



Increased demand for carton-board and other packaging paper during the period.

Photo: Shutterstock

### 1 October – 31 December 2015

- Net sales decreased by 6% to SEK 1,546 million (1,641). Delivery volumes were 3% lower and the average price fell by 2%.
- Operating income from continuing operations increased by 10% to SEK 362 million (402). Delivery volumes from Sveaskog's own forests decreased by 4% with on average unchanged prices.
- Change in value of forest assets was SEK 917 million (720).
- Profit for the quarter rose 9% to SEK 952 million (870).

### 1 January – 31 December 2015

- Net sales decreased by 2% to SEK 6,078 million (6,232). Both delivery volumes and average prices were 1% lower.
- Operating profit from continuing operations increased by 2% to SEK 1,280 million (1,254). Delivery volumes and prices from Sveaskog's own forests were on average unchanged.
- Change in value of forest assets was SEK 1,432 million (1,032).
- Profit for the year rose 19% to SEK 2,017 million (1,691).

SEKm	3 months			12 months		
	Oct-Dec		%	Full year	Full year	%
	2015	2014		2015	2014	
Net sales	1,546	1,641	-6	6,078	6,232	-2
Operating profit from continuing operations	362	402	-10	1,280	1,254	2
Change in value of forest assets	917	720	27	1,432	1,032	39
Operating profit	1,285	1,185	8	2,800	2,418	16
Profit before tax	1,228	1,122	9	2,586	2,157	20
Profit for the period	952	870	9	2,017	1,691	19
Cash flow from operating activities	78	67	16	909	769	18

### Key figures, Group

		Full year 2015	Full year 2014
Yield, %	(target at least 4.5%)	4.7	5.0
Net debt/equity ratio, multiple	(target 0.3–0.6)	0.41	0.44
Return on operating capital, %		10.3	9.2
Return on equity, %		10.6	9.4
Interest cover, multiple 1)		6.2	4.8
Equity ratio, %		51	50
Interest-bearing net debt, SEKm		8,089	8,207
Average number of employees		851	877
Total delivery volume, thousand m <sup>3</sup> sub		10,748	10,838

1) 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

### Stable development

Sveaskog's operating profit from continuing operations for the full year 2015 amounted to SEK 1,280 million (1,254). Delivery volumes from Sveaskog's own forests were in principle on the same level as last year but with a higher proportion of deliveries from stocks which had already been recognised in earnings. Prices were on average unchanged. Earnings were positively affected by SEK 36 million attributable to a value added tax case from the beginning of the 2000s which was settled during the year. Yield amounted to 4.7% (5.0).

Operating profit rose to SEK 2,800 million (2,418). The increased profit was mainly due to a change in value of forest assets.

Net sales totalled SEK 6,078 million (6,232). Sveaskog's total sales of wood raw material amounted to 10.7 million m<sup>3</sup>sub (10.8). Sawlog sales increased in volume by 2%, sales of pulpwood and chips decreased by 1% and biofuel sales decreased by 13%.

### Market development

The global rate of increase in GDP slowed during the year. There is uncertainty regarding China's economy and earlier high growth figures have been revised downwards. The US developed better than expected and the Swedish economy strengthened during the year.

Sweden is the largest market for the sawmills and Europe is the largest export market. Demand for wood raw material is largely driven by the rate of construction activity and development in Sweden and Germany is positive. Demand for sawlogs was good in Sweden although prices fell towards the end of the period.

Most Swedish pulp production goes for export. Capacity utilisation in the pulp mills was high and the export level for Swedish paper pulp is stable. Demand for cartonboard and other packaging paper increased while demand for graphic paper products continues to fall. Major investments are announced for the next few years. Pulpwood availability was high during the year and prices were largely unchanged.

The biofuel market has decreased due to competition from other fuels as well as more efficient energy production. This affected demand and Sveaskog's deliveries. Earlier price reductions levelled out.

### Climate benefits when forests are felled

The COP21 Agreement in Paris at the end of 2015 highlighted the benefits from both growing and felled forest in global climate initiatives. This gives Sweden, as a major forest nation, substantial business opportunities within bio-based fuels and chemicals as well as increased use of wood in construction.

