Interim report
January – September 2011

Q3

Third quarter

- Net sales amounted to SEK 1,337 million (1,474). Delivery volumes fell by 9% with unchanged average prices compared with the same quarter in the previous year.
- Operating profit from continuing operations amounted to SEK 173 million (213). The decrease is mainly explained by lower deliveries from the company's own forests.
- Change in value of forest assets amounted to SEK 161 million (119).
- Operating profit amounted to SEK 376 million (388).
- Profit for the quarter was SEK 231 million (252).

January–September

- Net sales amounted to SEK 4,949 million (5,121). Delivery volumes fell by 7% while average prices rose 4% compared with the same period in the previous year.
- Profit from continuing operations decreased to SEK 749 million (1,011). The decrease is explained by lower deliveries, primarily of sawlogs from own forests.
- Change in value of forest assets amounted to SEK 332 million (219).
- Operating profit amounted to SEK 1,185 million (1,481).
- Profit for the period was SEK 751 million (983).

	Quarter 3		Jan–Sept	
SEKm	2011	2010	2011	2010
Net sales	1,337	1,474	4,949	5,121
Operating profit from continuing operations	173	213	749	1,011
Operating profit	376	388	1,185	1,481
Profit before tax	314	335	1,022	1,313
Profit for the period	231	252	751	983
Earnings per share	1.95	2.13	6.34	8.30

Sveaskog is Sweden's leading forest company. We sell sawlogs, pulpwood and biofuel. We also work with land transactions and develop the forest as a venue for fishing, hunting and other nature-based experiences. The forest is Sveaskog's core business and we accept major responsibility as a driving force for development as well as contributing to new applications for both wood raw material and forest land. We defend sustainable development in everything we do. We have annual sales of SEK 7 billion and some 720 employees.

SVEASKOG

CEO's comments

Sveaskog's net sales for the period January–September amounted to SEK 4,949 million (5,121). The decrease compared with the corresponding period in the previous year is essentially due to lower sales volumes. Operating profit from continuing operations amounted to SEK 749 million (1,011). The lower earnings are mainly due to lower deliveries and higher felling costs.

Sales of wood raw material totalled 7.8 million cubic metres (m^3sub), a decrease of just over 7% compared with the same period last year. Sales from Sveaskog's own forests decreased by 6%. The main decrease was in sales of sawlogs, which are the most valuable products, with a decline of 14%. Earnings were also affected by a higher proportion of pulpwood and biofuel sales. This change has resulted in both lower revenues and higher production costs.

The Swedish wood products industry, which is Sveaskog's most important customer segment, currently has profitability problems and is experiencing continued uncertainty as to how demand and prices will develop. Demand for sawlogs remains strong but there were price reductions during the third quarter.

The Swedish pulp and paper industry experienced lower demand for most paper products during the third quarter. Market-related shutdowns have taken place which were also complemented by maintenance shutdowns.

Sveaskog and LKAB have started a cooperation that will help the mining company to phase out its use of fossil fuels by the year 2020. Of LKAB's annual energy consumption, approximately 2 TWh come from coal and oil. By wholly or partly replacing these fossil fuels with biofuels, among other things, LKAB intends to substantially reduce its carbon dioxide emissions.

In August Sveaskog, together with Skogstekniska Klustret (forest engineering cluster) and the Swedish University of Agricultural Sciences (SLU), premiered a unique technology for so-called crane corridor thinning. This technology allows young timber to be handled in an effective manner for use as biofuel. The new technology offers opportunities to improve productivity and transform clearing into a profitable business for the forest industry.

In September, Sveaskog acquired the rights to the mechanical pine weevil protection product MultiPro®. MultiPro protects against pine weevils and is mainly used on large plants, known as bare root and "TePlus" plants. The potential market for MultiPro in Sweden is 60–70 million plants a year. Sveaskog's objective is to cease all use of insecticides in its forest regeneration work. Together with Conniflex, which protects containerised seedlings against the pine weevil, we will achieve this objective with MultiPro. This is positive for the entire industry.

I took over as president and CEO of Sveaskog on 10 October. This marks my return to the forest industry where I previously worked for some 25 years. From the basis of a clear assignment for Sveaskog in terms of profitability and value creation, I look forward to continuing to develop these operations together with the company's management and employees.

Per-Olof Wedin, President and CEO.

