>2014 |
| Net sales   | 1,284             | 1,309             | 4,532            | 4,591            | 6,173                  | 6,232             |
| Other operating income  | 51                | 6                 | 60               | 27               | 88                     | 55                |
| Raw materials and consumables                                   | -326              | -367              | -1,188           | -1,320           | -1,632                 | -1,764            |
| Change in inventories   | 41                | 37                | -148             | -23              | -43                    | 82                |
| Other external costs  | -619              | -623              | -1,885           | -1,963           | -2,655                 | -2,733            |
| Employee benefit expenses                                       | -117              | -118              | -385             | -388             | -519                   | -522              |
| Depreciation  | -19               | -24               | -68              | -72              | -92                    | -96               |
| <b>Operating profit from continuing operations</b>              | 295               | 220               | 918              | 852              | 1,320                  | 1,254             |
| Capital gains from property sales                               | 9                 | 7                 | 55               | 5                | 118                    | 68                |
| Share of profits of associates                                  | -5                | 6                 | 27               | 64               | 27                     | 64                |
| <b>Operating profit before change in value of forest assets</b> | 299               | 233               | 1,000            | 921              | 1,465                  | 1,386             |
| Change in value of forest assets (Note 1, 2)                    | 83                | 120               | 515              | 312              | 1,235                  | 1,032             |
| <b>Operating profit</b>   | 382               | 353               | 1,515            | 1,233            | 2,700                  | 2,418             |
| Financial items   | -47               | -63               | -157             | -198             | -220                   | -261              |
| <b>Profit before tax</b>  | 335               | 290               | 1,358            | 1,035            | 2,480                  | 2,157             |
| Tax   | -75               | -63               | -293             | -214             | -545                   | -466              |
| <b>Profit for the period/year</b>                               | 260               | 227               | 1,065            | 821              | 1,935                  | 1,691             |
| Earnings per share, SEK, before and after dilution              | 2.20              | 1.92              | 8.99             | 6.93             | 16.34                  | 14.28             |
| - calculated on the average number of shares, million           | 118.4             | 118.4             | 118.4            | 118.4            | 118.4                  | 118.4             |

### Statement of comprehensive income

| SEKm  | 3 months          |                   | 9 months         |                  | 12 months              |                   |
|---|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
|   | July–Sept<br>2015 | July–Sept<br>2014 | Jan–Sept<br>2015 | Jan–Sept<br>2014 | Oct 2014–<br>Sept 2015 | Full year<br>2014 |
| <b>Profit for the period/year</b>   | 260               | 227               | 1,065            | 821              | 1,935                  | 1,691             |
| <b>Other comprehensive income</b>   |                   |                   |                  |                  |                        |                   |
| Components that will not be reversed in profit or loss                    |                   |                   |                  |                  |                        |                   |
| Actuarial gains/losses on pensions *                                      | -                 | -                 | -                | -                | -108                   | -108              |
| Tax on actuarial gains/losses *   | -                 | -                 | -                | -                | 24                     | 24                |
| Components that can be reversed in profit or loss                         |                   |                   |                  |                  |                        |                   |
| Exchange differences  | 0                 | 0                 | 0                | 0                | 0                      | 0                 |
| Cash flow hedges  | -4                | -20               | 10               | -85              | -21                    | -116              |
| Tax attributable to cash flow hedges                                      | 1                 | 5                 | -2               | 19               | 5                      | 26                |
| <b>Total other comprehensive income for the period/year net after tax</b> | -3                | -15               | 8                | -66              | -100                   | -174              |
| <b>Total comprehensive income for the period/year</b>                     | 257               | 212               | 1,073            | 755              | 1,835                  | 1,517             |

\* Actuarial calculations are only performed per full year.