### Sveaskog conducts sustainable forestry

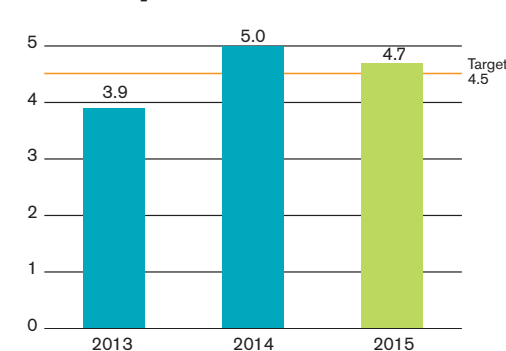
Sveaskog's deliveries of sawlogs and pulpwood are crucial for our customers' success. Our forest management is characterised by a long-term approach and Sveaskog fells less than annual growth. One of Sveaskog's objectives is that our forest management should not have any major environmental impact – this must be achieved in 99 cases out of 100. The overall result for 2015 amounted to 94% (87). Measurements for the year show improved values for most parameters.

### Another successful year

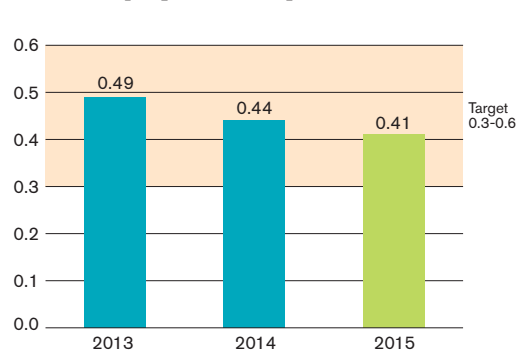
Our skilled employees and contractors in cooperation with our customers have made a great contribution to yet another successful year. We achieved our financial targets, boosted our total productivity and improved our results in terms of sustainable forestry.

Per-Olof Wedin, President and CEO

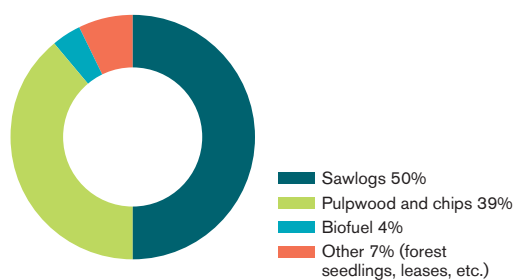
Yield, %, full year



Net debt/equity ratio, multiple, at 31 December



Product breakdown by % of sales, full year



### Theme – Sustainability

One of Sveaskog's targets for sustainable business is to be the leader within sustainable forest management. We monitor this by measuring the proportion of environmental values maintained in forest management without major impact.

Target metrics	2013	2014	2015
Consideration index – mean value	95	87	94
- Consideration areas	89	88	86
- Natural value trees	99	76	98
- Hauling damage	98	96	98

# Group performance

## 1 OCTOBER – 31 DECEMBER 2015

### Net sales

Net sales decreased by 6% to SEK 1,546 million (1,641). Total delivery volumes were 3% lower than in the same period last year and average selling prices were 2% lower. Sales of wood raw material totalled 2.8 (2.9) million cubic metres (m<sup>3</sup>sub).

### Earnings

Operating profit from continuing operations decreased by 10% to SEK 362 million (402). Delivery volumes from own forests decreased by 4% while average prices were unchanged. Capital gains from development land were SEK 23 million lower than in the corresponding quarter in the previous year.

Gains from property sales amounted to SEK 23 million (63).

Share of profits of the associate Setra Group amounted to SEK –17 million (0). Operating profit before change in value of forest assets amounted to SEK 368 million (465). Change in value of forest assets in the fourth quarter amounted to SEK 917 million (720). The increase is mainly an effect of a change in the discount rate used when calculating the value of assets from 6.25% to 5.95%. After change in value of forest assets, operating profit amounted to SEK 1,285 million (1,185).