Operations

NET SALES AND EARNINGS

Third quarter

Net sales decreased by 9% during the quarter compared with the same period in 2010 and amounted to SEK 1,337 million (1,474). The change is explained by 9% lower delivery volumes, while average prices were unchanged. Operating profit from continuing operations decreased and amounted to SEK 173 million (213), mainly due to lower sawlog deliveries.

Capital gains from property sales amounted to SEK 45 million (38). Share of profits of the associated company Setra Group AB amounted to SEK –3 million (18). Operating profit before change in value of forest assets amounted to SEK 215 million (269).

Change in value of forest assets amounted to SEK 161 million (119), due among other things to lower timber removals from own forests. After change in value of forest assets, operating profit amounted to SEK 376 million (388).

Net financial items amounted to SEK –62 million (–53).

Profit for the period decreased by SEK 21 million compared with the same period in the previous year and amounted to SEK 231 million (252).

January–September

Net sales declined by 3% to SEK 4,949 million (5,121). Volumes fell 7% while average timber prices increased by 4%. Operating profit from continuing operations decreased and amounted to SEK 749 million (1,011).

The decline in earnings is mainly explained by lower deliveries, primarily sawlog deliveries from own forests, and higher felling costs.

Capital gains from property sales, primarily sales to private forestry, amounted to SEK 112 million (193).

Share of profits of the associated company Setra Group amounted to SEK –8 million (58).

Operating profit before change in value of forest assets decreased and amounted to SEK 853 million (1,262). Change in value of forest assets amounted to SEK 332 million (219). After change in value of forest assets, operating profit was SEK 1,185 million (1,481).

Net financial items amounted to SEK –163 million (–168). The change is mainly explained by a lower average loan portfolio.

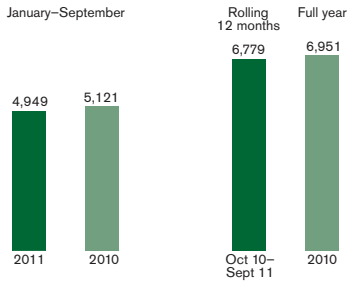
Profit for the period decreased by SEK 232 million compared with the same period in the previous year and amounted to SEK 751 million (983).

CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

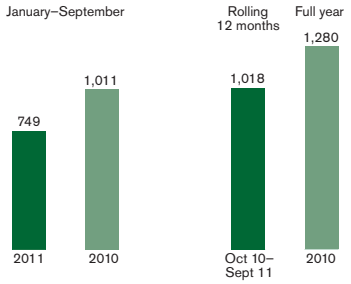
Cash flow from operating activities amounted to SEK 570 million (590). Higher paid taxes were offset by reduced capital tied up in operations. Investments in property, plant and equipment amounted to SEK 133 million (181). These mainly comprised forest land and forest machines. Investments in shares accounted for SEK 10 million (29). Sales of property, plant and equipment, primarily forest properties, amounted to SEK 294 million (557). Interest-bearing net debt amounted to SEK 5,310 million (5,514).

There have been major changes in the financial markets with regard to currencies, stock exchanges and interest rates, but the net effect of these fluctuations has no longer been so substantial in recent weeks. Sveaskog's net debt has increased by approximately SEK 100 million during 2011. The loan portfolio mostly consists of loans issued under Sveaskog's MTN programme as well as Swedish commercial paper programmes. During 2011, Sveaskog has procured new bilateral 5-year bank loan agreements with a total ceiling of SEK 6,500 million. The loan volume under the commercial paper programme is currently SEK 2,010 million and will be refinanced regularly in three-month periods. The average fixed interest period during 2011 was at its lowest approximately 11 months and just over 14 months at the closing date.

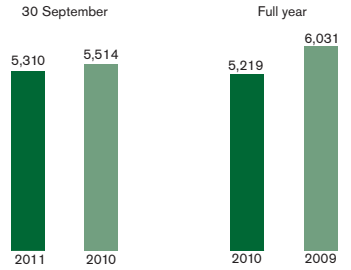
Net sales, SEKm



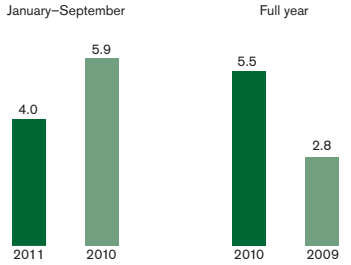
Operating profit from continuing operations, SEKm



