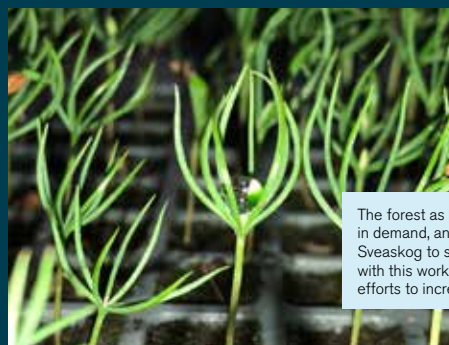


Sveaskog is Sweden's leading forestry company and sells timber, pulpwood, biofuel, forest seedlings and silvicultural services. Sveaskog supplements the supply from its own forests with purchases from other forest owners, exchanges and imports. In addition, Sveaskog conducts land transactions and develops the forest as a venue for fishing, hunting and other nature-based experiences. The forest and its assets are Sveaskog's core business, and sustainable development permeates everything we do. Sveaskog is affiliated to FSC® and PEFC™.



The forest as a raw material is increasingly in demand, and it is therefore important for Sveaskog to secure its growth. In parallel with this work, Sveaskog is continuing in its efforts to increase biodiversity.

Year-End Report 2018

1 October – 31 December 2018

- Net sales, which comprise both deliveries from our own forest and externally procured forest raw materials, increased by 17 per cent to SEK 1,895 million (1,613). The prices increased on average by just over 15 per cent and total delivery volumes increased by just over two per cent.
- Operating profit from continuing operations increased by 24 per cent and amounted to SEK 391 million (315). The positive impact of higher prices and increased volumes has been counteracted by lower revenues from the sale of non-forest land.
- The reported change in the value of standing timber amounted to SEK 1,491¹ million (38) net. This improvement is a one-off effect mainly due to the change in the discount rate and other assessments in connection with the calculation of the fair value of the biological assets. The change in value has no effect on cash flow.
- Profit for the quarter increased by 319 per cent and amounted to SEK 1,559 million (385), corresponding to SEK 13.30 (3.25) per share.

1 January – 31 December 2018

- Net sales, which comprise both deliveries from our own forest and externally procured forest raw materials, increased by 12 per cent to SEK 6,971 million (6,206). The prices increased on average by 11 per cent and total delivery volumes increased by one per cent.
- Operating profit from continuing operations increased by 14 per cent and amounted to SEK 1,422 million (1,248). The positive effect of higher prices has been partially offset by four per cent lower delivery volumes from the company's own forests, where the margins are higher than for externally acquired forest raw materials. On the other hand, costs associated with forest fires and reduced sales of non-forest land have had an adverse effect on profit.
- Yield amounted to 5.4 per cent (4.8).
- The reported change in the value of standing timber amounted to SEK 1,697¹ million (200) net. This improvement is a one-off effect mainly due to the change in the discount rate and other assessments in connection with the calculation of the fair value of the biological assets. The change in value has no effect on cash flow.
- Profit for the year increased by 129 per cent and amounted to SEK 3,168 million (1,384), corresponding to SEK 26.76 (11.69) per share. In addition to improved profit, changes in corporate tax rules have resulted in a positive earnings effect of SEK 505 million.

¹) See Note 2, page 11.

SEK million	3 months, Oct-Dec			Full year		
	2018	2017	%	2018	2017	%
Net sales	1,895	1,613	17	6,971	6,206	12
Operating profit from continuing operations	391	315	24	1,422	1,248	14
Change in value of forest	1,491	38	n/a	1,697	200	n/a
Operating profit	2,036	536	280	3,504	1,877	87
Profit before tax	1,965	474	315	3,363	1,744	93
Profit for the period	1,575	385	309	3,168	1,384	129
Cash flow from operating activities	86	8	n/a	923	803	15
Earnings per share, SEK	13.30	3.25	309	26.76	11.69	129

Performance measures¹, Group

	Full year 2018	Full year 2017
= Yield, % (target at least 4.5%)	5.4	4.8
= Net debt/equity ratio, multiple (target 0.3–0.6)	0.30	0.36
Return on operating capital, %	12.0	6.6
Return on equity, %	14.4	6.7
Interest cover, multiple ²	11.0	10.0
Equity/assets ratio, %	57	53
Interest-bearing net debt, SEK million	7,014	7,410
Average number of employees	840	846
Total delivery volume, thousand m ³ fub	10,995	10,817

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

²) Operating profit before change in value of forest assets minus capital gains for properties plus financial income divided by financial expenses.

Comments by the CEO

Record earnings driven by a strong market situation

Sveaskog's operating profit from continuing operations for the full year 2018 amounted to SEK 1,422 million (1,248), an increase of 14 percent compared to 2017. This is Sveaskog's best ever result.

A large part of the improvement is a result of a good market situation, which has led to higher prices for our products. In addition to this, despite difficult felling conditions during a large part of the year, we have improved our overall productivity and results in fixed prices. The yield amounted to 5.4 percent (4.8), which is higher than the target of 4.5 percent. Net sales increased to SEK 6,971 million (6,206).