Net financial items in the quarter amounted to SEK –57 million (–63) which is attributable to lower interest rates. Profit before tax increased by 9% to SEK 1,228 million (1,122). Tax for the period amounted to SEK –276 million (–252). Profit for the quarter rose 9% to SEK 952 million (870).

## 1 JANUARY – 31 DECEMBER 2015

### Net sales

Net sales decreased by 2% to SEK 6,078 million (6,232). Sales volumes and timber prices were 1% lower on average. Sales of wood raw material totalled 10.7 (10.8) million cubic metres (m<sup>3</sup>sub).

### Earnings

Operating profit from continuing operations increased by 2% to SEK 1,280 million (1,254). Deliveries and prices from own forests were largely unchanged. Compared with the previous year, a larger proportion of deliveries were from stocks already recognised in earnings with an earnings impact of SEK 48 million. Earnings were positively affected by a VAT remission of SEK 36 million attributable to a transfer of operations at the beginning of the 2000s which was decided in Sveaskog's favour during the year. Otherwise earnings were affected by slightly higher capital gains from development land and improved productivity.

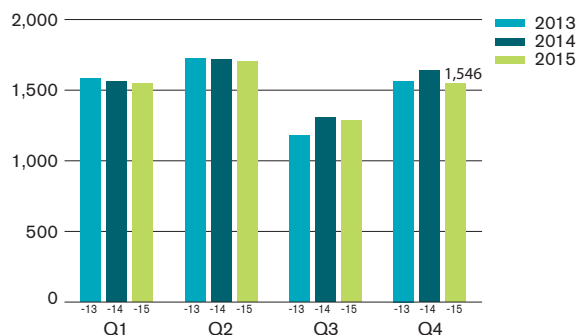
Gains from property sales relating to forest land and standing timber amounted to SEK 78 million (68).

Share of profits of the associate Setra Group amounted to SEK 10 million (64).

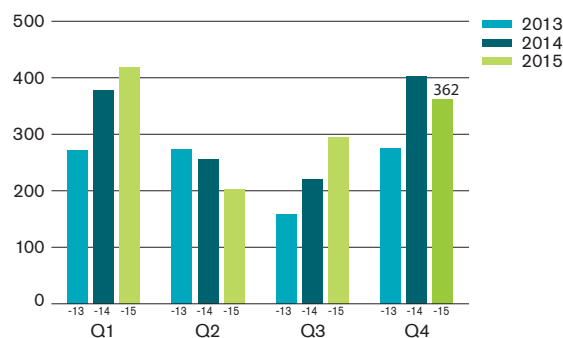
Operating profit before change in value of forest assets amounted to SEK 1,368 million (1,386). The earnings impact from change in value of forest assets was SEK 1,432 million (1,032). The increase is mainly an effect of a change in the discount rate used when calculating the value of assets from 6.25% to 5.95%. After change in value of forest assets, operating profit amounted to SEK 2,800 million (2,418).

Net financial items were SEK –214 million (–261) which is mainly attributable to lower interest rates. Profit before tax rose 20% to SEK 2,586 million (2,157). Tax for the period amounted to SEK –569 million (–466). Profit for the period rose 19% to SEK 2,017 million (1,691).

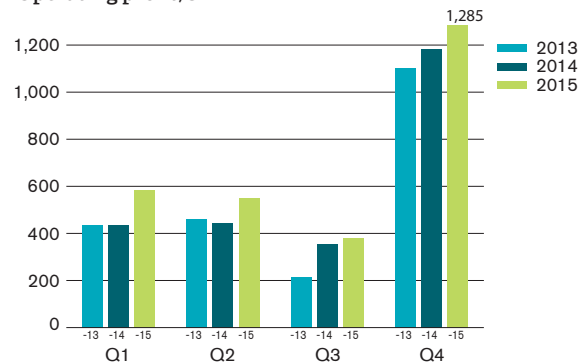
Net sales, SEKm



Operating profit from continuing operations, SEKm



Operating profit, SEKm



Change, net sales, SEKm

	Oct–Dec	Jan–Dec
<b>2014</b>	<b>1,641</b>	<b>6,232</b>
Price, wood raw material	–23	–65
Delivery volume, wood raw material	–48	–48
Other	–24	–41
<b>Total</b>	<b>–95</b>	<b>–154</b>
<b>2015</b>	<b>1,546</b>	<b>6,078</b>

