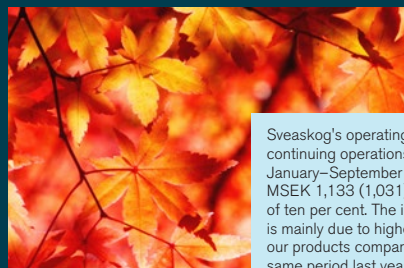


Sveaskog is Sweden's leading forestry company and sells timber, pulpwood, biofuel, seedlings and forestry services. Sveaskog complements the supply from its own forest with purchases from other forest owners, trading and imports. In addition, Sveaskog deals in land and develops the forest as a place for fishing, hunting and other outdoor experiences. The forest and its assets are Sveaskog's core business and sustainable development permeates everything that is done. Sveaskog is affiliated to the FSC® and PEFC™.



Sveaskog's operating profit from continuing operations for the period January–September 2019 was MSEK 1,133 (1,031), an increase of ten per cent. The increased profit is mainly due to higher prices for our products compared with the same period last year.

Interim report January – September 2019

1 July – 30 September 2019

- Net sales, which comprise both deliveries from our own forest and externally acquired wood raw materials, increased by three per cent to MSEK 1,547 (1,509). Prices increased by two per cent on average and total delivery volumes were up by one per cent.
- Operating profit increased by 18 per cent to MSEK 301 (256). Higher delivery volumes from company-owned forests and higher prices have had a positive impact on earnings. Last year's earnings were hit by additional costs (MSEK 25) arising from the extensive forest fires last summer. Earnings from other property transactions are down.
- The reported change in value of standing timber amounted to MSEK 154 (85), the change in value had no impact on cash-flows.
- Profit for the quarter was MSEK 340 (292), equivalent to SEK 2.87 (2.47) per share.

1 January – 30 September 2019

- Net sales, which comprise both deliveries from our own forest and externally acquired wood raw materials, increased by six per cent to MSEK 5,396 (5,076). Prices increased by nine per cent on average, while total delivery volumes were down by four per cent. Revenue from sales of seedlings has increased.
- Operating profit increased by ten per cent to MSEK 1,133 (1,031). Higher prices have to some extent been counteracted by lower volumes. Costs for forest management have increased. Last year's earnings were hit by additional costs (MSEK 25) arising from the extensive forest fires last summer. Earnings from other property transactions are down.
- The dividend yield, measured over a rolling 12-month period, was 5.4 per cent (5.2).
- The reported change in value of standing timber amounted to MSEK 426 (206), the change in value had no impact on cash-flows.
- Profit for the nine-month period decreased by 19 per cent to MSEK 1,286 (1,593), equivalent to SEK 10.86 (13.45) per share. The decrease is attributable to changed tax rules, which had a positive impact on earnings of MSEK 477 in the previous year. The effect was of a non-recurring nature and had no impact on cash flow.

MSEK	3 months, Jul-Sep			9 months, Jan-Sep			12 months		
	2019	2018	%	2019	2018	%	Oct 2018 – Sep 2019	Full year 2018	%
Net sales	1,547	1,509	3%	5,396	5,076	6%	7,291	6,971	5%
Operating profit from continuing operations	301	256	18%	1,133	1,031	10%	1,524	1,422	7%
Change in value of forest assets	154	85	81%	426	206	107%	1,917	1,697	13%
Operating profit	467	397	18%	1,713	1,468	17%	3,749	3,504	7%
Profit before tax	434	367	18%	1,621	1,398	16%	3,586	3,363	7%
Profit for the period	340	292	16%	1,286	1,593	-19%	2,861	3,168	-10%
Cash flow from operating activities	138	206	-33%	875	840	4%	958	923	4%
Earnings per share, SEK	2.87	2.47	16%	10.86	13.45	-19%	24.16	26.76	-10%

Performance measures¹, Group

	Jan-Sep 2019	Jan-Sep 2018	Oct 2018 – Sep 2019	Full year 2018
Dividend yield, % ² (target at least 4.5%)	5.4	5.2	5.4	5.4
Net debt/equity ratio, multiple (target 0.3–0.6)	0.31	0.34	0.31	0.30
Return on operating capital, % ²	12.6	6.8	12.6	12.0
Return on equity, % ²	12.8	9.3	12.8	14.4
Interest coverage ratio, multiple ^{2,3}	11.3	11.3	11.3	11.0
Equity ratio, %	56	55	56	57
Interest-bearing net debt, MSEK	7,299	7,292	7,299	7,014
Average number of employees	780	810	780	840
Total delivery volume, thousand m ³ sub	7,839	8,140	10,693	10,995

1) Sveaskog has chosen to present the company's alternative performance measures in accordance with the decision by the European Securities and Markets Authority (ESMA) in a separate annex. The annex is published on www.sveaskog.se. From 2019, leasing agreements are reported in accordance with IFRS 16. Comparative figures have not been calculated.

2) Rolling 12 months.

3) Operating profit before change in value of forest assets is adjusted for capital gains on property sales plus financial income divided by financial expenses.

CEO's comments

A good result despite a slowdown in the market

Sveaskog's operating profit from continuing operations for the period January–September 2019 was MSEK 1,133 (1,031), an increase of ten per cent.

