



#### Fourth quarter

- Net sales decreased to SEK 1,775 million (1,830) due to lower prices and deliveries.
- Operating profit from continuing operations amounted to SEK 336 million (269), primarily due to increased timber deliveries from the company's own forests.
- Change in value of forest assets amounted to SEK -155 million (1,243).
- Profit for the quarter amounted to SEK 148 million (1,072).

#### Full-year 2011

- Net sales decreased to SEK 6,724 million (6,951) mainly due to lower delivery volumes.
- Operating profit from continuing operations decreased to SEK 1,085 million (1,280), mainly due to lower deliveries and higher production costs caused by a changed product mix.
- Change in value of forest assets was SEK 177 million (1,462). The decrease is essentially explained by a changed approach to production costs in the calculation model.
- Profit for the year amounted to SEK 899 million (2,055).

SEKm	Quarter 4		Full-year	
	2011	2010	2011	2010
Net sales	1,775	1,830	6,724	6,951
Operating profit from continuing operations	336	269	1,085	1,280
Operating profit	274	1,550	1,459	3,031
Profit before tax	207	1,461	1,229	2,774
Profit for the period/year	148	1,072	899	2,055
Earnings per share, SEK	1.25	9.06	7.59	17.36

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.

## CEO's comments

Sveaskog's net sales for 2011 amounted to SEK 6,724 million (6,951). The decrease compared with the previous year is essentially due to lower sales volumes. Prices have also fallen and were on average slightly lower in 2011 compared with the previous year. Operating profit from continuing operations amounted to SEK 1,085 million (1,280). The lower earnings are mainly due to lower deliveries and higher production costs.

Sveaskog's assets essentially comprise forest land and standing timber. Standing timber is given a market value in the balance sheet. The valuation method is a cash flow calculation. In 2009 and 2010 Sveaskog reported a substantial increase in the value of standing timber. The main reason was increased prices for forest products and the fact that in 2008 Sveaskog adjusted its model for valuation of standing timber to be based on a ten-year average for both income and expenses. A review of this model with regard to expenses was conducted in 2011. Starting in the year-end report for 2011, the present-day normal cost levels will be applied instead of a ten-year average. Change in value of forest assets in 2011 amounted to SEK 177 million (1,462). The effect of a transfer to present-day normal costs is SEK 1,317 million.

Sales of wood raw material totalled 10.6 million cubic metres (m<sup>3</sup>sub). This represents a decrease of approximately 6% compared with 2010. The main decrease was in sales of sawlogs, which are the most valuable product, with a decline of approximately 8%. This change with a lower proportion of sawlogs in the product mix resulted in both lower revenues and higher production costs.

Approximately half of Sveaskog's net sales come from the company's own forests and half relate to exchange transactions and trading in acquired felling rights, standing forest timber and imports. The customer base is the wood products industry, the pulp and paper industry and the energy sector.

The wood products industry is currently facing profitability problems and uncertainty as to how demand and prices will develop. The Swedish pulp and paper industry experienced increased competition and lower demand for most paper products towards the end of the year. In addition to maintenance shutdowns, some production facilities had market-related shutdowns during the autumn. The biofuel market was characterised by a cold first half of the year with high consumption and a warm second half with low consumption. Relatively large flows of by-products from sawmills also contributed to limited demand for wood fuel during the fourth quarter.

In autumn 2011 Sveaskog started a co-operation with two new customers in the German pulp and paper and wood board industries. Test deliveries have been carried out and delivery volumes will increase in 2012. It is important for Sveaskog to broaden its market geographically in order to ensure long-term sales of forest products.

In November, LKAB and Sveaskog carried out trading in



carbon dioxide credits. LKAB purchased credits which Sveaskog created through measures that make the forest bind more carbon dioxide. This transaction is part of a demonstration project that the companies have been conducting together in Övertorneå since 2009. Building a trading system for forest carbon dioxide credits draws attention to the Swedish forest's unutilised potential for climate benefit.