Interest-bearing net debt, SEKm

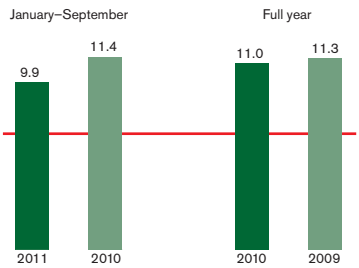


Interest cover, multiple



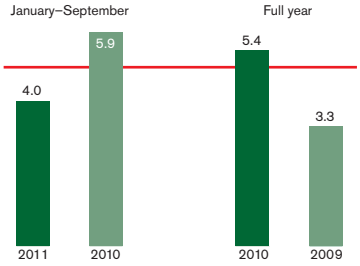
OWNER FINANCIAL TARGETS

Return on equity, %



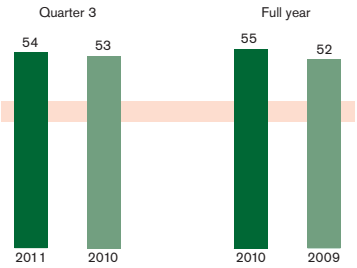
Financial target set by owner: 7%.

Yield, %



Financial target set by owner: 5%.

Equity ratio, %



Financial target set by owner: 35–40%.

Dividend

The target for the dividend amounts to at least 60% of profit after tax excluding non-cash adjustments in accordance with IFRS. For 2010 this corresponded to SEK 756 million. In addition, Sveaskog distributed the shares in Ersättningsmark i Sverige AB with a consolidated value of SEK 983 million.

OTHER UNITS WITHIN THE GROUP

Sveaskog Naturupplevelser increased its sales to SEK 78 million (76). Sales were normal for the season and the increase was mainly due to higher prices. Operating profit improved by SEK 7 million to SEK 56 million (49). The improved profit is explained by higher hunting revenues and lower costs now that responsibility for game management has been transferred to the Parent Company.

Svenska Skogsplantor reports sales of SEK 305 million compared with SEK 309 million in the same period last year. Operating profit was SEK 9 million lower and amounted to SEK 34 million (43). The decline is mainly explained by lower deliveries. Unusually large rodent populations led to production disruptions and meant that many customers delayed planting in order to avoid rodent damage.

The associated company **Setra Group AB** reports lower earnings due to the weak climate in the wood products market. Sveaskog's share of profit in the company, adjusted for inter-company profits during the year, amounted to SEK –8 million compared with SEK 58 million in the previous year.

PARENT COMPANY

Sveaskog AB (publ), 100% owned by the Swedish state, owns and manages forest properties and shares in subsidiaries and is also responsible for Group-wide financing. Sveaskog AB's operating income during the first nine months of the year was SEK 9 million (15). Loss after financial items amounted to SEK 449 million (268), of which capital gains from property sales accounted for SEK 0 million (1). The Parent Company's expenses mainly comprise interest expenses as a result of the acquisition of Sveaskog Förvaltnings AB. The company has no employees.

Market

WOOD PRODUCTS INDUSTRY

Sweden is the largest European exporter to Japan but Finland and Austria are the countries that have seen the most substantial sales increases this year. The Swedish wood products industry currently has problems with profitability and is experiencing continued uncertainty about how demand and prices will develop. Despite this, demand for sawlogs remains relatively strong. Some price reductions were implemented during the third quarter.

Despite this, investments in new production capacity within the wood products industry increased in both 2010 and 2011. Additional capacity and announced capacity cutbacks are expected to result in a net increase of 2.5 million m^3 by the end of 2012, which corresponds to an increase of approximately 15% of Sweden's sawmill production.

Swedish exports of sawn timber increased by 4% during the second half of 2011 compared with 2010. The largest increases were to Japan, Morocco and Germany while the biggest decrease was in exports to Egypt.

Global trading in sawlogs and pulpwood continues to increase, in particular sawlogs from North America to Asia. Imports of sawn softwood in Asia have increased substantially in recent years. Volumes to the four largest import countries, China, Japan, South Korea and Taiwan, have almost doubled in two years. China has become the most important market in Asia and worldwide it is now only the US that imports more than China.

The global sawlog price index (GSPI) in USD increased for the ninth consecutive quarter in the second quarter of 2011. The increase over the past year is almost 20%. The reasons for this include high sawmill production, increased international trade and a relatively weak USD.