The increased profit was mainly due to higher prices for our products in relation to the same period last year, which has improved our margins for both deliveries from our own forest as well as externally procured forest raw materials. Delivery volumes are down, however, both overall and from company-owned forests. Costs for forest management and nature conservation have increased mainly as a result of planned activities. Our harvesting costs are also up slightly, which is an effect of increased competition for harvesting resources coupled with harvesting of storm- and insect-damaged forest.

The dividend yield on a rolling twelve-month basis was 5.4 per cent (5.2). This is above the target of 4.5 per cent.

Net sales for the January–September period were MSEK 5,396 (5,076). In total, Sveaskog's sales of wood raw materials during the period amounted to 7.8 million m³sub (8.1) of which 4.4 million m³sub (4.6) was from its own forest.

The market

The market for our customers in the forest industry slowed down markedly over the year. For pulp, the slowdown has been particularly pronounced, with the price of market pulp (NBSK) declining by 30 per cent from its high last year. Paper and cardboard prices have also declined significantly. Prices of sawn timber are down by around ten per cent from the peak in the third quarter of last year. Despite this, timber prices have remained at an elevated, albeit declining, level and exchange rates have remained favourable. Swedish sawmills have therefore continued to produce, resulting in a continued build-up of inventories. This production and inventory build-up are not sustainable but can continue for as long as the sawmills are earning money. An increased supply of spruce sawn timber from central European producers as a result of spruce bark beetle outbreaks has led to increased competition and downward pressure on prices of spruce sawn timber.

Bark beetles a continued problem

A second swarming of bark beetles occurred at the end of the summer. This poses a continued threat to our own and our suppliers' forests. An important priority in the autumn will therefore be to concentrate harvesting activities to bark beetle-infested areas. Due to the late swarming, many bark beetles will overwinter under the bark, making it even more imperative to implement control measures.

Our role in contributing to climate change

An important task for us is to determine how to use and manage our forests in the best way and contribute to climate transition. We want to be a leader in using and developing the role of the forest in the circular bio-economy. Our aim is to increase growth while fulfilling society's and our own environmental and sustainability goals for the forest.

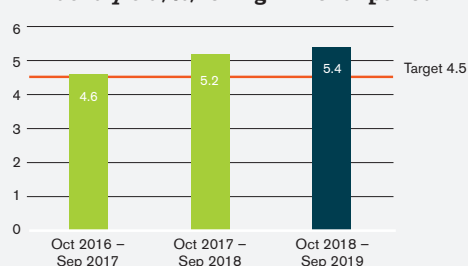
New, more eco-friendly fuel agreements

In the third quarter Sveaskog signed a supplier agreement with Preem and Skoogs Bränsle covering fuels for the company's own machine teams, which will secure long-term access to renewable fuels. The agreement means that Sveaskog estimates that its own fossil fuel emissions will be reduced by approximately 80 per cent.

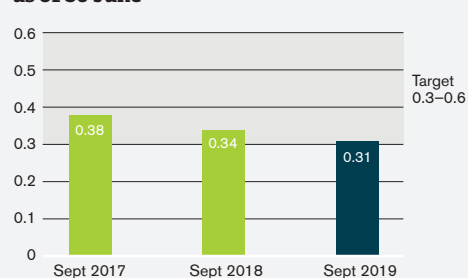


Hannele Arvonen
President and CEO

Dividend yield, %, rolling 12-month period



Net debt/equity ratio, multiple, as of 30 June



Group development

1 July – 30 September 2019

Net sales

Net sales, which comprise both deliveries from our own forest and externally acquired wood raw materials, increased to MSEK 1,547 (1,509). Prices increased by two per cent on average and total delivery volumes were up by one per cent. The sales of wood raw materials amounted to 2.4 (2.3) million cubic metres (m³sub).

Earnings

Operating profit increased by 18 per cent to MSEK 301 (256). Higher prices and higher volumes from Sveaskog's own forests had a positive impact. Costs for harvesting and forest management have increased. Last year's earnings were hit by additional costs arising from the extensive forest fires last summer. Income from other properties* is down compared with last year.

Capital gains from property sales amounted to MSEK 18 (31). The share of profit or loss of associate companies was MSEK -6 (25). The net change in the reported value of standing timber amounted to MSEK 154 (85). After change in value of forest assets, operating profit amounted to MSEK 467 (397).

Financial items in the quarter amounted to MSEK -33 (-30). Profit before tax increased to MSEK 434 (367). Tax was MSEK -94 (-75). Profit for the quarter increased by 16 per cent to MSEK 340 (292).

1 January – 30 September 2019

Net sales

Net sales, which comprise both deliveries from our own forest and externally acquired wood raw materials, increased by six per cent to MSEK 5,396 (5,076). Prices increased by nine per cent on average, while total delivery volumes were down by four per cent compared with the same period last year. Revenue from sales of seedlings has also increased. The sales of wood raw materials amounted to 7.8 (8.1) million cubic metres (m³sub).

Earnings

Operating profit increased by ten per cent to MSEK 1,133 (1,031). Higher prices have to some extent been counteracted by lower delivery volumes. Costs for forest management have increased mainly due to planned activities. Last year's earnings were hit by additional costs arising from the extensive forest fires last summer. Our harvesting costs are also up slightly, mainly due to increased competition for harvesting resources coupled with harvesting of storm- and insect-damaged forest. Earnings from other property transactions* are down.

The introduction of IFRS 16 Leases as of 1 January 2019 has had a positive impact on earnings of MSEK 2. 2018 annual figures have not been recalculated.