During the last week of 2011 the storm Dagmar swept over Sweden. For Sveaskog, the area most affected was south Norrland. A total of approximately 500,000 cubic metres (m<sup>3</sup>sub) of forest was blown down. Sveaskog will incur additional costs for processing and transporting the windblown timber.

I took over as president and CEO of Sveaskog in October 2011. My key tasks include ensuring that Sveaskog fulfils its assignment and meets the financial targets set by its owner. Compared with previously, the new return targets represent an increased earnings requirement for continuing operations of approximately SEK 300 million. In order to achieve these targets, Sveaskog must work in a more businesslike manner with a greater focus on customer orientation and profitability.

A new organisation for Sveaskog was decided on 13 January 2012. The previous process organisation will be replaced by an organisation with clear profit responsibility for three geographical market areas and one business area. The new organisation will increase opportunities to make decisions closer to customers, be more customer oriented and effective and therefore increase profitability.

Per-Olof Wedin, President and CEO.

## Operations

### NET SALES AND EARNINGS

#### Fourth quarter

Net sales decreased by 3% during the quarter compared with the same period in 2010 and amounted to SEK 1,775 million (1,830). The change is explained by lower prices and lower delivery volumes.

Operating profit from continuing operations improved and amounted to SEK 336 million (269), mainly due to a 17% increase in deliveries from the company's own forests.

Capital gains from property sales, primarily sales to private forestry, amounted to SEK 107 million (69).

Share of profits of the associated company Setra Group amounted to SEK -14 million (-31).

Operating profit before change in value of forest assets amounted to SEK 429 million (307).

Change in value of forest assets amounted to SEK -155 million (1,243). After change in value of forest assets, operating profit amounted to SEK 274 million (1,550).

Net financial items amounted to SEK -67 million (-89).

Profit for the period decreased compared with the same period in the previous year and amounted to SEK 148 million (1,072), which is mainly explained by a lower change in value of forest assets.

#### Full year

Net sales decreased by 3% and amounted to SEK 6,724 million (6,951). The lower sales are mainly due to lower delivery volumes. Delivery volumes fell by a total of 6%. Operating profit from continuing operations decreased and amounted to SEK 1,085 million (1,280). The decline in earnings is mainly explained by lower deliveries and higher production costs due to a changed product mix.

Capital gains from property sales, prima-

rily sales to private forestry, amounted to SEK 219 million (262). The decrease is mainly due to lower sales due to fewer land sales and a greater concentration to northern Sweden where average property prices are lower.

Share of profits of the associated company Setra Group amounted to SEK -22 million (27).

Operating profit before change in value of forest assets decreased and amounted to SEK 1,282 million (1,569).

Change in value of forest assets amounted to SEK 177 million (1,462). After change in value of forest assets, operating profit was SEK 1,459 million (3,031).

Net financial items amounted to SEK -230 million (-257). The change is mainly explained by a lower average loan portfolio.

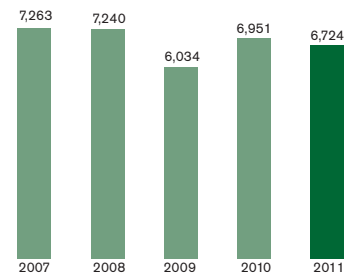
Profit for the year amounted to SEK 899 million (2,055), which is mainly explained by a lower change in value of forest assets.

### CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

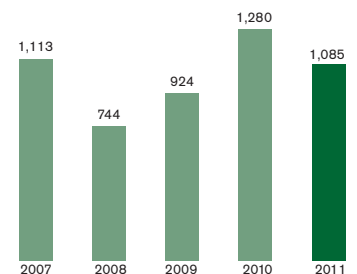
Cash flow from operating activities amounted to SEK 670 million (744). Lower operating profit from continuing operations is the main reason for the lower result compared with the previous year. Investments in property, plant and equipment amounted to SEK 211 million (250). These mainly comprise forest land and forest machines. Investments in shares accounted for SEK 18 million (49). Sale of property, plant and equipment, primarily forest properties, amounted to SEK 433 million (777) and sale of shares amounted to SEK 0 million (31). Interest-bearing net debt decreased by SEK 77 million during the year to SEK 5,142 million.