The largest market for the Swedish forest industry is Europe including Sweden, but global demand for forest products as a whole is important for our customers. The economic climate is expected to remain at a good level in Europe, Asia and the USA in the short term. Production is expanding slightly and the sales prices of forest industry products are at an all-time high. The weakening of the krona has a significant impact on the competitiveness and profitability of the Swedish forest industry. A high level of construction activity is driving demand for sawn wood products and globally there is high demand for paper pulp and packaging materials.

More biomass and more biodiversity

The applications for forest raw materials are increasing, and as a result so is demand. An important task for Sveaskog is therefore to invest in increased growth in the forest. We are therefore planning to increase the areas we fertilise, as well as the proportion of processed plants. We are continuing our work to ensure that the impact on land and soil resulting from forest use is minimised and that biodiversity can be increased. Every year, Sveaskog conducts felling in several thousand locations around Sweden. In all cases, conservation value inventories are carried out before felling in order to give the necessary consideration to preserving threatened habitats and species. All of our conservation value assessments can be found on our website. We are working to achieve continuous improvements and an enhanced dialogue with our forests-related stakeholders. Through transparency and collaboration, we are seeing opportunities to continue to improve our forestry.

Increased dividend to the owner

Very good business results combined with a strong capital structure are enabling the Board to propose an increased dividend of SEK 1,100 million (900) to the Annual General Meeting.

Good prospects for 2019

2018 has been a successful year for Sveaskog. We are continuing to develop our collaboration with several of our customers and other stakeholders. This year's stakeholder surveys show that we are maintaining high values among our customers and suppliers, which is pleasing to know. In the case of the silvicultural contractors, the Contractor Satisfaction Index has unfortunately gone down. I am proud of the great dedication our employees are showing and the responsibility they assume when it comes to carrying out rational forestry in respect of nature and the environment. I would particularly like to highlight the efforts of our employees and contractors in relation to assisting the emergency services with fire fighting last summer.

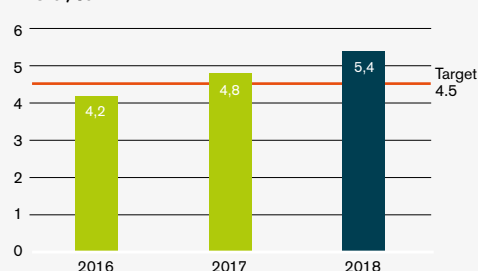
We are continuing our efforts to further reduce the environmental impact of forestry and to cut CO2 emissions. In addition, we are managing the forest so as to create social values and contribute to the bioeconomy and the positive climate impact that the forest offers.

We have achieved all our economic goals and enjoyed a continuing positive economic climate in 2018, while our ever-improving business is providing excellent conditions to remain successful in 2019.

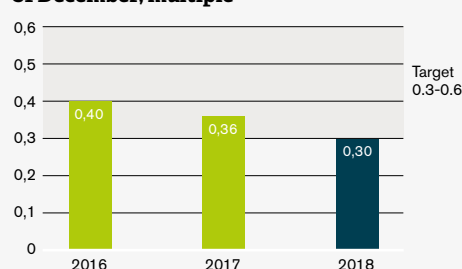


Per-Olof Wedin
President and CEO

Yield, %



Net debt/equity ratio, as at 31 December, multiple



Dividend

According to current financial targets, ordinary dividends should, in the long term, be equivalent to 65–90 percent of the Group's profit after tax excluding the change in the value of standing timber before tax that does not affect cash flow.

	2016	2017	2018
Dividend, SEK million	800	900	1,100 ¹
Per cent of dividend base, %	85	75	82

1) Proposal to the Annual General Meeting.

Stakeholder surveys

	2014	2016	2018
Customer Satisfaction Index (CSI)			
- Sawmill customers	75	72	73
- Pulpwood customers	66	64	63
- Biofuel customers	68	69	67
Supplier Satisfaction Index (SSI)	73	71	70
Contractor Satisfaction Index (CoSI)			
- Felling	70	72	66
- Silviculture	73	76	65
- Construction			79
- Logistics			82

Sveaskog measures the satisfaction of key partners every two years. Sveaskog has maintained its good scores when it comes to the Customer Satisfaction Index and the Supplier Satisfaction Index. The factors customers value most highly at Sveaskog are availability, delivery quality and customer relations. Customer relations are also of crucial importance when it comes to the Supplier Satisfaction Index, in this case among Sveaskog's timber buyers. The Supplier Satisfaction Index is reporting a high score, although the values for felling and silviculture have decreased during the year. Severe weather conditions during both the winter and the summer have had a negative impact. Business conditions have also been affected.

Group development

1 October – 31 December 2018

Net sales

Net sales, which comprise both deliveries from our own forest and externally procured forest raw materials, increased to SEK 1,895 million (1,613), an increase of 17 per cent. The prices increased on average by just over 15 per cent and total delivery volumes increased by two per cent compared to the corresponding period in the previous year. The sales of forest raw materials amounted to 2.9 (2.8) million cubic metres (m³fub).

Profit

Operating profit from continuing operations increased by 24 per cent and amounted to SEK 391 million (315). Higher prices and increased volumes have been counteracted by lower revenues from the sale of non-forest land and permanent tenure.