Capital gains from property sales amounted to MSEK 98 (116). Share of profits of associate companies amounted to MSEK 56 (115). The net change in the reported value of standing timber amounted to MSEK 426 (206). After change in value of forest assets, operating profit amounted to MSEK 1,713 (1,468).

Financial items for the period were MSEK -92 (-70). The increased net financial expense is due to lower dividend income this year. Profit before tax increased to MSEK 1,621 (1,398). Tax for the period amounted to MSEK -335 (195). Tax for the same period in 2018 was positive, which was due to the lowering of the corporate tax rate following the vote in the Swedish parliament in June 2018. Of the total amount, MSEK 477 is due to the changed tax rules. Profit for the quarter decreased by 19 per cent to MSEK 1,286 (1,593).

Cash flow, investments and financial position

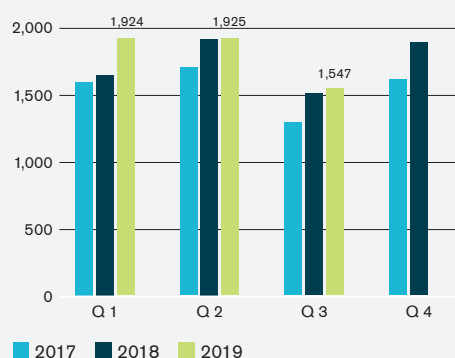
Cash flow from operating activities for the January to September period amounted to MSEK 875 (840). Investments in non-current assets, mainly forest properties and forest machines, totalled MSEK 226 (170) while investments in shares were MSEK 5 (1). Sales of non-current assets, mainly forest properties, amounted to MSEK 239 (284). Dividends from associates totalled MSEK 57 (29).

*See page 4

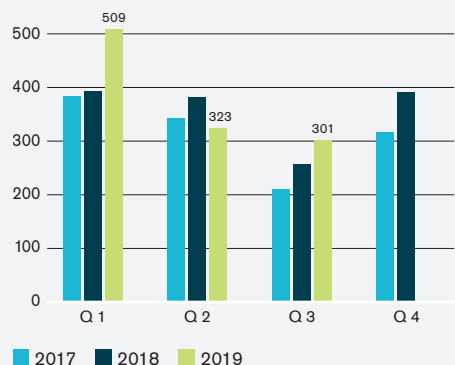
Change in net sales, MSEK

	Q3	Jan-Sep 2019
2018	1,509	5,076
Price, wood raw materials	14	315
Delivery volume, wood raw materials	24	5
2019	1,547	5,396

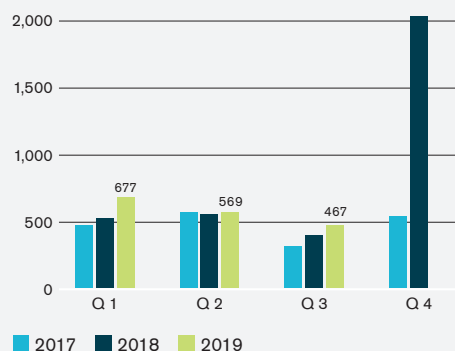
Net sales, MSEK



Operating profit from continuing operations, MSEK



Operating profit, MSEK



Sveaskog's interest-bearing net debt amounted to MSEK 7,299 (7,292) as of 30 September. At the end of the period, the loan portfolio consisted mainly of loans issued under Sveaskog's MTN programme and a Swedish commercial paper programme. The loan volume under the Swedish commercial paper programme amounted to MSEK 2,050 (2,160), which is refinanced on an ongoing basis. The outstanding volume under the MTN programme at 30 September was MSEK 4,990 (4,390), of which MSEK 2,100 (2,000) refers to green bonds. The lowest average fixed interest period during the period was 31 months (34).

The net debt/equity ratio amounted to 0.31 (0.34).

The interest coverage ratio amounted to 11.3 (11.3) and the gross borrowing cost was 1.42 per cent (1.33).

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. Sveaskog AB (publ)'s operating income for the January-September period was MSEK 14 (42), of which MSEK 3 (31) refers to capital gains. The loss after financial items was MSEK -211 (-154). The parent company's costs consist mainly of interest expenses. The company has no employees.

Setra Group AB

Sveaskog owns 50 per cent of the shares in the wood products company Setra Group AB, which is classified as an associate company. The share of the associate company's profit and loss is reported in the profit statement. Net sales for the January-September period were MSEK 3,262 (3,325). Operating profit amounted to MSEK 95 (287). The decreased profit was mainly due to lower sales prices coupled with higher commodity prices, which had a negative impact on the gross margin. Sveaskog's share of earnings in the company adjusted for intra-group profits decreased by 66 per cent to MSEK 39 (115). Sveaskog's share of Setra Group's other comprehensive income amounted to MSEK -17 (8).

SunPine AB

Sveaskog owns 25.1 per cent of the shares in the biorefinery SunPine AB, which has been classified as an associate company since the fourth quarter of 2018. The share of the associate company's profit and loss is reported in the profit statement. Net sales for the January-September period were MSEK 1,094 (1,082). Operating profit amounted to MSEK 88 (205). Sveaskog's share of earnings amounted to MSEK 17 (0). The reduced profit is due to lower production coupled with a temporary decrease in demand.