**Cash flow, investments and financial position**

Cash flow from operating activities amounted to SEK 909 million (769). The increase was mainly due to a positive change in working capital. Investments in property, plant and equipment amounted to SEK 329 million (132) and investments in shares amounted to SEK 1 million (1). Sales of property, plant and equipment, primarily forest properties, amounted to SEK 234 million (194) and sales of shares amounted to SEK 2 million (0). Cash flow includes a dividend from the associate company Setra Group AB of SEK 32 million.

Sveaskog's interest-bearing net debt at 31 December amounted to SEK 8,089 million (8,207). 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 5% of the portfolio consists of bank financing. The loan volume under the commercial paper programme amounted to SEK 2,720 million (2,110) and is refinanced regularly. Under the MTN programme the outstanding volume at 31 December was SEK 4,290 million (5,190). The lowest average fixed interest period during the year was approximately 30 months.

The net debt/equity ratio amounted to 0.41 (0.44).

Interest cover amounted to 6.2 (4.8) and the gross borrowing cost was 1.86% (2.55).

**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 year amounted to SEK 15 million (16). Profit after net financial items was SEK 3 million (-3). 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–December amounted to SEK 4,218 million (4,194). Operating profit amounted to SEK 47 million (201). 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 for the planing mill in Valbo amounting to SEK 19 million. Cash flow from operating activities amounted to SEK 270 million (112). Sveaskog's share of the company's profits, adjusted for intra-group profits, decreased by 84% to SEK 10 million (64).

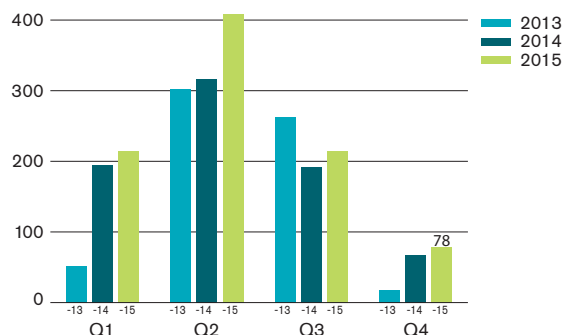
**Market situation and timber deliveries**

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.

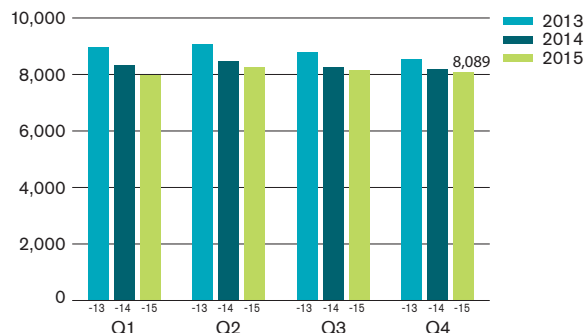
The Swedish forest industry's largest market for paper pulp, paper and sawn wood products is Europe including Sweden. The World Trade Organisation (WTO) lowered its world trade growth forecast during the year. The rate of growth in China has also been questioned recently. The US and Sweden are showing positive development.

Oil prices are at very low levels which should affect future growth

Cash flow from operating activities, per quarter, SEKm



Interest-bearing net debt, SEKm



Change in operating profit from continuing operations, SEKm

	Oct–Dec	Jan–Dec
<b>2014</b>	<b>402</b>	<b>1,254</b>
Price, own wood raw material	-1	-1
Delivery volume, own wood raw material	-24	3
Change in stocks	0	-48
VAT remission	0	36
Capital gain development land	-23	23
Other	8	13
<b>Total</b>	<b>-40</b>	<b>26</b>
<b>2015</b>	<b>362</b>	<b>1,280</b>

distribution. The US dollar remains strong but the Swedish krona is strengthening steadily. Exchange rates against the Swedish krona have fluctuated considerably.