Capital gains from property sales amounted to SEK 118 million (113).

The share of profit in associated companies amounted to SEK -9 million (20) including non-recurring costs of SEK -45 million (-20) for Setra Group, and SEK 4 million (12) for SunPine. Change in the recognised value of standing timber amounted to SEK 1,491 million (38) net. This improvement is a one-off effect mainly due to the change in the discount rate and other assessments in connection with the calculation of the fair value of the biological assets. After a change in value of forest assets, operating profit amounted to SEK 2,036 million (536).

Financial items in the quarter amounted to SEK -71 million (-62) net. Profit before tax increased to SEK 1,965 million (474). Tax for the period amounted to SEK -390 million (-89). Profit for the quarter increased by 309 per cent to SEK 1,575 million (385).

1 January – 31 December 2018

Net sales

Net sales, which comprise both deliveries from our own forest and externally procured forest raw materials, increased by 12 per cent to SEK 6,971 million (6,206). The prices increased on average by 11 per cent and total delivery volumes increased by one per cent compared to the corresponding period in the previous year. The sales of forest raw materials amounted to 11.0 (10.8) million cubic metres (m³fub).

Profit

Operating profit from continuing operations increased by 14 per cent and amounted to SEK 1,422 million (1,248). Higher prices were partially offset by four per cent lower delivery volumes from the company's own forests. Last summer's fires have resulted in direct additional costs in the form of preventive measures, monitoring and follow-up extinguishing amounting to SEK 32 million. The dry summer has limited the potential to implement all the planned forest management and nature conservation work, which has resulted in lower costs. The profit from externally acquired wood has improved, mainly as a result of higher volumes.

Capital gains from property sales amounted to SEK 234 million (321).

The share of profit in associated companies amounted to 106 million (58) for Setra Group and SEK 45 million (50) for SunPine. Change in the recognised value of standing timber amounted to SEK 1,697 million (200) net. This improvement is a one-off effect mainly due to the change in the discount rate and other assessments in connection with the calculation of the fair value of the biological assets. After a change in value of forest assets, operating profit amounted to SEK 3,504 million (1,877).

Financial items for the year amounted to SEK -141 million (-133) net.

Profit before tax increased to SEK 3,363 million (1 744). The tax for the year is lower than in the previous year, an effect of the upcoming reduction in corporate tax that Sweden's parliament adopted in June and which affected deferred tax. The tax for the period amounted to SEK -195 million (-360), of which SEK 505 million is due to the altered tax rules. Profit for the year increased by 129 per cent to SEK 3,168 million (1,384).

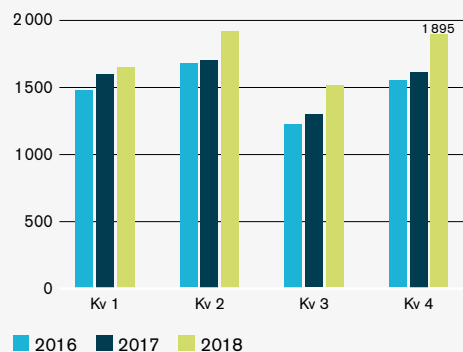
Cash flow, investments and financial position

Cash flow from operating activities for the year amounted to SEK 923 million (778). Investments in property, plant and equipment amounted to SEK 237 million (219) and investments in shares amounted to SEK 1 million (1). Sales of property, plant and equipment, primarily forest properties, amounted to SEK 516 million (647). Share dividends received totalled SEK 56 million (78), of which SEK 29 million (50) is from Setra Group AB, SEK 25 million (25) from SunPine AB and SEK 2 million (3) is from other shareholdings.

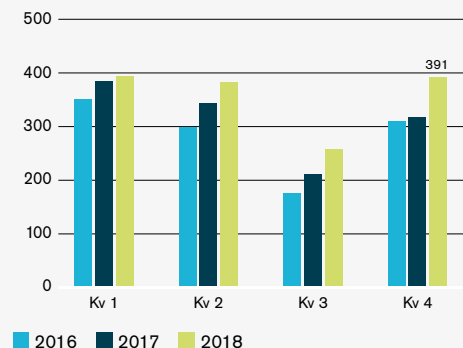
Change in net sales

SEK million	Oct-Dec 2018	Full year 2018
2017	1,613	6,206
Price, wood raw material	221	634
Delivery volume, wood raw material	61	131
2018	1,895	6,971

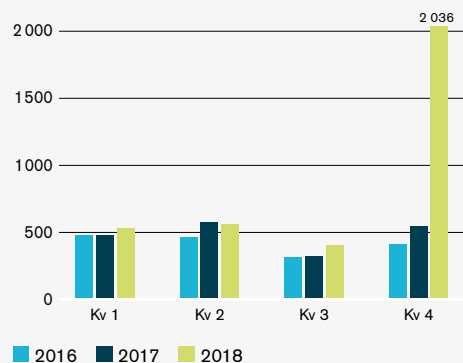
Net sales, SEK million



Operating profit from continuing operations, SEK million



Operating profit, SEK million



Sveaskog's interest-bearing net debt amounted to SEK 7,014 million (7,410) as at 31 December. At the end of the period, the loan portfolio mainly comprised loans issued under Sveaskog's MTN programme as well as a Swedish commercial paper programme. The loan volume under the commercial paper programme, which is refinanced regularly, amounted to SEK 2,210 million (2,410). The outstanding volume under the MTN programme at 31 December was SEK 4,390 million (4,990). The lowest average fixed interest period during the period was approximately 34 months.