Autumn 2011 was marked by the European national debt crisis and concern over the collapse of monetary union. These problems still prevail and many external analysts believe that 2012 will be a weak

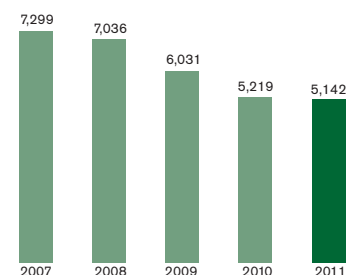
#### Net sales, SEKm



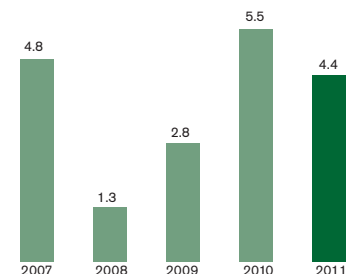
#### Operating profit from continuing operations, SEKm

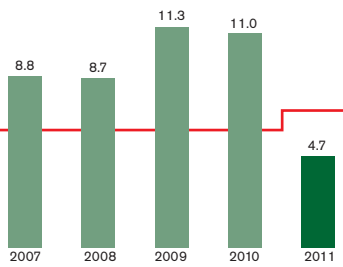


#### Interest-bearing net debt, SEKm

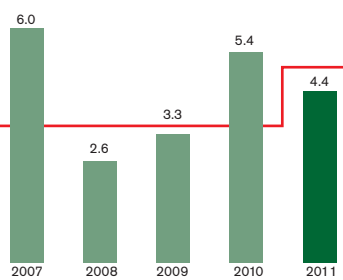


#### Interest cover, multiple

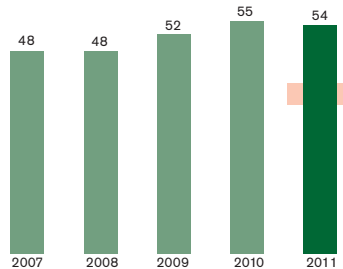


**OWNER FINANCIAL TARGETS****Return on equity, %**

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.

year. Both the European central banks and Sweden's Riksbank reduced their base rates during 2011. The American financial statistics for the fourth quarter of 2011 were a positive surprise.

Sveaskog's net debt on the accounting date was almost unchanged compared with the previous year. Loans which matured during the year were refinanced. The loan portfolio mostly consists of loans issued under Sveaskog's MTN programme as well as Swedish commercial paper programmes. At present, only about 7% of the portfolio consists of bank financing. The loan volume under the commercial paper programme was unchanged during the year (SEK 1,800 million) and was refinanced regularly in three-month periods. The average fixed interest period at the end of 2011 was approximately 20 months, which was the longest level during the year, and previously moved between 11 and 14 months.

**OTHER UNITS WITHIN THE GROUP**

**Sveaskog Naturupplevelser** increased its sales for the full year by 4% to SEK 101 million (97). The increased sales mainly relate to higher revenues from hunting leases.

Operating profit improved by 20% and amounted to SEK 71 million (59). The improved profit is mainly explained by higher hunting revenues as well as lower costs now that responsibility for game management has been transferred to the forestry operations.

**Svenska Skogsplantor** reports largely unchanged sales during the year which amounted to SEK 329 million (327).

During the year Svenska Skogsplantor started to establish a third facility for Conniflex treatment of seedlings. Conniflex is an effective and environmentally friendly protection against the pine weevil. The protection, which consists of a coating of glue and sand, will replace the chemical pesticides used today on pine and spruce seedlings. The market has shown con-

siderable interest in Conniflex and during the year an external player also decided to invest in its own treatment line.

Operating profit is largely unchanged at SEK 31 million (32).