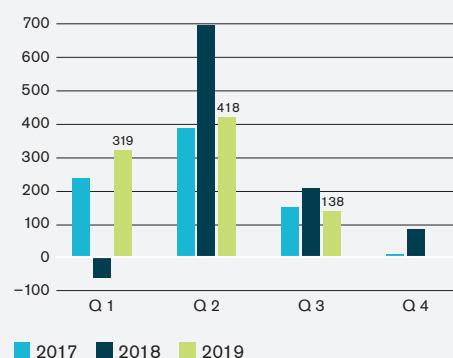
Operating profit from continuing operations

MSEK	Q3	Jan-Sep 2019
2018	256	1,031
Price, own wood raw materials	11	139
Volume and change in inventories, own wood raw materials	30	-12
Unit cost harvesting	0	-10
Forest management and nature conservation	-15	-32
Swedish forest plants	-1	28
Earnings from externally procured wood raw materials	-1	42
Other property transactions*	-29	-47
Drought and fire costs	24	25
Other	26	-31
2019	301	1,133

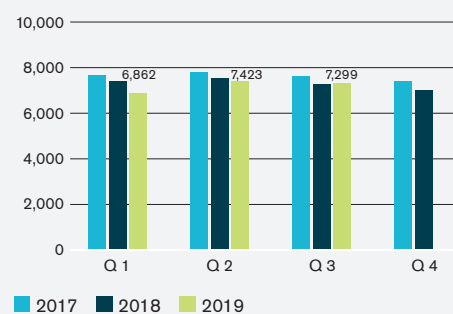
*Other property transactions relate to a combination of:

All future concessions	2	-4
Sale of non-forest land	-31	-43
Other property transactions	-29	-47

Cash flow from operating activities per quarter, MSEK



Interest-bearing net debt, MSEK



Market situation and wood deliveries

Sveaskog conducts forestry operations and wood raw material trading in Sweden. More than half of the wood raw material sold comes from its own forest, the remaining quantity is purchased from private and institutional forest owners. The main products are sawlogs, pulpwood, biofuel and wood chips. The majority of Sveaskog's customers are in Sweden and in the forest industry and the energy sector. The Swedish forest industry is export-oriented and delivers to markets all over the world.

The largest market for the Swedish forest industry in terms of pulp, paper and sawn timber is Europe including Sweden. However, the overall development of global demand for these products is also very important to the Swedish forest industry. The products are global commodities that are affected by changes in supply and demand and by flows in global markets. The market for forestry products has continued to slow down this year. After reaching historical highs last year, prices of pulp, paper and sawn timber have fallen significantly. For pulp, the slowdown has been particularly pronounced, with the price of market pulp (NBSK) declining by around 30 per cent from its high last year. A slowdown in demand and production in excess of demand have led to a build-up in inventories. Prices of sawn timber have also moderated. Since peaking in the third quarter of last year, prices have fallen by around ten per cent. Timber prices, on the other hand, have remained relatively high and exchange rates have been favourable, which has encouraged Swedish sawmills to continue to produce, resulting in a continued build-up of inventories. An increased supply of spruce sawn timber from central European producers as a result of spruce bark beetle outbreaks has led to increased competition and downward pressure on prices of spruce sawn timber.

With significant exports and trade in currencies such as USD, EUR and GBP, exchange rates have a significant impact on the profitability of the Swedish forest industry. The Swedish krona has weakened against the USD and EUR this year, boosting the competitiveness of the Swedish forest industry.

The supply of wood raw materials was good during the period and stocks of timber and pulpwood in the consuming industry are high. As a result of ravages by the European spruce bark beetle, mainly in the southern half of the country, the supply of spruce sawlogs, pulpwood and biofuel is expected to increase, while the flow of pine ranges is expected to be impaired.

Sawmills

Over 70 per cent of Sweden's timber production is exported but the country is the single largest market for sawmills and demand for sawn timber has been good, but is decreasing due to declining construction activity. New construction in Sweden this year is expected to be lower than in 2018. The same applies throughout Europe. Exports from Swedish sawmills to the major non-European markets such as North Africa and the Middle East have increased while export volumes to China and the US have declined. Finished goods inventories at the Swedish sawmills have grown and production remains high. The sawmills' profitability is declining due to falling timber prices.

The price of sawlogs has declined during the year, mainly in southern and central Sweden. This is due to storm damage and bark beetle attacks, which have increased the supply of spruce timber. Prices of pine timber have been more stable.

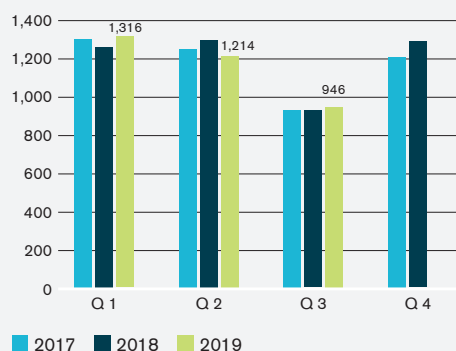
Sveaskog's deliveries

In the third quarter Sveaskog delivered 946 (928) thousand m³sub, which is an increase of two per cent on the same period last year. For the period October 2018 to September 2019, deliveries totalled 4,766 thousand m³sub (4,694).