Sveaskog's deliveries

Sveaskog's sawlog deliveries during the period January to September totalled 2,826,000 m^3sub, which is a decrease of 11% compared with the corresponding period in 2010.

PULP AND PAPER INDUSTRY

The Swedish pulp and paper industry experienced lower demand for most paper products during the third quarter. Market-related shutdowns were implemented

which were also complemented with maintenance shutdowns.

Supplies of fibre raw material were substantial in Sweden in relation to demand during the third quarter. Prices fell somewhat and most market players are currently experiencing difficulty in disposing of the pulpwood they plan to sell.

All the major pulp-producing countries in Europe except Sweden increased their fibre consumption last year. Roundwood continued to be the most important source of fibre for the pulp industry and its share has slowly risen over the past decade. Almost 25%, however, comes from the wood products industry in the form of cellulose chips.

Global pulp production has remained strong. Production increased by 6% during the first seven months compared with 2010. The biggest increase took place in Latin America but Western Europe and North America also had significant production increases.

At the start of the year there was strong demand for long-fibre paper pulp. This demand fell during the third quarter but prices remain relatively high and hovered around USD 950 per tonne. Historically, this is relatively high price level. Demand for short-fibre paper pulp was lower, however, which also led to an unusually large difference of USD 170 per tonne between the two grades.

Despite lower pulp prices, global production of market pulp rose 6% during the first seven months of this year compared with the same period in 2010.

Sveaskog's deliveries

Sveaskog delivered 3,876,000 m^{3}sub of pulpwood and chips in the period January to September, a decrease of 6% compared with the corresponding period in 2010.

ENERGY SECTOR

Deliveries of biofuel are naturally lower during the third quarter due to maintenance shutdowns at CHP plants and the warm weather. This year it has been relatively warmer than normal throughout September which led to lower customer consumption than normal. The flow of by-products from the sawmills remains high which is also keeping back deliveries of wood fuel in the market.

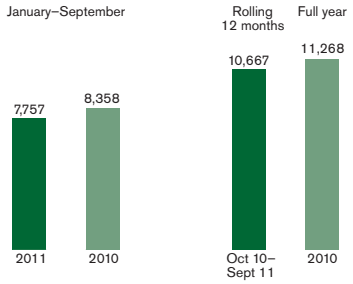
Global trading with wood pellets continues to increase. Imports of pellets from Europe to North America are rising. Pellet production in Germany can be expected to increase over time in order to replace nuclear power and fossil fuels.

The price of pellets in Europe was largely unchanged during the third quarter compared with the previous quarter. The long-term trend is still pointing upwards. Sweden continues to have the highest prices in Europe.

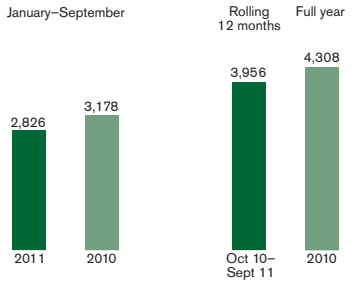
Sveaskog's deliveries

Sveaskog's biofuel deliveries amounted to 1,055,000 m^{3}sub in January to September, an increase of almost 2% compared with the same period in 2010.

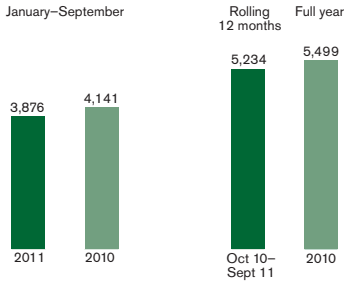
Sveaskog's total delivery volume, 000s m^{3}sub