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 during the year amounted to SEK -22 million compared with SEK 27 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 year was SEK 12 million (48). Loss after financial items amounted to SEK 625 million (355), of which capital gains from property sales accounted for SEK 0 million (30). 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**

Despite the lack of statistics, our assessment is that the second half of 2011 will represent a weakened market for the global sawmill sector. Reports from the industry indicate lower production and falling sawlog prices in most markets.

On the whole, demand and prices for sawlogs in Sweden were relatively high during the year. During the first half of the year demand was strong while sawlog prices continued to rise to historically high levels. The weaker business climate for the Swedish wood products industry during the second half of the year resulted, however,

in reduced demand for sawlogs. Sawlog prices fell during the autumn while supplies of raw material decreased substantially, primarily in southern and central Sweden.

The Swedish sawmills have major profitability problems due to some extent to the strong Swedish krona. Exports in the third quarter were 21% lower than in the second and 6% below the same quarter in 2010. Here too, the strong Swedish krona, above all against the euro, is a significant factor.

#### *Sveaskog's deliveries*

Sveaskog's sawlog deliveries during the period January to December totalled 3,983,000 m<sup>3</sup>sub, which is a decrease of approximately 8% compared with 2010.

#### **PULP AND PAPER INDUSTRY**

Global demand for market pulp weakened during the fourth quarter although it was slightly higher than in the same quarter in 2010. Forecasts for the next six months are uncertain but the pulp industry's assessment is some increase in demand for paper pulp compared with the second half of 2011. The price of softwood market pulp (NBSK) fell by almost 20% from a record level of USD 1,000 per tonne in June. There are some indications that the price scenario might improve to some extent during the first quarter but there is considerable uncertainty in the industry.

The Swedish pulp and paper industry continued to have production restrictions during the fourth quarter of 2011. This was mostly due to repairs and maintenance but also for market-related reasons. In Sweden, fibre raw material supplies were good during the fourth quarter while demand was limited. This led to falling prices.

#### *Sveaskog's deliveries*

Sveaskog delivered 5,124,000 m<sup>3</sup>sub of pulpwood and chips during January to December, a decrease of approximately 7% compared with the previous year.

#### **ENERGY SECTOR**

The expansion of pellets capacity in Europe during the past five years has been much faster than the rise in demand. During both 2009 and 2010 capacity utilisation has been approximately 60%, so there are good opportunities to increase production when demand and prices for pellets improve.

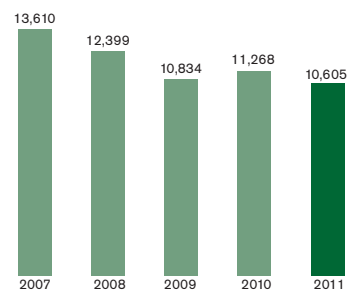
Pellets production and consumption in Germany is expected to increase in the longer term in order to replace nuclear power and fossil fuel. The price of pellets in Europe increased slightly in the fourth quarter compared with the previous quarter and the long-term trend is still upwards. Sweden still has the highest pellet prices in Europe.

The first half of 2011 was cold and consumption of biofuel, both chips and pellets, was high in the Swedish market. The situation in the second half was the opposite. Comparatively warm weather and continued high by-product flows from the wood products industry contributed to limited demand for wood fuel during the fourth quarter. Many players have stored fuel in depots and stocks of wood fuel were high at year-end.

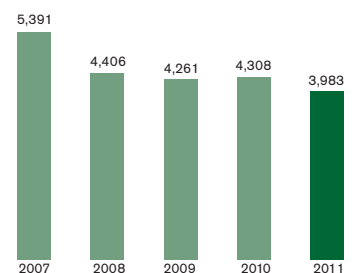
#### *Sveaskog's deliveries*

Sveaskog's biofuel deliveries amounted to 1,498,000 m<sup>3</sup>sub in January to December, an increase of approximately 3% compared with the previous year.