## Group

### Condensed balance sheet

| SEKm  | 30 Sept 2015  | 30 Sept 2014  | 31 Dec 2014   |
|---|---------------|---------------|---------------|
| <b>ASSETS</b> (Note 3)                          |               |               |               |
| <b>Non-current assets</b>                       |               |               |               |
| Intangible assets                               | 1             | 3             | 2             |
| Property, plant and equipment                   |               |               |               |
| Forest land (Note 1, 2)                         | 2,322         | 2,168         | 2,174         |
| Other property, plant and equipment             | 527           | 525           | 534           |
| Biological assets – standing timber (Note 1, 2) | 30,843        | 29,672        | 30,344        |
| Financial assets                                | 499           | 498           | 503           |
| <b>Total non-current assets</b>                 | <b>34,192</b> | <b>32,866</b> | <b>33,557</b> |
| <b>Current assets</b>                           |               |               |               |
| Inventories                                     | 573           | 630           | 740           |
| Current receivables, etc., non-interest bearing | 1,620         | 1,482         | 1,561         |
| Cash and cash equivalents                       | 1,815         | 1,680         | 1,345         |
| <b>Total current assets</b>                     | <b>4,008</b>  | <b>3,792</b>  | <b>3,646</b>  |
| <b>TOTAL ASSETS</b>                             | <b>38,200</b> | <b>36,658</b> | <b>37,203</b> |
| <b>EQUITY AND LIABILITIES</b>                   |               |               |               |
| <b>Equity</b>                                   | <b>18,736</b> | <b>17,701</b> | <b>18,463</b> |
| <b>Non-current liabilities</b> (Note 3)         |               |               |               |
| Interest-bearing liabilities and provisions     | 5,794         | 6,543         | 6,536         |
| Other liabilities and provisions                | 7,987         | 7,685         | 7,898         |
| <b>Total non-current liabilities</b>            | <b>13,781</b> | <b>14,228</b> | <b>14,434</b> |
| <b>Current liabilities</b> (Note 3)             |               |               |               |
| Interest-bearing liabilities                    | 4,195         | 3,417         | 3,016         |
| Other liabilities                               | 1,488         | 1,312         | 1,290         |
| <b>Total current liabilities</b>                | <b>5,683</b>  | <b>4,729</b>  | <b>4,306</b>  |
| <b>TOTAL LIABILITIES</b>                        | <b>19,464</b> | <b>18,957</b> | <b>18,740</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>             | <b>38,200</b> | <b>36,658</b> | <b>37,203</b> |

### Condensed statement of changes in equity

| SEKm  | Jan–Sept 2015 | Jan–Sept 2014 | Full year 2014 |
|---|---------------|---------------|----------------|
| <b>Opening equity, 1 January</b>                    | <b>18,463</b> | <b>17,397</b> | <b>17,397</b>  |
| Total comprehensive income                          | 1,073         | 755           | 1,517          |
| Dividend paid in accordance with AGM decision       | –800          | –450          | –450           |
| <b>Closing equity at the end of the period/year</b> | <b>18,736</b> | <b>17,701</b> | <b>18,463</b>  |

# Group

## Condensed statement of cash flows

| SEKm  | Jan–Sept 2015 | Jan–Sept 2014 | Full year 2014 |
|---|---------------|---------------|----------------|
| <b>Operating activities</b>   |               |               |                |
| Operating profit  | 1,515         | 1,233         | 2,418          |
| Adjustment for non-cash items, etc.   | –614          | –376          | –1,236         |
| Interest received   | 10            | 20            | 21             |
| Interest paid   | –167          | –218          | –267           |
| Paid tax  | –179          | –109          | –120           |
| <b>Cash flow from operating activities before change in working capital</b> | <b>565</b>    | <b>550</b>    | <b>816</b>     |
| Change in working capital   | 272           | 152           | –47            |
| <b>Cash flow from operating activities</b>                                  | <b>837</b>    | <b>702</b>    | <b>769</b>     |
| <b>Investing activities</b>   |               |               |                |
| Investments in property, plant and equipment                                | –258          | –82           | –132           |
| Investments in shares   | –1            | –1            | –1             |
| Dividend from associate   | 32            | –             | –              |
| Sale of property, plant and equipment                                       | 181           | 45            | 194            |
| <b>Cash flow from investing activities</b>                                  | <b>–46</b>    | <b>–38</b>    | <b>61</b>      |
| <b>Financing activities</b>   |               |               |                |
| Dividend paid   | –800          | –450          | –450           |
| Change in financial liabilities   | 479           | 311           | –190           |
| <b>Cash flow from financing activities</b>                                  | <b>–321</b>   | <b>–139</b>   | <b>–640</b>    |
| <b>Cash flow for the period/year</b>  | <b>470</b>    | <b>525</b>    | <b>190</b>     |
| <b>Cash and cash equivalents, opening balance</b>                           | <b>1,345</b>  | <b>1,155</b>  | <b>1,155</b>   |
| <b>Cash and cash equivalents, closing balance</b>                           | <b>1,815</b>  | <b>1,680</b>  | <b>1,345</b>   |