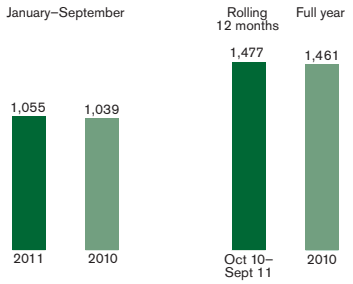
Delivery volume, sawlogs, 000s m^{3}sub



Delivery volume, pulpwood and chips, 000s m^{3}sub



Delivery volume biofuel, 000s m^{3}sub



Sveaskog Group

Condensed income statement

(Note 1) SEKm	3 months Q 3 2011	Q 3 2010	9 months Jan–Sept 2011	Jan–Sept 2010	12 months Oct 2010–Sept 2011	Full year 2010
Net sales	1,337	1,474	4,949	5,121	6,779	6,951
Other operating income	6	9	78	18	89	29
Raw materials and consumables	–488	–539	–1,881	–1,810	–2,581	–2,510
Change in inventories	69	21	–19	–54	42	7
Other external costs	–591	–612	–1,889	–1,823	–2,651	–2,585
Staff costs	–135	–118	–416	–374	–565	–523
Depreciation	–25	–22	–73	–67	–95	–89
Operating profit from continuing operations	173	213	749	1,011	1,018	1,280
Capital gains from property sales	45	38	112	193	181	262
Share of profits of associates	–3	18	–8	58	–39	27
Operating profit before change in value of forest assets	215	269	853	1,262	1,160	1,569
Change in value of forest assets (Note 1)	161	119	332	219	1,575	1,462
Operating profit	376	388	1,185	1,481	2,735	3,031
Financial items	–62	–53	–163	–168	–252	–257
Profit before tax	314	335	1,022	1,313	2,483	2,774
Tax	–83	–83	–271	–330	–660	–719
Profit for the period/year	231	252	751	983	1,823	2,055
Earnings/share, SEK before and after dilution	1.95	2.13	6.34	8.30	15.40	17.36
- calculated on average number of shares, million	118.4	118.4	118.4	118.4	118.4	118.4

Statement of comprehensive income

(Note 1) SEKm	3 months Q 3 2011	Q 3 2010	9 months Jan–Sept 2011	Jan–Sept 2010	12 months Oct 2010–Sept 2011	Full year 2010
Profit for the period/year	231	252	751	983	1,823	2,055
Other comprehensive income						
Exchange differences	1	–1	1	–2	1	–2
Cash flow hedges	–25	22	–4	44	23	71
Tax attributable to cash flow hedges	6	–6	1	–12	–6	–19
Total other comprehensive income for the period/year, net after tax	18	15	–2	30	18	50
Total comprehensive income for the period/year	213	267	749	1,013	1,841	2,105

Definitions

Adjusted equity
Equity plus minority interests.

Capital turnover rate
Net sales divided by average operating capital.

Debt/equity ratio
Interest-bearing net debt divided by adjusted equity.

Equity ratio
Adjusted equity divided by total assets, all calculated at the end of the period/year.

Gross margin
Operating profit before depreciation and share of profits of subsidiaries expressed as a percentage of net sales.

Interest-bearing net debt
Interest-bearing liabilities minus interest-bearing assets, all calculated at year-end

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 earnings per share
Profit for the year after tax divided by average number of shares during the year.

Sveaskog Group

Condensed balance sheet

SEKm	30 Sept 2011	30 Sept 2010	31 Dec 2010
ASSETS			
Non-current assets			
Intangible assets			
Property, plant and equipment	11	8	7
Forest land (Note 1)	2,005	2,009	1,982
Other property, plant and equipment	577	553	555
Biological assets – standing forest (Note 1)	28,161	27,983	28,003
Financial assets	479	532	475
Total non-current assets	31,233	31,085	31,022
Current assets			
Inventories	558	522	608
Current receivables, etc., non-interest bearing	1,947	2,349	2,325
Current interest-bearing receivables	0	0	0
Cash and cash equivalents	860	743	526
Assets held for distribution*	–	–	1,155
Total current assets	3,365	3,614	4,614
TOTAL ASSETS	34,598	34,699	35,636
EQUITY AND LIABILITIES			
Equity	18,526	18,424	19,516
Non-current liabilities			
– Interest-bearing liabilities and provisions	2,338	3,944	2,834
– Other liabilities and provisions	8,050	8,141	8,359
Total non-current liabilities	10,388	12,085	11,193
Current liabilities			
- Interest-bearing liabilities	3,833	2,313	2,911
- Other liabilities	1,851	1,877	1,728
Liabilities attributable to assets held for distribution	0	0	288
Total current liabilities	5,684	4,190	4,927
TOTAL LIABILITIES	16,072	16,275	16,120
TOTAL EQUITY AND LIABILITIES	34,598	34,699	35,636

* Assets held for distribution relate to the consolidated value of the 100,000 hectares of productive forest land that has been distributed to the owner in accordance with a parliamentary decision.

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 year-end.

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 for the year after tax expressed as a percentage of average adjusted 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.