**SAWMILLS**

There are approximately 130 sawmills in Sweden each with an annual production of at least 10,000 m<sup>3</sup>. Sweden is the sawmills' largest individual market. In export markets Europe is the largest followed by North Africa. The trend is that Europe is increasing its share. Demand has weakened in China and Japan. The market for sawn timber and therefore for sawlogs mainly depends on the construction industry. In Europe, construction is at a stable but still relatively low level. Sweden and Germany are examples of countries with positive development. In the US construction is rising but the change mainly applies to apartment blocks. Sweden's exports of sawn wood products to the US are increasing but the volume is still low in relation to other countries. Russia's exports to exports to Asia, which compete with Swedish exports, have increased relatively sharply.

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

Sawlog supplies were good and sawlog prices fell in Sweden towards the end of the year.

**Sveaskog's deliveries**

Sveaskog delivered 1,265 (1,260) thousand m<sup>3</sup>sub of sawlogs in the fourth quarter which is unchanged compared with the corresponding period last year. Deliveries for the full year totalled 4,713 (4,620) thousand m<sup>3</sup>sub

**PULP AND PAPER INDUSTRY**

Deliveries of paper pulp are increasing globally. Approximately 80% of Swedish pulp production is exported, primarily within Europe followed by Asia. Export opportunities are therefore strongly dependent on the global economy and exchange rates. Capacity utilisation in the pulp mills was high during the year although production disruptions did occur. The export level for Swedish paper pulp was stable during the year. The trend with increased demand for cartonboard and packaging paper increased while demand for graphic papers continued to decrease.

The forest industry has announced major investments over the next few years.

Pulpwood availability in Sweden was high and prices remained largely unchanged.

**Sveaskog's deliveries**

Sveaskog delivered 1,305 (1,347) thousand m<sup>3</sup>sub of pulpwood and chips in the fourth quarter which is marginally less than in the corresponding period last year. Deliveries for the full year totalled 5,167 (5,219) thousand m<sup>3</sup>sub.

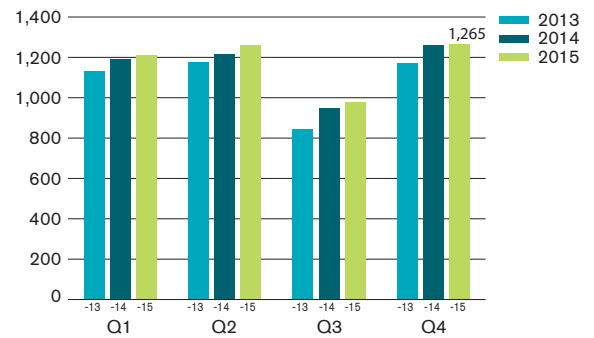
**BIOFUEL MARKET**

The biofuel market is regional and local due to transport costs. Customers are CHP plants as well as energy-producing forest industry. The market has been weak since 2013 due to competition from other fuels such as waste and recycled wood. More efficient energy production and distribution have also affected demand and Sveaskog's deliveries. Earlier price reductions have largely levelled out.

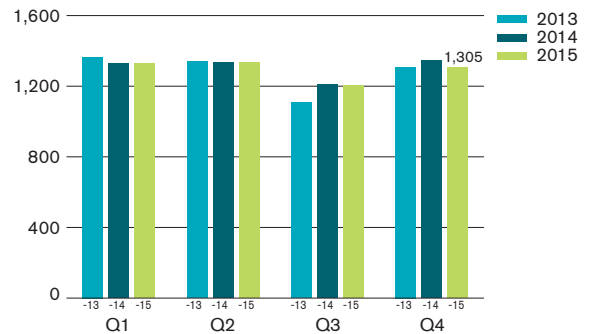
**Sveaskog's deliveries**

Sveaskog delivered 230 (284) thousand m<sup>3</sup>sub of biofuel in the fourth quarter which is 19% less than in the corresponding period last year. Deliveries for the full year totalled 868 (999) thousand m<sup>3</sup>sub.