# Parent Company

## Condensed income statement

| SEKm                                     | 3 months          |                   | 9 months         |                  | 12 months              |                   |
|--|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
|  | July–Sept<br>2015 | July–Sept<br>2014 | Jan–Sept<br>2015 | Jan–Sept<br>2014 | Oct 2014–<br>Sept 2015 | Full year<br>2014 |
| Operating income                         | 4                 | 4                 | 11               | 10               | 17                     | 16                |
| Operating expenses                       | -1                | 6                 | -2               | -9               | 2                      | -5                |
| <b>Operating profit</b>                  | 3                 | 10                | 9                | 1                | 19                     | 11                |
| Financial items                          | -63               | -80               | -191             | -262             | 57                     | -14               |
| <b>Profit/loss before tax</b>            | -60               | -70               | -182             | -261             | 76                     | -3                |
| Tax                                      | 13                | 15                | 40               | 57               | -17                    | 0                 |
| <b>Profit/loss for the period/year *</b> | -47               | -55               | -142             | -204             | 59                     | -3                |

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

## Condensed balance sheet

| SEKm   | 30 Sept 2015 | 30 Sept 2014 | 31 Dec 2014 |
|--|--------------|--------------|-------------|
| <b>ASSETS</b>                                      |              |              |             |
| <b>Non-current assets</b>                          |              |              |             |
| Property, plant and equipment                      | 56           | 56           | 56          |
| <b>Total property, plant and equipment</b>         | 56           | 56           | 56          |
| <b>Financial assets</b>                            |              |              |             |
| Shares and participations                          | 24,934       | 24,934       | 24,934      |
| Receivables from group companies, interest-bearing | 2,410        | 2,310        | 2,410       |
| <b>Total financial assets</b>                      | 27,344       | 27,244       | 27,344      |
| <b>Total non-current assets</b>                    | 27,400       | 27,300       | 27,400      |
| <b>Current assets</b>                              |              |              |             |
| Current receivables, etc., non-interest bearing    | 174          | 86           | 354         |
| Receivables from group companies, interest-bearing | 276          | 43           | 0           |
| Cash and cash equivalents                          | 0            | 0            | 0           |
| <b>Total current assets</b>                        | 450          | 129          | 354         |
| <b>TOTAL ASSETS</b>                                | 27,850       | 27,429       | 27,754      |
| <b>EQUITY AND LIABILITIES</b>                      |              |              |             |
| <b>Equity</b>                                      | 9,920        | 10,661       | 10,862      |
| <b>Non-current liabilities</b>                     |              |              |             |
| Interest-bearing non-current liabilities           | 5,186        | 5,987        | 5,886       |
| Other provisions                                   | 1            | 3            | 1           |
| <b>Total non-current liabilities</b>               | 5,187        | 5,990        | 5,887       |
| <b>Current liabilities</b>                         |              |              |             |
| Interest-bearing liabilities and provisions        | 12,686       | 10,712       | 10,938      |
| Other liabilities and provisions                   | 57           | 66           | 67          |
| <b>Total current liabilities</b>                   | 12,743       | 10,778       | 11,005      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | 27,850       | 27,429       | 27,754      |

## Parent Company

### Condensed statement of changes in equity

| SEKm  | Jan–Sept 2015 | Jan–Sept 2014 | Full year 2014 |
|---|---------------|---------------|----------------|
| <b>Opening equity, 1 January</b>                    | 10,862        | 11,315        | 11,315         |
| Dividend paid in accordance with AGM decision       | –800          | –450          | –450           |
| Profit/loss for the period/year                     | –142          | –204          | –3             |
| <b>Closing equity at the end of the period/year</b> | 9,920         | 10,661        | 10,862         |

### Condensed statement of cash flows

| SEKm  | Jan–Sept 2015 | Jan–Sept 2014 | Full year 2014 |
|---|---------------|---------------|----------------|
| <b>Cash flow from operating activities</b>        | –250          | 163           | 130            |
| <b>Cash flow from investing activities</b>        | 1             | –105          | –197           |
| <b>Cash flow from financing activities</b>        | 249           | –58           | 67             |
| <b>Total cash flow</b>                            | 0             | 0             | 0              |
| <b>Cash and cash equivalents, opening balance</b> | 0             | 0             | 0              |
| <b>Cash and cash equivalents, closing balance</b> | 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 market-related value of Sveaskog's forest assets at 30 September 2015 has been calculated at SEK 33,165 million (31,840), of which SEK 30,843 million (29,672) comprises the fair value of standing timber and SEK 2,322 million (2,168) an identified cost of land. The change in the balance sheet since year-end 2014 amounts to SEK 647 million (309) and is specified in Note 2. The assumptions applied when calculating the market value of standing timber are unchanged and updated at year-end.