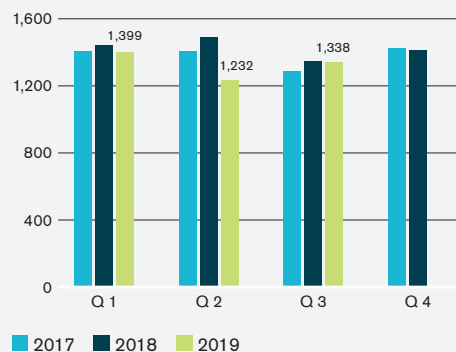
The pulp and paper industry

Global demand and deliveries of paper pulp are increasing. Of the volumes not used directly in Sweden for paper production, most is exported to Europe. The next largest export market is Asia, whose share has increased sharply. Since the record highs reached in summer 2018, the price of market pulp (NBSK) has fallen by over USD 350 per tonne to around USD 850 per tonne (PIX) currently. Paper and cardboard prices also continued to weaken during the year.

Delivery volume sawlogs, thousand m³sub



Delivery volume pulpwood and woodchips, thousand m³sub



Swedish paper and cardboard production has been expanding as a result of new investment and/or capacity increases. This has led to increased production and therefore also to an increase in demand for timber.

Sveaskog's deliveries

In the third quarter Sveaskog delivered 1,338 (1,344) thousand m³sub, which is in line with the same period last year. For the period October 2018 to September 2019, deliveries totalled 5,383 thousand m³sub (5,699).

The biofuel market

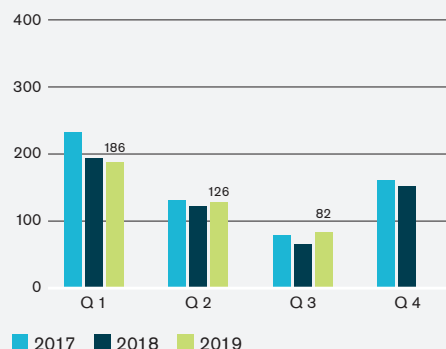
The biofuel market is regional and local, as transport costs account for a large portion of the total cost for this product range. The customers are power and heating plants as well as energy-producing forest industry. Demand for biofuel has been strong in southern Sweden for some time, more balanced in the middle of the country and weak in the northern part. Competition remains considerable, although not growing, from other fuels such as garbage and waste wood. More efficient energy production and distribution also has an impact on the demand for the bio-fuel range.

Prices of wood fuels were stable and rising during the year. The trend of rising prices seen since 2017 has strengthened. The reason for this is that the price of waste wood has risen sharply due to reduced supply and increased competition. The use of peat in the energy sector is also declining. A reduced supply of waste wood and growing international demand have led to an increase in demand for Swedish wood fuels. Damage to forests from spruce bark beetles, in Sweden as well as central Europe, could lead to an increase in the supply of biofuels.

Sveaskog's deliveries

In the third quarter Sveaskog delivered 82 (64) thousand m³sub, which is an increase of 28 per cent on the same period last year. For the period October 2018 to September 2019, deliveries totalled 544 thousand m³sub (538).

Delivery volume biofuel, thousand m³sub



Sveaskog's sustainable business activities during the quarter

Sveaskog's vision is to lead the way to a sustainable society. This vision is embodied in five overarching objectives and should be achieved by balancing and unifying economically, socially and environmentally sustainable development. Sveaskog has therefore fully integrated sustainable business into its business strategy and business plan development. The five targets have been in force for several years now, but the strategic priorities have been progressively developed. The targets are measured with indicators that are followed up regularly and below are examples of activities during the third quarter of the year.

A leader in innovation and efficiency

Through its 50 per cent stake in Setra, Sveaskog is to a high degree involved in developing Sweden's woodworking industry. Through Pyrocell, a company controlled jointly with Preem, Setra has started work on the construction of a pyrolysis plant next to Setra's sawmill in Gävle. The plant will process sawdust, a by-product of sawn timber production, and turn it into pyrolysis oil. The pyrolysis oil will then be refined into renewable fuels at Preem's refinery in Lysekil. The pyrolysis plant, which is scheduled for completion in 2020, will produce around 25,000 tonnes of pyrolysis oil annually.

The first choice for employees and contractors (employeehip)

Sveaskog has conducted a review of travel and meeting practices and introduced new guidelines to encourage remote meetings and use of non-fossil fuel alternatives. This will have a positive impact on the climate as well as on health and safety.

A leader in sustainable forestry

Sveaskog has initiated a three-year partnership with the Scouts. The partnership covers various projects and activities aimed at promoting wellbeing and inclusiveness as well as a greater awareness of nature and the freedom to roam for groups that do not have much experience of exploring the great outdoors.

In the third quarter Sveaskog signed a supplier agreement with Preem and Skoogs Bränsle covering fuels for the company's own machine teams, which will secure long-term access to renewable fuels. The ambition is to ensure that Sveaskog's entrepreneurs are also able to benefit from the positive environmental effects created by the agreement. The agreement means that Sveaskog estimates that its own fossil fuel emissions will be reduced by approximately 80 per cent.

Multidimensional value creation

Together with researchers and external stakeholders, Sveaskog has initiated a process aimed at measuring and monitoring biological diversity. The initiative is part of an effort to develop Sveaskog's multidimensional value creation model (Integrated Profit and Loss). The objective is to increase our knowledge about the impact of forestry on biological diversity and increase trust in Sveaskog's nature conservation activities.