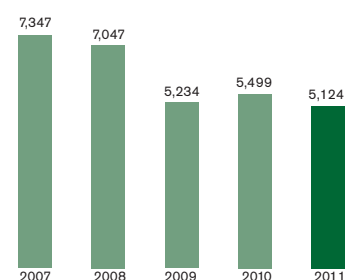
**Sveaskog's total delivery volume, 000s m<sup>3</sup>sub**



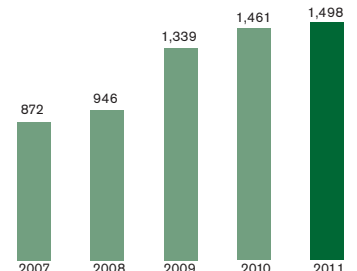
**Delivery volume, sawlogs, 000s m<sup>3</sup>sub**



**Delivery volume pulpwood and chips, 000s m<sup>3</sup>sub**



**Delivery volume, biofuel, 000s m<sup>3</sup>sub**



## Sveaskog Group

## Condensed income statement

SEKm	3 months		12 months	
	Q 4 2011	Q 4 2010	Full year 2011	Full year 2010
Net sales	1,775	1,830	6,724	6,951
Other operating income	9	11	87	29
Raw materials and consumables	-541	-700	-2,422	-2,510
Change in inventories	123	61	104	7
Other external costs	-844	-762	-2,733	-2,585
Staff costs	-162	-149	-578	-523
Depreciation	-24	-22	-97	-89
<b>Operating profit from continuing operations</b>	<b>336</b>	<b>269</b>	<b>1,085</b>	<b>1,280</b>
Capital gains from property sales	107	69	219	262
Share of profits of associates	-14	-31	-22	27
<b>Operating profit before change in value of forest assets</b>	<b>429</b>	<b>307</b>	<b>1,282</b>	<b>1,569</b>
Change in value of forest assets (Note 1)	-155	1,243	177	1,462
<b>Operating profit</b>	<b>274</b>	<b>1,550</b>	<b>1,459</b>	<b>3,031</b>
Financial items	-67	-89	-230	-257
<b>Profit before tax</b>	<b>207</b>	<b>1,461</b>	<b>1,229</b>	<b>2,774</b>
Tax	-59	-389	-330	-719
<b>Profit for the period/year</b>	<b>148</b>	<b>1,072</b>	<b>899</b>	<b>2,055</b>
Earnings per share, SEK before and after dilution	1.25	9.06	7.59	17.36
- calculated on average number of shares, million	118.4	118.4	118.4	118.4

## Statement of comprehensive income

SEKm	3 months		12 months	
	Q 4 2011	Q 4 2010	Full year 2011	Full year 2010
<b>Profit for the period/year</b>	<b>148</b>	<b>1,072</b>	<b>899</b>	<b>2,055</b>
<b>Other comprehensive income</b>				
Exchange differences	-1	0	0	-2
Cash flow hedges	1	27	-3	71
Tax attributable to cash flow hedges	0	-7	1	-19
<b>Total other comprehensive income for the period/year net after tax</b>	<b>0</b>	<b>20</b>	<b>-2</b>	<b>50</b>
<b>Total comprehensive income for the period/year</b>	<b>148</b>	<b>1,092</b>	<b>897</b>	<b>2,105</b>

## 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.

## Sveaskog Group

### Condensed balance sheet

SEKm	31 Dec 2011	31 Dec 2010
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Property, plant and equipment	11	7
Forest land (Note 1)	2,014	1,982
Other property, plant and equipment	610	555
Biological assets – standing timber (Note 1)	27,995	28,003
Financial assets	452	475
<b>Total non-current assets</b>	<b>31,082</b>	<b>31,022</b>
<b>Current assets</b>		
Inventories	671	608
Current receivables, etc., non-interest bearing	1,868	2,325
Current interest-bearing receivables	0	0
Cash and cash equivalents	746	526
Assets held for distribution*	0	1,155
<b>Total current assets</b>	<b>3,285</b>	<b>4,614</b>
<b>TOTAL ASSETS</b>	<b>34,367</b>	<b>35,636</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>18,674</b>	<b>19,516</b>
Non-current liabilities		
- Interest-bearing liabilities and provisions	3,321	2,834
- Other liabilities and provisions	8,465	8,359
<b>Total non-current liabilities</b>	<b>11,786</b>	<b>11,193</b>
Current liabilities		
- Interest-bearing liabilities	2,567	2,911
- Other liabilities	1,340	1,728
Liabilities attributable to assets held for distribution	0	288
<b>Total current liabilities</b>	<b>3,907</b>	<b>4,927</b>
<b>TOTAL LIABILITIES</b>	<b>15,693</b>	<b>16,120</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34,367</b>	<b>35,636</b>

\* 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.