#### NOTE 2 – BIOLOGICAL ASSETS, STANDING TIMBER AND FOREST LAND

| Standing timber                  |        | Forest land                      |       |
|----------------------------------|--------|----------------------------------|-------|
| SEKm                             |        | SEKm                             |       |
| <i>Cost</i>                      |        | <i>Cost</i>                      |       |
| Opening value, 1 January 2014    | 29,375 | Opening value, 1 January 2014    | 2,156 |
| Acquisition of standing timber   | 4      | Acquisition of forest land       | 12    |
| Sales of standing timber         | 16     | Sales of forest land             | 0     |
| Changes due to felling           | –1,029 | Closing value, 30 September 2014 | 2,168 |
| Changes in fair value            | 1,341  | Opening value, 1 January 2015    | 2,174 |
| Reclassification                 | –35    | Acquisition of forest land       | 151   |
| Closing value, 30 September 2014 | 29,672 | Sales of forest land             | –3    |
|                                  |        | Closing value, 30 September 2015 | 2,322 |
| Opening value, 1 January 2015    | 30,344 |                                  |       |
| Acquisition of standing timber   | 29     |                                  |       |
| Sales of standing timber         | –45    |                                  |       |
| Changes due to felling           | –1,077 |                                  |       |
| Changes in fair value            | 1,592  |                                  |       |
| Closing value, 30 September 2015 | 30,843 |                                  |       |

**NOTE 3 – MEASUREMENT AT 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–Sept<br>2015 | Jan–Sept<br>2014 | Jan–Sept<br>2015 | Jan–Sept<br>2014 | Jan–Sept<br>2015 | Jan–Sept<br>2014 |
| <i>Assets</i>           |                  |                  |                  |                  |                  |                  |
| Standing timber         | 0                | 0                | 0                | 0                | 30,843           | 29,672           |
| Total assets            | 0                | 0                | 0                | 0                | 30,843           | 29,672           |
| <i>Liabilities</i>      |                  |                  |                  |                  |                  |                  |
| Non-current liabilities | 0                | 0                | 5,228            | 6,040            | 0                | 0                |
| Current liabilities     | 0                | 0                | 4,883            | 3,319            | 0                | 0                |
| Derivative instruments  | 0                | 0                | 187              | 170              | 0                | 0                |
| Total liabilities       | 0                | 0                | 9,497            | 9,529            | 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 2014, no reclassifications have taken place between different levels in the hierarchy and no significant changes have been made with regard to measurement methods, data or assumptions applied.

**OTHER INFORMATION**

**Risks and uncertainties**

A description of risks, uncertainties and risk management is provided in Sveaskog's 2014 Annual Report (in Swedish) on pages 19–21. No other significant changes, in addition to those mentioned in this interim report, have occurred since publication of the annual report.

**Important events after the closing date**

No important events have taken place after the closing date.

**Related-party transactions**

No significant changes have occurred in relations or transactions with related parties compared with what is described in the 2014 Annual Report. A dividend of SEK 800 million has been paid to the owner following a decision at the Annual General Meeting.

The Board of Directors and the 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 other companies in the Group.

Stockholm, 19 October 2015  
Sveaskog AB (publ.) (556558-0031)

Helene Biström  
*Chairman*

Eva Färnstrand  
*Board Member*

Thomas Hahn  
*Board Member*

Johan Hallberg  
*Board Member*

Birgitta Johansson-Hedberg  
*Board Member*

Anna-Stina Nordmark Nilsson  
*Board Member*

Sofia Gilliusson  
*Employee Representative*

Sture Persson  
*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 2015 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, 19 October 2015

Deloitte AB  
Hans Warén, Authorised Public Accountant

### FOR FURTHER INFORMATION, PLEASE CONTACT

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### FINANCIAL CALENDAR

|                                     |                 |
|-------------------------------------|-----------------|
| Year-end report 2015                | 29 January 2016 |
| Annual Report 2015                  | March 2016      |
| Interim report January – March 2016 | 26 April 2016   |

## Definitions

### 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.

### 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.

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