The net debt/equity ratio amounted to 0.30 (0.36).

The interest cover amounted to 11.0 (10.0) and the gross borrowing cost has been 1.34 percent (1.31).

Parent company

Sveaskog AB (publ.), which is 100 per cent owned by the Swedish state, owns and manages forest properties and shares in subsidiaries, as well as being responsible for Group-wide financing. For Sveaskog AB (publ.), operating income during the first year was SEK 83 million (53), of which capital gains accounted for SEK 68 million (41). Profit after financial items amounted to SEK -182 million (-200). 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 recognised as an associated company. The Group's income statement shows the capital portion of the associated company's profit. Net sales for the year amounted to SEK 4,480 million (4,139). Operating profit amounted to SEK 310 million (159). The improvement in profit is due to higher prices and higher volumes as a result of a favourable market situation. Sveaskog's share of profits from the company, adjusted for internal profits, increased by 83 per cent to SEK 106 million (58). Sveaskog's share of Setra's other comprehensive income amounted to SEK 18 million (3).

SunPine AB

Sveaskog owns 25.1 per cent of the shares in the biorefinery SunPine AB, which is recognised as an associated company. The Group's income statement shows the capital portion of the associated company's profit. Net sales for the year amounted to SEK 1,458 million (1,203). Operating profit amounted to SEK 225 million (261). Sveaskog's share of profits from the company fell by 10 per cent to SEK 45 million (50).

Market situation and timber deliveries

Sveaskog conducts forestry and trade in forest raw materials in Sweden. More than half of the wood raw material sold is from the company's own forest. The main products are sawlogs, pulpwood and chips as well as biofuel. Sveaskog's customers are mainly found in Sweden and operate within the forest industry. The Swedish forest industry is export-oriented and supplies markets all over the world.

The largest market for the Swedish forest industry in terms of paper pulp, paper and sawn timber is Europe, including Sweden. However, the overall growth in demand for these products globally is very important for the Swedish forest industry. The economic climate has been very good during the year, and has also benefited from a favourable exchange rate for Swedish companies. Despite something of a decline in demand and prices during the latter part of the year, the economic climate remains good and prices for forest products are favourable, particularly when measured in Swedish kronor.

Fluctuations in exchange rates are continuing to have a significant impact on the profitability of the Swedish forest industry. The weakening of the krona that has been ongoing for the past year is expected to continue in 2019.

As a result of disruptions due to the weather, in the form of large volumes of snow during the winter and spring as well as the dry summer, the availability of forest raw materials has hampered industrial production. In addition, the availability of felling and transport resources during the year has limited the supply capacity of the forest.

Sawmills

The market for sawn timber and therefore sawlogs is mainly dependent on the development of the construction industry. Sweden is the single largest market for sawmills and demand for sawn timber has been good, although it has decreased due to declining construction activity. New construction in 2019 is expected to be at a lower level than in 2018. Looking at Europe as a whole as we enter 2019, the construction sector is continuing to expand at record levels since the financial crisis. On the international market, there is some concern in the form of reduced deliveries

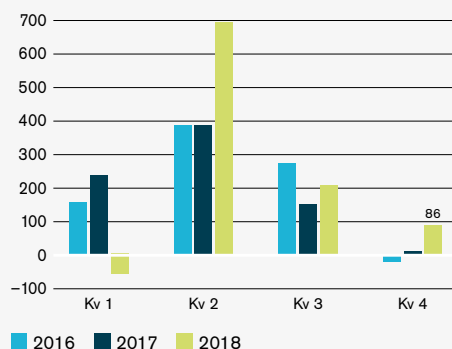
Operating profit from continuing operations

SEK million	Oct-Dec 2018	Full year 2018
2017	315	1,248
Price, own wood raw material	98	274
Volume and change in inventories, own wood raw material	45	-55
Cost of droughts and fires	-2	-32
Forest and nature conservation	-7	34
Seedling operations	-4	-20
Profit, externally acquired forest raw material	12	38
Other property transactions ¹	-53	-67
Other	-13	2
2018	391	1,422

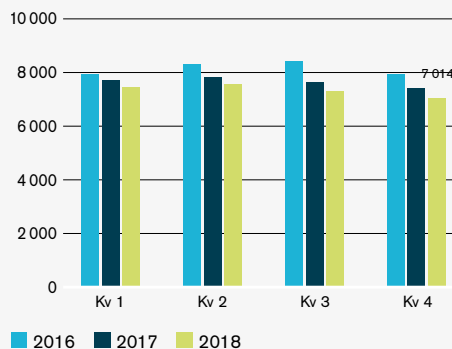
1) Other property transactions relate to a combination of:

Ecological compensation	0	-13
Permanent tenure, other	-12	-15
Sale of non-forest land	-41	-39
Total other property transactions	-53	-67

Cash flow from operating activities per quarter, SEK million



Interest-bearing net debt, SEK million



to China and sharp price drops in North America, disruptions that can spread into the European market. However, output stocks at the Swedish sawmills are still low, albeit growing, which is why only minor adjustments in the timber price are expected in the near term. The profitability of the sawmills is exceptionally good.