#### Net earnings per share

Profit for the year after tax divided by average number of shares during the 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 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	Full year 2011	Full year 2010
<b>Operating activities</b>		
Operating profit	1,459	3,031
Adjustment for non-cash items, etc.	-361	-1,754
Interest received	27	16
Interest paid	-231	-237
Paid tax	-427	-224
<b>Cash flow from operating activities before change in working capital</b>	467	832
Change in working capital	203	-88
<b>Cash flow from operating activities</b>	670	744
<b>Investing activities</b>		
Investments in property, plant and equipment	-211	-250
Investments in shares	-18	-49
Sale of property, plant and equipment	433	777
Sale of shares	0	31
Change in interest-bearing receivables	0	0
<b>Cash flow from investing activities</b>	204	509
<b>Financing activities</b>		
Dividend paid	-856*	-487
Change in financial liabilities	202	-746
<b>Cash flow from financing activities</b>	-654	-1,233
<b>Cash flow for the period/year</b>	220	20
<b>Cash and cash equivalents, opening balance</b>	526	506
<b>Cash and cash equivalents, closing balance</b>	746	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	Full year 2011	Full year 2010
<b>Opening equity, 1 January</b>	19,516	17,898
Total comprehensive income for the year	899	2,105
Dividend paid in accordance with AGM decision	-1,739*	-487
<b>Closing equity at the end of the period/year</b>	18,674	19,516

\* Ordinary dividend SEK 756 million plus consolidated value on the distribution date of the subsidiary Ersättningsmark i Sverige AB containing 100,000 ha.

### Key figures

	Full year 2011	Full year 2010
Operating margin, %	22	44
Yield, % (target minimum 5%)	4.4	5.4
Return on equity, % (target minimum 7%)	4.7	11.0
Equity ratio, % (target 35%–40%)	54	55
Return on operating capital, %	6.1	12.5
Debt/equity ratio, multiple	0.28	0.27
Interest cover, multiple 2)	4.4	5.5
Interest-bearing net debt, SEKm	5,142	5,219
Earnings per share, SEK 1)	7.59	17.36
Average number of employees	1,008	964
Number of employees	726	720

1) Calculated on number of shares, 118,373,034.

2) 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

SEKm	Full year 2011	Full year 2010
Operating income	12	48
Operating expenses	-15	-1
<b>Operating profit/loss</b>	<b>-3</b>	<b>47</b>
Financial items	3	-41
<b>Profit/loss before tax</b>	<b>0</b>	<b>6</b>
Tax	0	0
<b>Profit/loss for the year</b>	<b>0</b>	<b>6</b>

### Condensed balance sheet

SEKm	31 Dec 2011	31 Dec 2010
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	60	60
Total property, plant and equipment	60	60
Financial assets		
Interest-bearing	2,120	1,870
Non-interest bearing	24,934	24,994
Total financial assets	27,054	26,864
Total non-current assets	27,114	26,924
<b>Current assets</b>		
Current receivables, etc., non-interest bearing	656	400
Short-term investments	4,238	4,239
Cash and bank balances	0	0
Total current assets	4,894	4,639
<b>TOTAL ASSETS</b>	<b>32,008</b>	<b>31,563</b>
Equity		
Total equity	11,723	12,639
Non-current liabilities		
Interest-bearing non-current liabilities	2,619	2,069
Other provisions	10	0
Total non-current liabilities	3,379	2,069
Current liabilities		
Interest-bearing liabilities and provisions	17,610	16,826
Other liabilities and provisions	46	29
Total current liabilities	17,656	16,855
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32,008</b>	<b>31,563</b>