Overall objectives and strategies



The Sveaskog Group

Condensed income statement

MSEK	3 months, Jul-Sep		9 months, Jan-Sep		12 months	
	2019	2018	2019	2018	Oct 2018 – Sep 2019	Full year 2018
Net sales (Note 1)	1,547	1,509	5,396	5,076	7,291	6,971
Other operating income (Note 1)	12	45	74	139	95	160
Raw materials and consumables	-453	-487	-1,763	-1,616	-2,438	-2,291
Change in inventories	51	0	-38	-110	89	17
Other external costs	-691	-665	-2,014	-1,987	-2,822	-2,795
Personnel costs	-127	-125	-417	-411	-561	-555
Depreciation	-38	-21	-105	-60	-130	-85
Operating profit from continuing operations	301	256	1,133	1,031	1,524	1,422
Capital gains on property sales	18	31	98	116	216	234
Share of profit/loss of associate companies	-6	25	56	115	92	151
Operating profit before change in value of forest assets	313	312	1,287	1,262	1,832	1,807
Change in value of forest assets (Note 2.3)	154	85	426	206	1,917	1,697
Operating profit	467	397	1,713	1,468	3,749	3,504
Financial items	-33	-30	-92	-70	-163	-141
Profit before tax	434	367	1,621	1,398	3,586	3,363
Tax	-94	-75	-335	195	-725	-195
Profit/loss for the period/year	340	292	1,286	1,593	2,861	3,168
Earnings per share in SEK before and after dilution	2.87	2.47	10.86	13.45	24.16	26.76
- Calculated on average number of shares, million	118.4	118.4	118.4	118.4	118.4	118.4

Report on comprehensive income

MSEK	3 months, Jul-Sep		9 months, Jan-Sep		12 months	
	2019	2018	2019	2018	Oct 2018 – Sep 2019	Full year 2018
Profit/loss for the period/year	340	292	1,286	1,593	2,861	3,168
Other comprehensive income						
<i>Components that will not be reversed in profit or loss</i>						
Actuarial gains/losses concerning pensions	-	-	-	-	-4	-4
Tax on actuarial gains/losses	-	-	-	-	1	1
<i>Components that may be reversed in profit or loss</i>						
Currency differences	0	-1	1	1	1	1
Other comprehensive income from associate companies	-11	16	-22	10	-10	22
Tax on other comprehensive income from associate companies	3	-3	5	-2	3	-4
Cash flow hedges	-7	15	-33	19	-39	13
Tax attributable to cash flow hedges	1	-3	7	-4	8	-3
Total other comprehensive income for the period/year, net after tax	-14	24	-42	24	-40	26
Total comprehensive income for the period/year	326	316	1,244	1,617	2,821	3,194

The Sveaskog Group

Condensed balance sheet

MSEK	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS (NOTE 4)			
Non-current assets			
Non-current assets	135	120	124
Right of use assets	127	-	-
Tangible non-current assets			
- Forest land (Notes 2, 3)	2,594	2,498	2,515
- Other tangible non-current assets	506	469	479
Biological assets – standing timber (Note 3)	33,958	32,213	33,607
Financial non-current assets	735	735	741
Total non-current assets	38,055	36,035	37,466
Current assets			
Stock	563	428	570
Contract assets	23	17	22
Current receivables, etc., non-interest bearing	1,959	1,828	1,846
Cash and cash equivalents	1,071	918	847
Total current assets	3,616	3,191	3,285
Total assets	41,671	39,226	40,751
EQUITY AND LIABILITIES			
Equity	23,254	21,533	23,110
Non-current liabilities (Note 4)			
Interest-bearing liabilities and provisions	5,610	5,090	5,088
Other liabilities and provisions	8,465	7,970	8,382
Total non-current liabilities	14,075	13,060	13,470
Current liabilities (Note 4)			
Interest-bearing liabilities and provisions	2,760	3,120	2,773
Contract liabilities	1	1	1
Other liabilities and provisions	1,581	1,512	1,397
Total current liabilities	4,342	4,633	4,171
Total liabilities	18,417	17,693	17,641
Total equity and liabilities	41,671	39,226	40,751

Condensed statement of changes in equity

MSEK	Jan–Sep 2019	Jan–Sep 2018	Full year 2018
Opening equity, 1 January	23,110	20,816	20,816
Total comprehensive income	1,244	1,617	3,194
Dividend paid according to Annual General Meeting resolution	-1,100	-900	-900
Closing equity at end of period/year	23,254	21,533	23,110

The Sveaskog Group

Condensed cash flow statement

MSEK	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Operating activities			
Operating profit	1,713	1,468	3,504
Items that have no impact on cash flow etc.	-545	-429	-2,086
Interest received	3	27	2
Interest paid	-95	-98	-144
Tax paid	-333	-151	-181
Cash flow from operating activities before changes in working capital	743	817	1,095
Change in working capital	132	23	-172
Cash flow from operating activities	875	840	923
Investment activities			
Investment in non-current assets	-226	-170	-237
Investment in shares	-5	-1	-1
Dividends from associate companies	57	29	54
Sale of non-current assets	239	284	516
Cash flow from investment activities	65	142	332
Financing activities			
Dividend paid	-1,100	-900	-900
Borrowings	7,250	5,780	7,990
Amortisation of loans	-6,866	-6,625	-9,179
Cash flow from financing activities	-716	-1,745	-2,089
Cash flow for the period/year	224	-763	-834
Cash and cash equivalents at the beginning of the year	847	1,681	1,681
Cash and cash equivalents at the end of the period/year	1,071	918	847

