

Alternative Key Performance Indicators

The company presents certain financial metrics in its Interim Report that are not defined in IFRS standards. In the company's opinion, these metrics offer valuable supplementary information to investors and company management in evaluating the company's performance. As not all companies calculate financial metrics in the same way, these are not always comparable with metrics employed by other companies. These financial metrics should therefore not be viewed as a substitute for metrics defined in IFRS standards. Unless otherwise stated, the metrics shown in the table below are not defined in IFRS standards.

Operating capital

Definition: Balance sheet total 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 year. The group's definition remains unchanged against previous periods.

Comment: Sveaskog calculates its operating capital for the KPIs *return on operating capital* and *average operating capital*.

	31 March 2019	31 March 2018	Opening balance 1 Jan 2019 with IFRS16	Full year 2018
Current receivables, etc., non-interest-bearing	1,847	1,927	1,840	1,846
- of which advances to suppliers	232	179	219	219
- of which tax assets	16	1	1	1
- of which accounts receivable, loans receivable and other receivables	1,599	1,747	1,620	1,626
Current: other liabilities	1,399	1,265	1,397	1,397
- of which tax liabilities	88	115	156	156
- of which accounts payable and other liabilities	1,311	1,150	1,241	1,241
Balance sheet total	41,418	39,595	40,877	40,751
Less interest-bearing assets (liquid assets)	-1,119	-1,256	-847	-847
Less tax assets	-16	-1	-1	-1
Less other liabilities and provisions (non-current)	-8,424	-8,446	-8,382	-8,382
Less contractual liabilities	-1	-1	-1	-1
Less accounts payable and other liabilities	-1,311	-1,150	-1,241	-1,241
Operating capital	30,547	28,741	30,405	30,279

Yield

Definition: Operating profit before changes in the value of forest assets excluding capital gains on property sales, divided by average operating capital, excluding deferred tax. The group's definition remains unchanged against previous periods.

Comment: Yield is one of Sveaskog's financial targets: the target is to achieve an average yield of at least 4.5%.

This target reflects the return on Sveaskog's operations before changes in the value of forest assets and capital gains on property sales.

	1 April 2018– 31 March 2019	1 April 2017– 31 March 2018	Full year 2018
Operating profit before changes in the value of forest assets	1,912	1,656	1,807
Less capital gains on property sales	-216	-316	-234
Subtotal	1,696	1,340	1,573
Operating capital, opening balance	28,741	28,121	28,316
Operating Capital closing balance	30,547	28,741	30,279
Average operating Capital (OB + CB)/2	29,644	28,431	29,298
Subtotal as above	1,696	1,340	1,573
Divided by average operating capital	29,644	28,431	29,298
= Yield, %	5.7%	4.7%	5.4%

Alternative KPIs (cont.)

Interest-bearing net debt

Definition: Interest-bearing liabilities minus interest-bearing assets, all calculated at the end of the period/financial year. The group's definition remains unchanged against previous periods.

Comment: Sveaskog calculates interest-bearing net debt for the KPI *net debt*.

	31 March 2019	31 March 2018	Opening balance 01.01.19 with IFRS16	Full year 2018
Interest-bearing assets (liquid assets)	1,119	1,256	847	847
Other liabilities and provisions (non-current)	-4,553	-5,615	-5,164	-5,088
Interest-bearing liabilities (current)	-3,428	-3,068	-2,823	-2,773
Interest-bearing net debt	- 6,862	- 7,427	- 7,140	- 7,014

Net debt/equity ratio

Definition: Interest-bearing net debt divided by equity, all calculated at the end of the period/financial year. The group's definition remains unchanged against previous periods.

Comment: Net debt/equity ratio is one of Sveaskog's financial targets: the target is a net debt/equity ratio between 0.3-0.6.

In Sveaskog's opinion, this KPI reflects the company's ability to pay dividends and implement strategic investments, as well as the group's ability to meet its financial undertakings.

	31 March 2019	31 March 2018	Full year 2018
Interest-bearing net debt	6,862	7,427	7,014
Divided by shareholders' equity	23,613	21,200	23,110
= Net debt/equity ratio, multiplied by	0.29	0.35	0.30

Return on operating capital

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

The group's definition remains unchanged against previous periods.

Comment: In Sveaskog's opinion, this metric fairly reflects the company's return independent of financial assets and financing choices.

	1 April 2018– 31 March 2019	1 April 2017– 31 March 2018	Full year 2018
Operating profit	3,659	1,883	3,504
Divided by average operating capital	29,644	28,431	29,298
= Return on operating capital as a percentage	12.3%	6.6%	12.0%

Return on equity

Definition: Profit after tax expressed as a percentage of average equity. The group's definition remains unchanged against previous periods.

Comment: In Sveaskog's opinion, this KPI measures the company's annual return on the capital invested in the business by its owners and therefore how profitable the company is for its shareholders.

	1 April 2018– 31 March 2019	1 April 2017– 31 March 2018	Full year 2018
Equity, opening balance	21,200	20,430	20,816
Equity, closing balance	23,613	21,200	23,110
Average equity (OB + CB)/2	22,407	20,815	21,963
Annual profit	3,302	1,407	3,168
Divided by average equity	22,407	20,815	21,963
= Return on equity as a percentage	14.7%	6.8%	14.4%

Alternative KPIs (cont.)**Interest coverage**

Definition: Operating profit before changes in the value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses. The group's definition remains unchanged against previous periods.

Comment: In Sveaskog's opinion, this KPI indicates the company's ability to cover its financial costs (interest payments, etc.).

	1 April 2018– 31 March 2019	1 April 2017– 31 March 2018	Full year 2018
Financial items in Profit and Loss Statement	-131	-109	-141
- of which financial income	3	28	2
- of which financial costs	-134	-137	-143
Operating profit before changes in the value of forest assets	1,912	1,656	1,807
Less capital gains on property sales	-216	-316	-234
Plus financial income	3	28	2
Subtotal	1,699	1,368	1,575
Divided by financial expenses	134	137	143
= Interest coverage, multiplied by	12.7	10.0	11.0

Equity/assets ratio

Definition: Equity divided by total assets, all calculated at the end of the year. The group's definition remains unchanged against previous periods.

Comment: In Sveaskog's opinion, this KPI indicates the proportion of assets financed by shareholder equity and how sensitive the company is to changes in interest rates.

	31 March 2019	31 March 2018	Full year 2018
Equity	23,613	21,200	23,110
Divided by balance sheet total	41,418	39,595	40,751
= Equity/assets ratio as a percentage	57%	54%	57%