## Parent Company

### Condensed cash flow statement

SEKm	Full year 2011	Full year 2010
<b>Cash flow from operating activities</b>	-588	130
<b>Cash flow from investing activities</b>	-349	625
<b>Cash flow from financing activities</b>	937	-755
<b>Total cash flow</b>	0	0
<b>Cash and cash equivalents, opening balance</b>	0	0
<b>Cash and cash equivalents, closing balance</b>	0	0

### Condensed statement of changes in equity

SEKm	Full year 2011	Full year 2010
Opening equity, 1 January	12,639	13,120
Dividend paid in accordance with AGM decision	-916	-487
<b>Profit/loss for the year</b>	0	6
<b>Closing equity at the end of the year</b>	11,723	12,639

#### ACCOUNTING PRINCIPLES

The year-end 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 from 1 January 2011 the Group applies IAS 32 (amendment), Financial Instruments Presentation (applies from 31 January 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 31 December 2010). 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

Sveaskog's assets essentially comprise forest land and standing timber. Standing timber is given a market value in the balance sheet. The valuation method is a cash flow calculation. In 2009 and 2010 Sveaskog reported a substantial increase in the value

of standing timber. The main reason was increased prices for forest products and the fact that in 2008 Sveaskog adjusted its model for valuation of standing timber to be based on a ten-year average for both income and expenses. A review of this model with regard to expenses was conducted in 2011. Starting in the year-end report for 2011, the present-day normal cost levels will be applied instead of a ten-year average. Change in value of forest assets in 2011 amounted to SEK 177 million (1,462). The effect of a transfer to present-day normal costs is SEK 1,317 million

The market-related value of Sveaskog's forest assets at 31 December 2011 has been calculated at 30,009 (29,985), of which 27,995 (28,003) comprises the fair value of standing timber and 2,014 (1,982) an identified cost for land.

#### 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 CLOSING DATE

Sveaskog decided on a new organisation in January. As a result of this a new Group Management was announced on 19 January 2012. More detailed information is available on the company's website, [www.sveaskog.se](http://www.sveaskog.se).

**OTHER**

During 2011 there were no relations or transactions with related parties except for the normal effects of transactions in operations. Transactions with related parties will be disclosed in Note 3 of the Sveaskog Group's annual report for 2011.

**DIVIDEND**

According to the current financial targets the ordinary dividend over time shall correspond to at least 60% of profit after tax excluding non-cash flow changes in value according to IFRS. Sveaskog's consolidation requirements and financial position in general shall be taken into account. A proposal regarding divi-

dend for 2011 will be taken by the Board in March 2012 to be decided by the Annual General Meeting in April 2012.

**ANNUAL GENERAL MEETING**

The Annual General Meeting will be held in Stockholm on 26 April 2012. The Meeting is open to the public. The Swedish annual report is expected to be published on [www.sveaskog.se](http://www.sveaskog.se) on 19 March 2012. The printed annual report will be distributed at the beginning of April. The printed annual report can be ordered from Sveaskog, e-mail [info@sveaskog.se](mailto:info@sveaskog.se) or directly via Sveaskog's website [www.sveaskog.se](http://www.sveaskog.se)

The Board of Directors and the CEO hereby confirm that this year-end 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, 26 January 2012  
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*

The report has not been reviewed by the company's auditors

Per-Olof Wedin  
*President and CEO*



Sveaskog's new warehouse system, Prolog, has been developed to provide a better overview of the company's production and stocks – from forest to customer.

Front page: timber lorry driver Kent Eriksson, who works for Sveaskog.

**FOR FURTHER INFORMATION, PLEASE CONTACT**

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[www.sveaskog.se](http://www.sveaskog.se)

**FINANCIAL CALENDAR**

Annual General Meeting	26 April 2012
Interim report January–March 2012	26 April 2012
Interim report January–June 2012	19 July 2012
Interim report January–September 2012	25 October 2012

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