Parent company

Condensed income statement

MSEK	3 months, Jul-Sep		9 months, Jan-Sep		Full year	
	2019	2018	2019	2018	Oct 2018 – Sep 2019	Full year 2018
Operating income	6	14	14	42	55	83
Operating expenses	-1	-1	-2	-2	-3	-3
Operating profit	5	13	12	40	52	80
Financial items	-78	-68	-223	-194	-291	-262
Profit before tax	-73	-55	-211	-154	-239	-182
Group contributions received	-	-	-	-	182	182
Tax	15	12	45	34	11	0
Profit/loss for the period/year	-58	-43	-166	-120	-46	0

Condensed balance sheet

MSEK	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS			
Non-current assets			
Tangible non-current assets	48	46	43
Total tangible non-current assets	48	46	43
Financial non-current assets			
Shares in Group companies	24,934	24,934	24,934
Receivables from Group companies, interest-bearing	1,200	1,600	1,700
Total financial non-current assets	26,134	26,534	26,634
Total non-current assets	26,182	26,580	26,677
Current assets			
Current receivables, etc., non-interest bearing	104	91	275
Receivables from Group companies, interest-bearing	500	400	0
Cash and cash equivalents	0	0	0
Total current assets	604	491	275
Total assets	26,786	27,071	26,952
EQUITY AND LIABILITIES			
Equity	6,299	7,445	7,565
Non-current liabilities			
Interest-bearing liabilities	5,183	4,687	4,687
Total non-current liabilities	5,183	4,687	4,687
Current liabilities			
Interest-bearing liabilities and provisions	15,258	14,908	14,669
Other liabilities and provisions	46	31	31
Total current liabilities	15,304	14,939	14,700
Total equity and liabilities	26,786	27,071	26,952

Parent company

Condensed statement of changes in equity

MSEK	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Opening equity, 1 January	7,565	8,465	8,465
Dividend paid according to Annual General Meeting resolution	-1,100	-900	-900
Profit/loss for the period/year	-166	-120	0
Closing equity at end of period/year	6,299	7,445	7,565

Condensed cash flow statement

MSEK	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Cash flow from operating activities	-164	-140	-242
Cash flow from investment activities	-3	434	774
Cash flow from financing activities	167	-294	-532
Total cash flow	0	0	0
Cash and cash equivalents at the beginning of the year	0	0	0
Cash and cash equivalents at the end of the period/year	0	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. Disclosures according to IAS 34 Interim Financial Reporting are provided both in notes and elsewhere in the interim report. 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. With effect from 1 January 2019 the company applies IFRS 16 "Leases". Sveaskog has opted for the simplified transitional method whereby, on the first day of application, the right of use is set at an amount

equivalent to the leasing liability. The right of use on the first day of application amounts to MSEK 132. See also page 82 of the annual report for 2018 for a description of the transition from IAS 17 to IFRS 16. Moreover, the parent company's and the Group's accounting principles and calculation principles for the report are unchanged from the most recent 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 MSEK unless otherwise indicated. Figures in parentheses refer to the corresponding period in the previous year.

Note

NOTE 1 REVENUES FROM CONTRACTS WITH CUSTOMERS

MSEK	Jan–Sep 2019	Jan–Sep 2018	Oct 2018 – Sep 2019	Full year 2018
Sawlogs	2,439	2,367	3,355	3,283
Pulpwood and woodchips	2,228	2,149	3,003	2,924
Biofuel	105	109	149	153
Seedlings	253	199	287	233
Other	229	132	331	234
Total revenue from contracts with customers	5,254	4,956	7,125	6,827
Of which IFRS 15 in net sales	5,252	4,955	7,121	6,824
Lease income	144	121	170	147
Total net sales	5,396	5,076	7,291	6,971
of which IFRS 15 in other operating income	2	1	4	3
Capital gains, etc.	72	138	91	157
Total other operating income	74	139	95	160
Date of revenue recognition				
Goods and services transferred to customers on a specific date	5,197	4,913	7,055	6,771
Goods and services transferred to customers over time	57	43	70	56

Under contracts with terms of more than one year, Sveaskog has binding but as yet unsatisfied performance obligations of MSEK 4,357 (5,290). The commitments consist of contracted deliveries forward in time, where Sveaskog has undertaken to deliver a

certain volume per year. The value of these obligations has some uncertainty since the contracts consist of several delivery contracts where the price is renegotiated each year.

NOTE 2 CHANGE IN VALUE OF FOREST ASSETS

The book value of Sveaskog's forest assets as per 30 September 2019 has been calculated at MSEK 36,552 (34,711), of which MSEK 33,958 (32,213) is the fair value of the standing timber and MSEK 2,594 (2,498) is the cost of the land. The change in the balance sheet since the end of the year amounts to MSEK 430 (197) and is shown in Note 3. There have been no significant changes in the assessments linked to the valuation of biological assets since the 2018 annual report.

Summary of model assumptions

MSEK	September 2019	September 2018
Discount rate	5.75%	5.95%
Revenues	10 year average	10 year average
Nominal price increase	1.70% per year	1.50% per year
Costs	Normal cost ¹⁾	Normal cost ¹⁾
Nominal cost increase	2.00% per year	2.00% per year

1) Normal cost = outcome for the current year and the previous year as well as budget for the coming year.