Internationally, competition is coming from countries such as Finland, Germany and Russia. The expansion in volume from Russia is focused on China, where they are currently the leading supplier. German and Finnish production is increasing, driven by the market situation and the good availability of sawlogs. During the autumn, a considerable supply of timber damaged by spruce bark beetles has arisen in Germany and parts of southern Sweden.

Production in Swedish sawmills is high, but not at record levels. In some parts of the country, the supply of timber is hampering production. Output stock has risen from the low point reached in March, but is still at a low level. The price of sawlogs has been rising during the year, but a slowdown can be discerned primarily in southern Sweden as a result of bark beetle attacks, which are increasing the supply of damaged timber on the market.

Sveaskog's deliveries

Sveaskog delivered 1,290 (1,208) thousand m³fub of sawlogs during the fourth quarter, which is seven percent higher compared to the same period in the previous year. For the full year, deliveries amounted to 4,776 (4,695) thousand m³fub of sawlogs, an increase of two per cent.

Pulp and paper industry

Demand and deliveries of paper pulp are increasing globally. Of the volume not used directly in Sweden for paper production, the majority is exported to Europe. This is followed by Asia, with a greatly increasing share. The price of market pulp (NBSK) has risen sharply in 2017 and 2018. The price level passed USD 1,200/tonne during the summer and has maintained this level for the rest of the year.

Sweden's exports of paper and cartonboard are increasing as regards packaging materials. Demand for newsprint is continuing to decline in Europe, at a rate of around 5% per annum. Production capacity is being shut down or converted to products with better market conditions. Overall, Swedish paper and cartonboard production has been experiencing a positive trend since 2012, with rising volumes and prices. Since the turnaround at the beginning of 2017, the price of packaging material has risen by 50–90 per cent, while graphic products have largely remained stable despite the decrease in volume.

Investments made by the forest industry have significantly increased production capacity, especially within pulp production, where investments by Södra in Värö and SCA in Östrand have dramatically increased production. In line with the growing production of pulp and paper, the market for pulpwood and chips has been considerably strengthened. Furthermore, in the light of the good economic climate, it has been possible to raise the price during the year.

Sveaskog's deliveries

Sveaskog delivered 1,414 (1,423) thousand m³fub of pulpwood and chips during the fourth quarter, which is one per cent lower compared to the same period in the previous year. For the full year, deliveries amounted to 5,691 (5,524) thousand m³fub of pulpwood and chips, an increase of three per cent.

Biofuel market

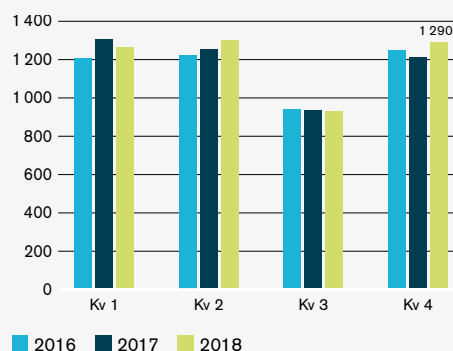
The biofuel market is regional and local, as the transport costs for biofuels are high. The customers are power and heating plants as well as the energy-producing forest industry. Demand for biofuel has been strong in southern Sweden, more balanced in the central region and weak in the northern part of the country. There is stiff competition from other fuels such as waste and recycled wood. More efficient energy production and distribution also have an impact on demand.

The availability of biofuels has faltered considerably during the season. The production of biofuels is at a low level and more volume is being converted into fibre raw material. As a result, there is insufficient volume of biofuels to meet the demand on the market, which is leading to increased imports and rising prices. Price levels are rising throughout the value chain.

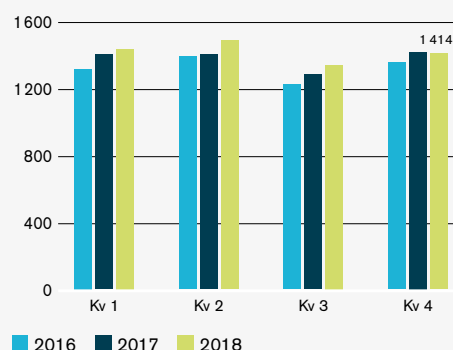
Sveaskog's deliveries

Sveaskog delivered 150 (160) thousand m³fub of biofuel during the fourth quarter, which is six per cent lower compared to the same period in the previous year. For the full year, deliveries amounted to 527 (599) thousand m³fub of biofuel, a decrease of 12 per cent.