Sveaskog Group

Condensed cash flow statement

SEKm	Jan–Sept 2011	Jan–Sept 2010	Full Year 2010
Operating activities			
Operating profit	1,185	1,481	3,031
Adjustment for non-cash items, etc.	–462	–474	–1,754
Interest received	19	7	16
Interest paid	–182	–176	–237
Paid tax	–581	–165	–224
Cash flow from operating activities before change in working capital	–21	673	832
Change in working capital	591	–83	–88
Cash flow from operating activities	570	590	744
Investing activities			
Investments in property, plant and equipment	–133	–181	–250
Investments in shares	–10	–29	–49
Sales of property, plant and equipment	294	557	777
Sale of shares	0	31	31
Change in interest-bearing receivables	0	0	0
Cash flow from investing activities	151	378	509
Financing activities			
Dividend paid	–856*	–487	–487
Change in financial liabilities	469	–244	–746
Cash flow from financing activities	–387	–731	–1,233
Cash flow for the period/year	334	237	20
Cash and cash equivalents, opening balance	526	506	506
Cash and cash equivalents, closing balance	860	743	526

* Cash dividend SEK 756 million and balance on account in Ersättningsmark i Sverige AB SEK 100 million.

Condensed statement of changes in equity

SEKm	Jan–Sept 2011	Jan–Sept 2010	Full Year 2010
Opening equity, 1 January	19,516	17 898	17,898
Total comprehensive income	749	1,013	2,105
Dividend paid in accordance with AGM decision	–1,739	–487	–487
Closing equity at the end of the period/year	18,526	18 424	19,516

Key figures

		Jan–Sept 2011	Jan–Sept 2010	Full Year 2010
Operating margin, %		24	29	44
Yield, % 1)	(target minimum 5%)	4.0	5.9	5.4
Return on equity, % 1)	(target minimum 7%)	9.9	11.4,	11.0
Equity ratio, %	(target 35–40%)	54	53	55
Return on operating capital, % 1)		11.3	12.2	12.5
Debt/equity ratio, multiple		0.29	0.30	0.27
Interest cover, multiple 1,3)		4.0	5.9	5.5
Interest-bearing net debt, SEKm		5,310	5,514	5,219
Earnings per share, SEK 2)		6.34	8.30	17.36
Average number of employees		973	933	964
Number of employees		723	723	720

1) Rolling 12 months.
2) Calculated on number of shares 118,373,034.
3) Operating profit before change in value of forest assets minus capital gains on property sales plus financial income divided by financial expenses.

Parent Company

Condensed income statement

(Note 1) SEKm	9 months Jan–Sept 2011	9 months Jan–Sept 2010	12 months Oct 2010–Sept 2011	12 months Full year 2010
Operating income	9	15	42	48
Operating expenses	0	0	–1	–1
Operating profit	9	15	41	47
Financial items	–458	–283	–577	–402
Profit/loss before tax	–449	–268	–536	–355
Tax	118	71	142	95
Profit/loss for the period/year	–331	–197	–394	–260

Condensed balance sheet

SEKm	30 Sept 2011	30 Sept 2010	31 Dec 2010
ASSETS			
Non-current assets			
Property, plant and equipment	60	64	60
Total property, plant and equipment	60	64	60
Financial assets			
Interest-bearing	1,970	2,370	1,870
Non-interest bearing	24,934	24,934	24,994
Total financial assets	26,904	27,304	26,864
Total non-current assets	26,964	27,368	26,924
Current assets			
Current receivables, etc., non-interest bearing	154	84	400
Short-term investments	4,399	4,478	4,239
Cash and bank balances	0	0	0
Total current assets	4,553	4,562	4,639
TOTAL ASSETS	31,517	31,930	31,563
Equity			
Total equity	11,392	12,436	12,639
Non-current liabilities			
Interest-bearing non-current liabilities	1,619	3,169	2,069
Total non-current liabilities	1,619	3,169	2,069
Current liabilities			
Interest-bearing liabilities and provisions	18,448	16,268	16,826
Other liabilities and provisions	58	57	29
Total current liabilities	18,506	16,325	16,855
TOTAL EQUITY AND LIABILITIES	31,517	31,930	31,563

Parent Company

Condensed cash flow statement

SEKm	Jan–Sept 2011	Jan–Sept 2010	Full year 2010
Cash flow from operating activities	–576	62	130
Cash flow from investing activities	–199	151	625
Cash flow from financing activities	775	–213	–755
Total cash flow	0	0	0
Cash and cash equivalents, opening balance	0	0	0
Cash and cash equivalents, closing balance	0	0	0