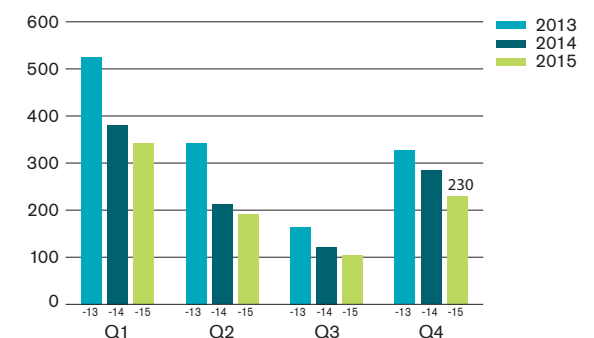
Delivery volume sawlogs, thousand m<sup>3</sup>sub



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		12 months	
	Oct-Dec 2015	Oct-Dec 2014	Full year 2015	Full year 2014
Net sales	1,546	1,641	6,078	6,232
Other operating income	3	28	63	55
Raw materials and consumables	-415	-444	-1,603	-1,764
Change in inventories	103	105	-45	82
Other external costs	-718	-770	-2,603	-2,733
Employee benefit expenses	-141	-134	-526	-522
Depreciation	-16	-24	-84	-96
<b>Operating profit from continuing operations</b>	362	402	1,280	1,254
Capital gains from property sales	23	63	78	68
Share of profits of associates	-17	0	10	64
<b>Operating profit before change in value of forest assets</b>	368	465	1,368	1,386
Change in value of forest assets (Note 1, 2)	917	720	1,432	1,032
<b>Operating profit</b>	1,285	1,185	2,800	2,418
Financial items	-57	-63	-214	-261
<b>Profit before tax</b>	1,228	1,122	2,586	2,157
Tax	-276	-252	-569	-466
<b>Profit for the period/year</b>	952	870	2,017	1,691
Earnings per share, SEK, before and after dilution	8.04	7.35	17.04	14.28
- calculated on average number of shares, million	118.4	118.4	118.4	118.4

## Statement of comprehensive income

SEKm	3 months		12 months	
	Oct-Dec 2015	Oct-Dec 2014	Full year 2015	Full year 2014
<b>Profit for the period/year</b>	952	870	2,017	1,691
<b>Other comprehensive income</b>				
Components that will not be reversed in profit or loss				
Actuarial gains/losses on pensions	15	-108	15	-108
Tax on actuarial gains/losses	-3	24	-3	24
Components that can be reversed in profit or loss				
Exchange differences	-1	0	-1	0
Cash flow hedges	19	-31	29	-116
Tax attributable to cash flow hedges	-4	7	-6	26
<b>Total other comprehensive income for the period/year net after tax</b>	26	-108	34	-174
<b>Total comprehensive income for the period/year</b>	978	762	2,051	1,517

## Group

### Condensed balance sheet

SEKm	31 Dec 2015	31 Dec 2014
<b>ASSETS</b> (Note 3)		
<b>Non-current assets</b>		
Intangible assets	1	2
Property, plant and equipment		
Forest land (Note 1, 2)	2,346	2,174
Other property, plant and equipment	529	534
Biological assets – standing timber (Note 1, 2)	31,751	30,344
Financial assets	461	503
<b>Total non-current assets</b>	<b>35,088</b>	<b>33,557</b>
<b>Current assets</b>		
Inventories	669	740
Current receivables, etc., non-interest bearing	1,407	1,561
Cash and cash equivalents	1,135	1,345
<b>Total current assets</b>	<b>3,211</b>	<b>3,646</b>
<b>TOTAL ASSETS</b>	<b>38,299</b>	<b>37,203</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>19,714</b>	<b>18,463</b>
<b>Non-current liabilities</b> (Note 3)		
Interest-bearing liabilities and provisions	5,767	6,536
Other liabilities and provisions	8,237	7,898
<b>Total non-current liabilities</b>	<b>14,004</b>	<b>14,434</b>
<b>Current liabilities</b> (Note 3)		
Interest-bearing liabilities	3,457	3,016
Other liabilities	1,124	1,290
<b>Total current liabilities</b>	<b>4,581</b>	<b>4,306</b>
<b>TOTAL LIABILITIES</b>	<b>18,585</b>	<b>18,740</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>38,299</b>	<b>37,203</b>