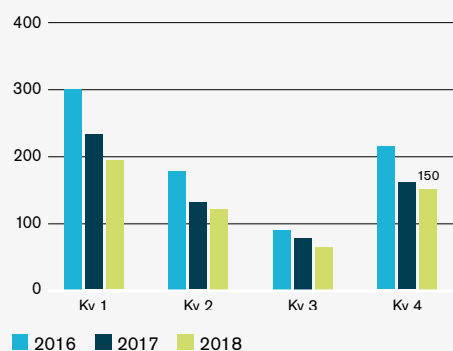
Delivery volume, sawlogs, thousand m³fub



Delivery volume, pulpwood and chips, thousand m³fub



Delivery volume, biofuel, thousand m³fub



Sveaskog Group

Condensed income statement

	3 months, Oct-Dec		Full year	
	2018	2017	2018	2017
Net sales (Note 1)	1,895	1,613	6,971	6,206
Other operating income (Note 1)	21	64	160	205
Raw materials and consumables	-675	-505	-2,291	-1,765
Change in inventories	127	66	17	-47
Other external costs	-808	-728	-2,795	-2,695
Employee benefit expenses	-144	-175	-555	-575
Depreciation	-25	-20	-85	-81
Operating profit from continuing operations	391	315	1,422	1,248
Capital gains from property sales	118	113	234	321
Share in profits of associates ¹	36	70	151	108
Operating profit before change in value of forest assets	545	498	1,807	1,677
Change in value of forest assets (Note 2, 3)	1,491	38	1,697	200
Operating profit	2,036	536	3,504	1,877
Financial items ¹	-71	-62	-141	-133
Profit before tax	1,965	474	3,363	1,744
Tax	-390	-89	-195	-360
PROFIT FOR THE PERIOD/YEAR	1,575	385	3,168	1,384
Earnings per share, SEK before and after dilution	13.30	3.25	26.76	11.69
- calculated on average number of shares, millions	118.4	118.4	118.4	118.4

1) See other information, associated company SunPine AB, on page 13.

Statement of comprehensive income

	3 months, Oct-Dec		Full year	
	2018	2017	2018	2017
Profit for the period/year	1,575	385	3,168	1,384
Other comprehensive income				
<i>Components that will not be reversed in the income statement</i>				
Actuarial gains/losses on pensions	-4	-4	-4	-4
Tax on actuarial gains/losses	1	1	1	1
<i>Components that may be reversed in the income statement</i>				
Other comprehensive income from associates	12	4	22	4
Tax on other comprehensive income from associates	-2	-1	-4	-1
Exchange differences	0	1	1	1
Cash flow hedges	-6	7	13	36
Tax attributable to cash flow hedges	1	-2	-3	-8
Total other comprehensive income for the period/year, net after tax	2	6	26	29
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	1,577	391	3,194	1,413

Sveaskog Group

Condensed balance sheet

SEK million	31 Dec 2018	31 Dec 2017
ASSETS (Note 4)		
Non-current assets		
Intangible assets	124	93
Property, plant and equipment		
- Forest land (Note 2, 3)	2,515	2,460
- Other property, plant and equipment	479	458
Biological assets – standing timber (Note 3)	33,607	32,054
Financial assets ¹	741	644
Total non-current assets	37,466	35,709
Current assets		
Inventories	570	540
Contract assets	22	14
Current receivables etc. non interest-bearing	1,846	1,648
Cash and cash equivalents	847	1,681
Total current assets	3,285	3,883
TOTAL ASSETS	40,751	39,592
EQUITY AND LIABILITIES		
Equity	23,110	20,816
Non-current liabilities (Note 4)		
Interest-bearing liabilities and provisions	5,088	5,626
Other liabilities and provisions	8,382	8,421
Total non-current liabilities	13,470	14,047
Current liabilities (Note 4)		
Interest-bearing liabilities and provisions	2,773	3,465
Contract liabilities	1	2
Other liabilities and provisions	1,397	1,262
Total current liabilities	4,171	4,729
TOTAL LIABILITIES	17,641	18,776
TOTAL EQUITY AND LIABILITIES	40,751	39,592

1) See Other information, associated company SunPine AB, on page 13.

Condensed statement of changes in equity

SEK million	31 Dec 2018	31 Dec 2017
Opening equity, 1 January	20,816	20,203
Total comprehensive income	3,194	1,413
Dividend paid according to AGM decision	-900	-800
Closing equity at year-end	23,110	20,816

Sveaskog Group

Condensed statement of cash flows

SEK million	2018	2017
Operating activities		
Operating profit	3,504	1,827
Adjustment for non-cash items etc.	-2,086	-644
Interest received	2	3
Interest paid	-144	-186
Paid tax	-181	-175
Cash flow from operating activities before change in working capital	1,095	825
Change in working capital	-172	-47
Cash flow from operating activities	923	778
Investing activities		
Investments in property, plant and equipment	-237	-219
Investments in shares	-1	-1
Dividends from associates	54	75
Sale of property, plant and equipment	516	647
Sale of shares	0	0
Cash flow from investing activities	332	502
Financing activities		
Dividend paid	-900	-800
Borrowings	7,990	11,600
Repayment of borrowings	-9,179	-11,469
Cash flow from financing activities	-2,089	-669
Cash flow for the year	-834	611
Cash and cash equivalents at the beginning of the year	1,681	1,070
Cash and cash equivalents at the end of the year	847	1,681

Parent company

Condensed income statement

SEK million	3 months, Oct–Dec		Full year	
	2018	2017	2018	2017
Operating income	41	17	83	53
Operating expenses	-1	0	-3	-2
Operating profit	40	17	80	51
Financial items	-68	-67	-262	-251
Profit before tax	-28	-50	-182	-200
Appropriations	182	200	182	200
Tax	-34	-33	0	0
Profit for the period/year¹	120	117	0	0

