

## Alternative Performance Measures (APMs)

Some of the financial performance measures that the company presents in the Interim Report are not defined in accordance with International Financial Reporting Standards (IFRS). The company believes these performance measures provide valuable additional information for investors and company management in understanding and assessing the performance of the company. Since not all companies calculate financial performance measures in the same way, these are not always comparable with performance measures used by other companies. These financial performance measures should therefore not be viewed as replacements for performance measures that are defined in accordance with IFRS. Performance measures shown in the table below are not defined in accordance with IFRS, unless otherwise stated.

### Operating capital

*Definition:* Total assets, excluding interest-bearing assets, tax receivables 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 from previous periods.

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

	June 2019	June 2018	OB 1 Jan 2019 with IFRS 16	Full year 2018
Current receivables, etc., non-interest-bearing	1,889	1,789	1,840	1,846
- of which advances to suppliers	251	156	219	219
- of which tax receivables	97	13	1	1
- of which trade receivables, loan receivables and other receivables	1,541	1,620	1,620	1,626
Current: other liabilities				
- of which tax liabilities	1,541	1,380	1,397	1,397
- of which trade payables and other liabilities	187	190	156	156
Total assets	41,327	38,925	40,877	40,751
Less interest-bearing assets (cash and cash equivalents)	-999	-823	-847	-847
Less tax receivables	-97	-13	-1	-1
Less other liabilities and provisions (non-current)	-8,435	-7,955	-8,382	-8,382
Less contractual liabilities	-1	-1	-1	-1
Less trade payables and other liabilities	-1,354	-1,190	-1,241	-1,241
<b>Operating capital</b>	<b>30,441</b>	<b>28,943</b>	<b>30,405</b>	<b>30,279</b>

### Yield

*Definition:* Operating profit before changes 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 from previous periods.

*Comment:* Yield is one of Sveaskog's financial targets. The target is to achieve a minimum average yield of 4.5%.

The target reflects the return on Sveaskog's operations, without the effect of forest valuations and temporary property sales.

	July 2018- June 2019	July 2017- June 2018	Full year 2018
Operating profit before changes in value of forest assets			
Less capital gains on property sales	1,831	1,656	1,807
Subtotal	-229	-245	-234
Operating capital OB	28,943	28,130	28,316
Operating capital CB	30,441	28,943	30,279
Average operating capital (OB + CB)/2	29,692	28,537	29,298
Subtotal as above	1,602	1,411	1,573
Divided by average operating capital	29,692	28,537	29,298
<b>= Yield, %</b>	<b>5.4%</b>	<b>4.9%</b>	<b>5.4%</b>

## Alternative Performance Measures (APMs), cont.

### 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 from previous periods.

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

	June 2019	June 2018	OB 1 Jan 2019 with IFRS 16	Full year 2018
Interest-bearing assets (cash and cash equivalents)	999	823	847	847
Interest-bearing liabilities and provisions (non-current)	-5,633	-5,102	-5,164	-5,088
Interest-bearing liabilities (current)	-2,789	-3,270	-2,823	-2,773
<b>Interest-bearing net debt</b>	<b>-7,423</b>	<b>-7,549</b>	<b>-7,140</b>	<b>-7,014</b>

### Net debt/equity ratio

*Definition:* Interest-bearing net debt divided by equity, all calculated at the end of the period/year.

The Group's definition is unchanged from previous periods.

*Comment:* Net debt/equity ratio is one of Sveaskog's financial targets. The target is to achieve a net debt/equity ratio of between 0.3 and 0.6.

Sveaskog believes that the performance measure reflects the ability to pay dividends and implement strategic investments, and enables the Group to assess its ability to meet financial obligations.

	June 2019	June 2018	Full year 2018
Interest-bearing net debt	7,423	7,549	7,014
Divided by shareholders' equity	22,928	21,217	23,110
<b>= Net debt/equity ratio, multiplied by</b>	<b>0.32</b>	<b>0.36</b>	<b>0.30</b>

### Return on operating capital

*Definition:* Operating profit divided by average operating capital, excluding deferred tax.

The Group's definition is unchanged from previous periods.

*Comment:* Sveaskog believes that the performance measure fairly reflects the company's return independent of financial assets and financing choices.

	July 2018- June 2019	July 2017- June 2018	Full year 2018
Operating profit	3,679	1,870	3,504
Divided by average operating capital	29,692	28,537	29,298
<b>= Return on operating capital as %</b>	<b>12.4%</b>	<b>6.6%</b>	<b>12.0%</b>

### Return on equity

*Definition:* Recognised profit after tax as a percentage of average equity. The Group's definition is unchanged from previous periods.

*Comment:* Sveaskog believes that the performance indicator measures the company's return during the year on the capital invested in the business by the owners and thus shows how profitable the company is for its shareholders.

	July 2018- June 2019	July 2017- June 2018	Full year 2018
Equity OB	21,200	20,586	20,816
Equity CB	22,928	21,217	23,110
Average equity (OB + CB)/2	22,064	20,902	21,963
Profit for the year	2,813	1,881	3,168
Divided by average equity	22,064	20,902	21,963
<b>= Return on equity as %</b>	<b>12.7%</b>	<b>9.0%</b>	<b>14.4%</b>

## Alternative Performance Measures (APMs), cont.

### Interest coverage ratio

*Definition:* Operating profit before changes in value of forest assets, excluding capital gains on property sales, plus finance income divided by finance costs. The Group's definition is unchanged from previous periods.

*Comment:* Sveaskog believes that the performance measure indicates the ability of the company to cover its finance costs (interest payments, etc.).

	July 2018- June 2019	July 2017- June 2018	Full year 2018
Financial items in the Profit and Loss Statement	-160	-110	-141
- of which finance income	-22	27	2
- of which finance costs	-138	-136	-143
Operating profit before changes in value of forest assets	1,831	1,656	1,807
Less capital gains on property sales	-229	-245	-234
Plus finance income	-22	27	2
Subtotal	1,580	1,438	1,575
Divided by finance costs	138	136	143
<b>= Interest coverage ratio, multiplied by</b>	<b>11.5</b>	<b>10.6</b>	<b>11.0</b>

### Equity/assets ratio

*Definition:* Equity divided by total assets, all calculated at the end of the period/year.

The Group's definition is unchanged from previous periods.

*Comment:* Sveaskog believes that the performance measure indicates what portion of the assets is financed by shareholder equity and how sensitive the company is to interest rate changes.

	June 2019	June 2018	Full year 2018
Equity	22,928	21,217	23,110
Divided by total assets	41,327	38,925	40,751
<b>= Equity/assets ratio as %</b>	<b>55%</b>	<b>55%</b>	<b>57%</b>