### Condensed statement of changes in equity

SEKm	Full year 2015	Full year 2014
<b>Opening equity, 1 January</b>	<b>18,463</b>	<b>17,397</b>
Total comprehensive income	2,051	1,517
Dividend paid in accordance with AGM decision	-800	-450
<b>Closing equity at the end of the year</b>	<b>19,714</b>	<b>18,463</b>

# Group

## Condensed statement of cash flows

SEKm	Full year 2015	Full year 2014
<b>Operating activities</b>		
Operating profit	2,800	2,418
Adjustment for non-cash items, etc.	-1,594	-1,236
Interest received	9	21
Interest paid	-231	-267
Paid tax	-204	-120
<b>Cash flow from operating activities before change in working capital</b>	780	816
Change in working capital	129	-47
<b>Cash flow from operating activities</b>	909	769
<b>Investing activities</b>		
Investments in property, plant and equipment	-329	-132
Investments in shares	-1	-1
Sale of property, plant and equipment	234	194
Dividend from associate	32	0
Sale of shares	2	0
<b>Cash flow from investing activities</b>	-62	61
<b>Financing activities</b>		
Dividend paid	-800	-450
Change in financial liabilities	-257	-190
Cash flow from financing activities	-1,057	-640
<b>Cash flow for the year</b>	-210	190
<b>Cash and cash equivalents, opening balance</b>	1,345	1,155
<b>Cash and cash equivalents, closing balance</b>	1,135	1,345



# Parent Company

## Condensed income statement

(Note 1) SEKm	3 months		12 months	
	Oct-Dec 2015	Oct-Dec 2014	Full year 2015	Full year 2014
Operating income	4	6	15	16
Operating expenses	-2	4	-4	-5
<b>Operating profit</b>	<b>2</b>	<b>10</b>	<b>11</b>	<b>11</b>
Financial items	183	248	-8	-14
<b>Profit/loss before tax</b>	<b>185</b>	<b>258</b>	<b>3</b>	<b>-3</b>
Tax	-40	-57	0	0
<b>Profit/loss for the period/year *</b>	<b>145</b>	<b>201</b>	<b>3</b>	<b>-3</b>

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

## Condensed balance sheet

SEKm	31 Dec 2015	31 Dec 2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	55	56
<b>Total property, plant and equipment</b>	<b>55</b>	<b>56</b>
<b>Financial assets</b>		
Shares and participations	24,934	24,934
Receivables from group companies, interest-bearing	2,150	2,410
<b>Total financial assets</b>	<b>27,084</b>	<b>27,344</b>
<b>Total non-current assets</b>	<b>27,139</b>	<b>27,400</b>
<b>Current assets</b>		
Current receivables, etc., non-interest bearing	277	354
Receivables from group companies, interest-bearing	26	0
Cash and cash equivalents	0	0
<b>Total current assets</b>	<b>303</b>	<b>354</b>
<b>TOTAL ASSETS</b>	<b>27,442</b>	<b>27,754</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>10,065</b>	<b>10,862</b>
<b>Non-current liabilities</b>		
Interest-bearing non-current liabilities	5,187	5,886
Other provisions	0	1
<b>Total non-current liabilities</b>	<b>5,187</b>	<b>5,887</b>
<b>Current liabilities</b>		
Interest-bearing liabilities and provisions	12,146	10,938
Other liabilities and provisions	44	67
<b>Total current liabilities</b>	<b>12,190</b>	<b>11,005</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>27,442</b>	<b>27,754</b>

## Parent Company

### Condensed statement of changes in equity

SEKm	Full year 2015	Full year 2014
<b>Opening equity, 1 January</b>	10,862	11,315
Dividend paid in accordance with AGM decision	-800	-450
Profit/loss for the year	3	-3
<b>Closing equity at the end of the year</b>	10,065	10,862

### Condensed statement of cash flows

SEKm	Full year 2015	Full year 2014
<b>Cash flow from operating activities</b>	29	130
<b>Cash flow from investing activities</b>	262	-197
<b>Cash flow from financing activities</b>	-291	67
<b>Total cash flow</b>	0	0
<b>Cash and cash equivalents, opening balance</b>	0	0
<b>Cash and cash equivalents, closing balance</b>	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 value of Sveaskog's forest assets at 31 December 2015 has been calculated at SEK 34,097 million (32,518), of which SEK 31,751 million (30,344) comprises the fair value of standing timber and SEK 2,346 million (2,174) an identified cost of land. The change in the balance sheet amounts to SEK 1,579 million (987) and is specified in Note 2. As regards the assumptions applied when calculating the market value of standing timber, the discount rate has changed from 6.25% to 5.95% due to lower interest rate levels.