1) Same as total comprehensive income for the period/year

Condensed balance sheet

SEK million	31 Dec 2018	31 Dec 2017
ASSETS		
Non-current assets		
Property, plant and equipment	43	49
Total property, plant and equipment	43	49
Financial assets		
Shares in Group companies	24,934	24,934
Receivables from Group companies, interest-bearing	1,700	2,400
Total financial assets	26,634	27,334
Total non-current assets	26,677	27,383
Current assets		
Current receivables etc., non interest-bearing	275	292
Receivables from Group companies, interest-bearing	0	10
Cash and cash equivalents	0	0
Total current assets	275	302
TOTAL ASSETS	26,952	27,685
EQUITY AND LIABILITIES		
Equity	7,565	8,465
Non-current liabilities		
Interest-bearing non-current liabilities	4,687	5,187
Other provisions	0	0
Total non-current liabilities	4,687	5,187
Current liabilities		
Interest-bearing liabilities and provisions	14,669	14,001
Other liabilities and provisions	31	32
Total current liabilities	14,700	14,033
TOTAL EQUITY AND LIABILITIES	26,952	27,685

Parent company

Condensed statement of changes in equity

SEK million	Full year 2018	Full year 2017
Opening equity, 1 January	8,465	9,265
Dividend paid according to AGM decision	-900	-800
Profit for the year	0	0
Closing equity at year-end	7,565	8,465

Condensed statement of cash flows

SEK million	Full year 2018	Full year 2017
Cash flow from operating activities	-242	-285
Cash flow from investing activities	774	-356
Cash flow from financing activities	-532	641
Total cash flow	0	0
Cash and cash equivalents at the beginning of the year	0	0
Cash and cash equivalents at the end of the year	0	0

Accounting principles

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Disclosures under IAS 34 Interim Financial Reporting are provided both in notes and elsewhere in the interim report. For the Parent Company, the interim report has been prepared in accordance with the Annual Accounts Act, which is in accordance with the provisions of RFR 2, Accounting for Legal Entities. With effect from 1 January 2018, the company is applying IFRS 15 "Revenue from Contracts with Customers" with full retroactive effect. This means that the revenue is recognised when the customer obtains control of the sold good or service and is able to use and obtain benefit from the good or service. The effect for the company is very small. See chart for distribution of revenue from contracts with customers. See also page 71 of the 2017 Annual Report for a description of the various revenue groups and accounting principles. In addition, with effect from 1 January 2018, the company is applying IFRS 9 "Financial Instruments". IFRS 9 contains new principles for how financial assets are classified and measured, as well as new rules for impairment testing of financial

assets. The effects for the company are very small and the new classification does not imply any change in the valuation method. See also page 68 in the 2017 Annual Report for a description of transition effects. Otherwise, the Parent Company's and the Group's accounting principles and calculation principles for the report are unchanged compared to the last annual report. With effect from 1 January 2019, Sveaskog will apply IFRS 16 Leases. Sveaskog has opted for the simplified transitional method, which means that, on the first day of application, the right of use is set at an amount equivalent to the lease liability. The right of use asset on the first day of application amounts to SEK 132 million. New or revised IFRS and IFRIC interpretations have had no effect on the Group's or the Parent Company's earnings and financial position. Regarding the disclosure of the capital portion of SunPine AB, see Other information, associated company SunPine AB, on page 13.

Amounts are quoted in SEK million unless specified otherwise. Figures in parentheses refer to the corresponding period in the previous year.

Notes

NOTE 1 REVENUE FROM CONTRACTS WITH CUSTOMERS

SEK million	Full year 2018	Full year 2017
Sawlogs	3,283	3,010
Pulpwood and chips	2,924	2,510
Biofuel	153	176
Forest seedlings	233	220
Other	234	155
Total revenue from contracts with customers	6,827	6,071
Of which IFRS 15 in net sales	6,824	6,068
Leasing revenue	147	138
Total net sales	6,971	6,206
Of which IFRS 15 in other operating income	3	3
Capital gains etc.	157	202
Total other operating income	160	205
Time for revenue recognition		
Goods and services transferred to customers at one time	6,771	6,018
Services transferred to customers over time	56	53

Sveaskog has agreed on unfulfilled performance commitments that will not be met within one year amounting to SEK 3,665 million. The commitments consist of agreed deliveries in the future, where Sveaskog has committed to deliver a certain volume per year. The value of the obligations based on current prices has a degree of uncertainty, as 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 at 31 December 2018 has been estimated at SEK 36,122 million (34,518), of which SEK 33,607 million (32,054) is the estimated fair value of the standing timber and SEK 2,515 million (2,460) is the cost value of land. The change in the balance sheet since the start of the year amounts to SEK 1,604 million (137) and is shown in Note 3. The parameters used in the model for calculating of the market value of the standing timber are updated on an annual basis.

Summary model assumptions

SEK million	2018	2017
Discount rate	5.75%	5.95%
Revenue	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 = result for current year and previous year and budget for next year.