In connection with the closing of the accounts on 31 December 2018, the discount rate has been reduced by 0.2 percentage points to 5.75% with an increase in the annual price increase of 0.2 percentage points to 1.70%, which has had a positive effect on the fair value of the standing timber. At the same time, the costs in the valuation model have been analysed and adjusted, which has had a negative impact on the fair value.

Note

NOTE 3 BIOLOGICAL ASSETS, STANDING TIMBER AND FOREST LAND

Standing timber

MSEK	
Fair values	
Opening value 1 January 2018	32,054
Acquisition of standing timber	13
Sales of standing timber	-60
Changes due to harvesting	-1,092
Changes in fair value	1,298
Closing values, 30 September 2018	32,213
Opening value, 1 January 2019	33,607
Acquisition of standing timber	16
Sales of standing timber	-92
Changes due to harvesting	-981
Changes in fair value	1,408
Closing values, 30 September 2019	33,958

Forest land

MSEK	
Cost	
Opening value, 1 January 2018	2,460
Acquisition of forest land	42
Sale of forest land	-4
Closing values, 30 September 2018	2,498
Opening value, 1 January 2019	2,515
Acquisition of forest land	82
Sale of forest land	-3
Closing values, 30 September 2019	2,594

NOTE 4 FAIR VALUE

MSEK	Level 1		Level 2		Level 3	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
ASSETS						
Standing timber					33,958	33,607
Total assets	0	0	0	0	33,958	33,607
LIABILITIES						
Non-current liabilities	0	0	5,377	4,842	0	0
Current liabilities	0	0	2,653	2,712	0	0
Derivative instruments	0	0	95	79	0	0
Total liabilities	0	0	8,125	7,633	0	0

Valuation techniques used to calculate fair values in Level 2

Current liabilities (classification at acquisition date) are measured at book value including accrued interest which is assessed to provide a good approximation of the fair value. The fair value of non-current liabilities (classification at acquisition date) is established using valuation models such as discounting future cash flows at listed market interest rates for the respective term. Derivatives in level 2 consist of interest rate swaps and are recognised at market value or as hedge accounting. The measurement of the 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 the measurement. Compared with 2018, no transfers have been made between

the different levels in the hierarchy and no significant changes have been made to the measurement method, data used or assumptions.

Valuation techniques used to calculate fair values in Level 3

The valuation technique is shown in Note 15 on page 96 of the 2018 annual report.

Issues

In 2019 Sveaskog has issued MSEK 6,150 (5,780) under the commercial paper programme and MSEK 1,100 (0) under the MTN programme.

Other information

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Sveaskog's 2018 annual report, pages 58–61. No other significant changes, in addition to those mentioned in this interim report, have occurred since the publication of the annual report.

Significant events after the closing date

Marie Stålnacke took up the post of Director of HR on 1 October.

Related party transactions

In the second quarter, a dividend of MSEK 1,100 was paid. No other significant changes have occurred in relationships or transactions with related parties since what was described in the 2018 annual report.

The Board of Directors and Chief Executive Officer warrant that the interim report gives a true and fair picture of the parent company's and Group's operations, financial position and results, and describes the uncertainties faced by the parent company and Group.

Stockholm, 25 October 2019
Sveaskog AB (publ.) (556558-0031)

Eva Färnstrand
Chairman of the Board

Marie Berglund
Director

Johan Kuylenstierna
Director

Kerstin Lindberg Göransson
Director

Leif Ljungqvist
Director

Annika Nordin
Director

Sven Wird
Director

Kenneth Andersson
Employee representative

Sara Östh
Employee representative

Hannele Arvonen
President and CEO

Auditor's review report

Introduction

We have reviewed the interim report of Sveaskog AB (publ) for the period 1 January to 30 September 2019. Responsibility for preparing this interim report in accordance with IAS 34 and the Annual Accounts Act rests with the Board of Directors and Chief Executive Officer. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We have performed our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review involves posing questions, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and significantly narrower scope than a full audit conducted in accordance with ISA and generally accepted auditing standards. The review procedures taken in a review do not enable us to obtain

a degree of certainty that would make us aware of all important circumstances that would have been identified if an audit had been conducted. The conclusion based on a review therefore does not have the same certainty as a conclusion based on an audit.

Conclusion

Based on our review, we have not discovered any circumstances that would give us reason to consider that the interim report has not, in all material respects, been prepared, in respect of the Group, in accordance with IAS 34 and the Annual Accounts Act and, in respect of the parent company, in accordance with the Annual Accounts Act.

Stockholm, 25 October 2019

Deloitte AB

Hans Warén
Authorised Public Accountant

Definitions¹

Capital turnover rate

Net sales divided by average operating capital.

Dividend yield

Operating profit before change in value of forest assets, excl. capital gains on property sales, divided by average operating capital, excl. deferred tax.

Equity ratio

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 associate companies expressed as a percentage of net sales.

Interest coverage ratio

Operating profit before change in value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses.

Interest-bearing net debt

Interest-bearing liabilities minus interest-bearing assets, all calculated at the end of the period/year.

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 period/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, profit/loss of associate companies and capital gains from property sales.

Return on equity

Reported profit after tax expressed as a percentage of average equity.

Return on operating capital

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

¹ Sveaskog has chosen to present the company's alternative performance measures in accordance with the decision by the European Securities and Markets Authority (ESMA) in a separate annex. The annex is published on www.sveaskog.se.

For questions please contact

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Dates for future reports

Year-end Report 2019	27 January 2020
Annual Report 2019	March 2020

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