Condensed statement of changes in equity

SEKm	Jan–Sept 2011	Jan–Sept 2010	Full year 2010
Opening equity, 1 January	12,639	13,120	13,120
Dividend paid in accordance with AGM decision	–756	–487	–487
Distribution of shares in accordance with AGM decision	–160	–	–
Group contribution	–	–	360
Tax effect of group contribution	–	–	–94
Profit/loss for the period/year	–331	–197	–260
Closing equity at the end of the period/year	11,392	12,436	12,639

ACCOUNTING PRINCIPLES

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and the Securities Market Act. For the Parent Company the interim report is prepared in accordance with the Annual Accounts Act and the Securities Market Act, which are in accordance with the regulations in RFR 2 Accounting for Legal Entities. The accounting principles and calculation principles for the Parent Company and the Group applied in this report are unchanged compared with the most recently published annual report except that with effect from1 January 2011 the Group applies IAS 32 (amendment), Financial Instruments Presentation (applies from 1 February 2010). The revised standard allows subscription rights to be equity regardless of the currency in which they are issued. IAS 24 (revised) Related Party Disclosures (applies from 1 January 2011). The revised standard provides a new definition of related parties. Application will not have any effect on the Group's financial statements or disclosures. Amounts are stated in SEK million unless otherwise indicated. Figures in parentheses refer to the same period in the previous year.

NOTE 1 – CHANGE IN VALUE OF FOREST ASSETS, SEKM

The market-related value of Sveaskog's forest assets at 30 September 2011 has been calculated at 30,166 (29,992), of which 28,161,(27,983) comprises the fair value of standing forest and 2,005,(2,009) and identified costs for land. The change in the balance sheet amounts to 174 (830).

RISKS AND UNCERTAINTIES

A description of risks, uncertainties and risk management is provided in Sveaskog's 2010 Annual Report (in Swedish) on pages 76–78. No other significant changes, in addition to those mentioned in this year-end report, have occurred since the annual report was published.

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

Per-Olof Wedin took over as President and CEO on 10 October 2011.

OTHER

Transactions with related parties are disclosed in the Group's Note 3 in Sveaskog's 2010 Annual Report. No significant changes have occurred in relations or transactions with related parties compared with those described in the 2010 report.

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, 27 October 2011
Sveaskog AB (publ.) (556558-0031)

Göran Persson
Chairman

Eva Färnstrand
Board Member

Marianne Förander
Board Member

Thomas Hahn
Board Member

Birgitta Johansson-Hedberg
Board Member

Carina Håkansson
Board Member

Elisabeth Nilsson
Board Member

Anna-Stina Nordmark Nilsson
Board Member

Mats G Ringesten
Board Member

Sture Persson
Employee representative

Eva-Lisa Lindvall
Employee representative

Per-Olof Wedin
President and CEO

Review report

To the Board of Directors of Sveaskog AB, reg. no. 556558-0031

We have reviewed the interim report for Sveaskog AB (publ) for the period 1 January until 30 September 2011. 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.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review 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 ISA and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us 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.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared 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, 27 October 2011

Mikael Eriksson
Authorised Public Accountant
PWC

Martin Johansson
Authorised Public Accountant
PWC

Filip Cassel
Authorised Public Accountant
Appointed by the Swedish National Audit Office

PROTOTYPE CLEARS THE WAY FOR PROFITABLE CLEARING

29 August marked the world premiere of a unique prototype that can be used for thinning crane corridors. This was the result of collaboration between Sveaskog, Skogstekniska Klustret (forest engineering cluster) and the Swedish University of Agricultural Sciences (SLU). The new unit gathers young trees up to ten metres long extremely efficiently in corridors with dense clearing stands.

One major advantage of this technology is that it allows continuous harvesting without the need to stop and grip each individual tree. This provides a significant increase in productivity compared with today's methods where only one or two trees can be handled at a time.

Sweden has 2.77 million hectares of dense, thickly wooded young forests with an average height of less than 12 metres. This corresponds to 12.3% of Sweden's entire forest land. This new, more efficient technology will allow over five million cubic metres of biomass per year to be harvested in dense young forests.

FOR FURTHER INFORMATION, PLEASE CONTACT

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FINANCIAL CALENDAR

Year-end report 2011	26 January 2012
Interim report January–March 2012 and Annual General Meeting	26 April 2012

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