

## Alternative performance measures

The company presents some financial performance measures in the interim report which are not defined according to IFRS. The company is of the opinion that these measures provide valuable complementary information to investors and the company's management since they facilitate an evaluation of the company's performance. Since not all companies calculate financial performance measures in the same manner, these are not always comparable with measures used by other companies.

These financial performance measures should therefore not be regarded as a replacement for measures as defined according to IFRS. Performance measures not defined according to IFRS, unless otherwise stated, are presented in the tables below.

### Operating capital

**Definition:** 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. The Group's definition is unchanged compared with previous periods.

**Comments:** Sveaskog calculates operating capital for the performance measures return on *operating capital and average operating capital*.

	Jan-Mar 2018	Jan-Mar 2017	Apr 2017- Mar 2018	Apr 2016- Mar 2017	Full year 2017
Current receivables, etc., non-interest bearing	1,945	1,525	1,945	1,525	1,662
Of which advance payments to suppliers	179	152	179	152	168
Of which tax assets	1	57	1	57	1
Of which trade receivables, loans and other receivables	1,765	1,316	1,765	1,316	1,493
Current: other liabilities	1,266	1,164	1,266	1,164	1,264
Of which tax liabilities	115	70	115	70	91
Of which trade payables and other liabilities	1,151	1,094	1,151	1,094	1,173
Total assets	39,448	38,945	39,448	38,945	39,445
Minus interest-bearing assets (cash and cash equivalents)	-1,256	-1,307	-1,256	-1,307	-1,681
Minus tax assets	-1	-57	-1	-57	-1
Minus other liabilities and provisions (non-current)	-8,446	-8,366	-8,446	-8,366	-8,421
Minus trade payables and other liabilities	-1,151	-1,094	-1,151	-1,094	-1,173
Operating capital	<b>28,594</b>	<b>28,121</b>	<b>28,594</b>	<b>28,121</b>	<b>28,169</b>

### Yield

**Definition:** Operating profit before change in value of forest assets excluding capital gains on property sales, divided by average operating capital, excluding deferred tax. The Group's definition is unchanged compared with previous periods.

**Comments:** Yield is one of Sveaskog's financial targets. The target is that an average yield of at least 4.5%. This target reflects return on Sveaskog's operations without impact from forest asset valuations and incidental property sales.

	Apr 2017- Mar 2018	Apr 2016- Mar 2017	Full year 2017
Operating profit before change in value of forest assets	1,656	1,375	1,627
Minus capital gains on property sales	-316	-153	-321
Subtotal	1,340	1,222	1,306
Operating capital, opening balance	28,121	27,933	28,012
Operating capital, closing balance	28,594	28,121	28,169
Average operating capital (OB + CB)/2	28,358	28,027	28,091
Subtotal from above	1,340	1,222	1,306
Divided by average operating capital	28,358	28,027	28,091
= Yield in %	<b>4.7%</b>	<b>4.4%</b>	<b>4.6%</b>

## Interest-bearing net debt

**Definition:** Interest-bearing liabilities minus interest-bearing assets, all calculated at the end of the period/year. The Group's definition is unchanged compared with previous periods.

**Comments:** Sveaskog calculates interest-bearing net debt for the performance measure net debt/equity ratio.

	Jan-Mar 2018	Jan-Mar 2017	Apr 2017- Mar 2018	Apr 2016- Mar 2017	Full year 2017
Interest-bearing assets (cash and cash equivalents)	1,256	1,307	1,256	1,307	1,681
Interest-bearing liabilities and provisions (non-current)	-5,615	-5,054	-5,615	-5,054	-5,626
Interest-bearing liabilities (current)	-3,068	-3,932	-3,068	-3,932	-3,465
Interest-bearing net debt	<b>-7,427</b>	<b>-7,679</b>	<b>-7,427</b>	<b>-7,679</b>	<b>-7,410</b>

## Net debt/equity ratio

**Definition:** Interest-bearing net debt divided by equity. The Group's definition is unchanged compared with previous periods.

**Comments:** Net debt/equity ratio is one of Sveaskog's financial targets. The target is a net debt/equity ratio of 0.3-0.6. Sveaskog is of the opinion that this performance measure reflects the possibility for dividends and implementation of strategic investments as well as assessing the Group's ability to meet its financial commitments.

	Jan-Mar 2018	Jan-Mar 2017	Apr 2017- Mar 2018	Apr 2016- Mar 2017	Full year 2017
Interest-bearing net debt	7,427	7,679	7,427	7,679	7,410
Divided by equity	21,053	20,430	21,053	20,430	20,669
= Net debt/equity ratio, multiple	<b>0.35</b>	<b>0.38</b>	<b>0.35</b>	<b>0.38</b>	<b>0.36</b>

## Return on operating capital

**Definition:** Operating profit divided by average operating capital, excluding deferred tax. The Group's definition is unchanged compared with previous periods.

**Comments:** Sveaskog is of the opinion that this measure shows the company's return in a fair manner independent of financial assets and financing options.

	Apr 2017- Mar 2018	Apr 2016- Mar 2017	Full year 2017
Operating profit	1,883	1,627	1,827
Divided by average operating capital	28,358	28,027	28,091
= Return on operating capital in %	<b>6.6%</b>	<b>5.8%</b>	<b>6.5%</b>

## Return on equity

**Definition:** Profit after tax expressed as a percentage of average equity. The Group's definition is unchanged compared with previous periods.

**Comments:** Sveaskog is of the opinion that this performance measure reflects the company's return during the year on the capital the owner has invested in operations and therefore shows how profitable the company is for its shareholder.

	Apr 2017– Mar 2018	Apr 2016– Mar 2017	Full year 2017
Equity, opening balance	20,430	20,029	20,081
Equity, closing balance	21,053	20,430	20,669
Average equity (OB + CB)/2	20,742	20,230	20,375
Profit for the year	1,407	1,200	1,359
Divided by average equity	20,742	20,230	20 375
= Return on equity in %	<b>6.8%</b>	<b>5.9%</b>	<b>6.7%</b>

## Interest cover

**Definition:** Operating profit before change in value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses. The Group's definition is unchanged compared with previous periods.

**Comments:** Sveaskog is of the opinion that this performance measure states the company's ability to meet its financial expenses (interest, etc.).

	Apr 2017– Mar 2018	Apr 2016– Mar 2017	Full year 2017
Financial items in income statement	-109	-158	-108
Of which financial income	28	15	28
Of which financial expenses	-137	-173	-136
Operating profit before change in value of forest assets	1,656	1,375	1,627
Minus capital gains on property sales	-316	-153	-321
Plus financial income	28	15	28
Subtotal	1,368	1,237	1,334
Subtotal above	1,368	1,237	1,334
Divided by financial expenses	137	173	136
= Interest cover, multiple	<b>10.0</b>	<b>7.2</b>	<b>9.8</b>

## Equity ratio

**Definition:** Equity divided by total assets, all calculated at the end of the period/year. The Group's definition is unchanged compared with previous periods.

**Comments:** Sveaskog is of the opinion that this performance measure states the size of the assets financed by equity and indicates the company's sensitivity to interest-rate fluctuations.

	Jan–Mar 2018	Jan–Mar 2017	Apr 2017– Mar 2018	Apr 2016– Mar 2017	Full year 2017
Equity	21,053	20,430	21,053	20,430	20,669
Divided by total assets	39,448	38,945	39,448	38,945	39,445
= Equity in %	<b>53%</b>	<b>52%</b>	<b>53%</b>	<b>52%</b>	<b>52%</b>