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

#### Standing timber

SEKm	
<i>Cost</i>	
Opening value, 1 January 2014	29,375
Acquisition of standing timber	5
Sales of standing timber	-67
Changes due to felling	-1,531
Changes in fair value	2,562
Closing value, 31 December 2014	30,344
Opening value, 1 January 2015	30,344
Acquisition of standing timber	41
Sales of standing timber	-66
Changes due to felling	-1,528
Changes in fair value	2,960
Closing value, 31 December 2015	31,751

#### Forest land

SEKm	
Opening value, 1 January 2014	2,156
Acquisition of forest land	21
Sale of forest land	-3
Closing value, 31 December 2014	2,174
Opening value, 1 January 2015	2,174
Acquisition of forest land	176
Sale of forest land	-4
Closing value, 31 December 2015	2,346

**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–Dec 2015	Jan–Dec 2014	Jan–Dec 2015	Jan–Dec 2014	Jan–Dec 2015	Jan–Dec 2014
<i>Assets</i>						
Standing timber	0	0	0	0	31,751	30,344
Total assets	0	0	0	0	31,751	30,344
<i>Liabilities</i>						
Liabilities	0	0	8,651	8,951	0	0
Derivative instruments	0	0	163	202	0	0
Total liabilities	0	0	8,814	9,153	0	0

**Measurement techniques for level 2 fair value**

Derivatives in level 2 consist of interest rate swaps and are recognised at market value. The Company applies 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.

**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**

During 2015 no transactions occurred apart from normal transactions in operations. Related-party transactions are specified in Note 3 of Sveaskog's Annual Report for 2015. A dividend of SEK 800 million has been paid to the owner following a decision at the 2015 Annual General Meeting.

**DIVIDEND**

According to current financial targets, the ordinary dividend over time shall correspond to 65–90% of profit after tax excluding non-cash flow changes in value of standing forest after tax. A dividend is issued provided the capital structure target after dividend is within the target band and taking into account the Group's strategy and investment needs. A proposal to the AGM for a dividend for 2015 will be decided by the Board in March 2016.

**ANNUAL GENERAL MEETING**

The Annual General Meeting will be held in Stockholm on 26 April 2016. The AGM is open to the general public. The annual report (in Swedish) is scheduled for publication at [www.sveaskog.se](http://www.sveaskog.se) on 14 March 2016. The printed annual report will be distributed at the beginning of April. The printed annual report can be ordered from Sveaskog, e-mail [info@sveaskog.se](mailto:info@sveaskog.se) or directly via Sveaskog's website [www.sveaskog.se](http://www.sveaskog.se).

The Board of Directors and the CEO hereby confirm that this year-end 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, 28 January 2016  
Sveaskog AB (publ.) (556558-0031)

Helene Biström <i>Chairman</i>	Eva Färnstrand <i>Board Member</i>	Thomas Hahn <i>Board Member</i>
Johan Hallberg <i>Board Member</i>	Birgitta Johansson-Hedberg <i>Board Member</i>	Anna-Stina Nordmark Nilsson <i>Board Member</i>
Sofia Gilliusson <i>Employee Representative</i>		Sture Persson <i>Employee Representative</i>
	Per-Olof Wedin <i>President and CEO</i>	

*The report has not been reviewed by the company's auditors.*

**FOR FURTHER INFORMATION, PLEASE CONTACT**

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**FINANCIAL CALENDAR**

Annual Report	14 March 2016
Interim report January – March 2016	26 April 2016
Interim report January – June 2016	15 July 2016
Interim report January – September 2016	19 October 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 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 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 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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