In connection with the financial statements as per 31 December 2018, the discount rate has been lowered by 0.2 percentage points to 5.75% and the price increase has been raised by 0.2 percentage points per year to 1.70%, which has had a positive impact 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 an adverse impact on the fair value.

NOTE 3 BIOLOGICAL ASSETS, STANDING TIMBER AND FOREST LAND

Standing timber

SEK million	
Fair values	
Opening value, 1 January 2017	31,993
Acquisition of standing timber	28
Sale of standing timber	-167
Changes due to felling	-1,541
Changes in fair value	1,741
Closing values, 31 December 2017	32,054
Opening values, 1 January 2018	
Acquisition of standing timber	16
Sale of standing timber	-160
Changes due to felling	-1,229
Changes in fair value	2,926
Closing values, 31 December 2018	33,607

Forest land

SEK million	
Cost values	
Opening values, 1 January 2017	2,384
Acquisition of forest land	86
Sale of forest land	-10
Closing values, 31 December 2017	2,460
Opening values, 1 January 2018	
Acquisition of forest land	62
Sale of forest land	-7
Closing values, 31 December 2018	2,515

Notes

NOTE 4 MEASUREMENT AT FAIR VALUE

SEK million	Level 1		Level 2		Level 3	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
ASSETS						
Standing timber					33,607	32,054
Total assets	0	0	0	0	33,607	32,054
LIABILITIES						
Non-current liabilities	0	0	4,842	5,345	0	0
Current liabilities	0	0	2,712	3,410	0	0
Derivative instruments	0	0	79	106	0	0
Total liabilities	0	0	7,633	8,861	0	0

Measurement techniques used for Level 2 fair value

Current liabilities are measured at book value including accrued interest, which is assessed to provide a good approximation of fair value. Fair value of non-current debt instruments (over the whole term) is established using valuation models such as discounting future cash flows to 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. Measurement at 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 measurement. Compared with 2017, no transfers have been made between

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

Measurement techniques used for Level 3 fair value

The measurement technique is specified in Note 15 on page 79 of the 2017 Annual Report.

Issues

During the 2018, Sveaskog issued SEK 7,740 million (10,600) under the commercial paper programme and SEK 0 million (1,000) under the MTN programme.

Other information

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Sveaskog's 2017 Annual Report, pages 45–47. There have been no other material changes, other than those set out in this year-end report, since the release of the annual accounts.

Associated company SunPine AB

SunPine AB is presented in this report as an associated company in accordance with the equity method, and for this reason both historical income items and balance sheet items have been adjusted as from 1 January 2017. In previous reports, SunPine AB was recognised as other shareholdings. The effects in the 2017 income statement and balance sheet are:

2017, SEK million	Previously reported	Adjusted accounting	Difference
Income statement			
Share in profits of associates	58	108	50
Financial items	-108	-133	-25
Balance sheet			
Financial assets	497	644	147
Equity	20,669	20,816	147

Significant events after the balance sheet date

No significant events have taken place after the balance sheet date.

Transactions with related parties

During the second quarter, a dividend has been paid to the owner amounting to SEK 900 million. Other than this, no significant changes have occurred in relationships or transactions with related parties compared to that described in the 2017 Annual Report.

Dividend

According to current financial targets, ordinary dividends should, in the long term, be equivalent to 65–90% of profit after tax excluding non-cash adjustments in value of standing timber after tax. A dividend is paid provided the capital structure target after the dividend falls within the target interval and taking into account implementation of the Group's strategic and investment requirements. The Board is proposing a dividend of SEK 1,100 million for 2018 to the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held in Stockholm on 24 April 2019. The Annual General Meeting is open to the public. The Annual Report is expected to be published on www.sveaskog.se on 13 March 2019. A printed version of the Annual Report in Swedish will be distributed in early April. The printed Annual Report can be ordered from Sveaskog, e-mail info@sveaskog.se or directly via Sveaskog's website www.sveaskog.se.

The Board of Directors and the CEO confirm that the year-end report gives a true and fair overview of the Parent Company's and the Group's operations, financial position and results and describes the uncertainties facing the Parent Company and the Group.

Stockholm, 28 January 2019
Sveaskog AB (publ.) (556558-0031)

Eva Färnstrand
Chairman

Thomas Hahn
Board Member

Leif Ljungqvist
Board Member

Annika Nordin
Board Member

Anna-Stina Nordmark Nilsson
Board Member

Sven Wird
Board Member

Kenneth Andersson
Employee Representative

Sara Östh
Employee Representative

Per-Olof Wedin
President and CEO

The report has not been reviewed by the auditors.

Definitions¹

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.

Gross margin

Operating profit before depreciation and share of profits of associates expressed as a percentage of net sales.

Yield

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

Capital turnover ratio

Net sales divided by average operating capital.

Net earnings per share

Profit for the period/year after tax divided by average number of shares during the period/year.

Net debt/equity ratio

Interest-bearing net debt divided by equity.

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 year.

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.

Interest-bearing net debt

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

Interest cover

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

Operating margin

Operating profit expressed as a percentage of net sales.

Equity/assets ratio

Equity divided by total assets, all calculated at the end of the year.

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

If you have any questions, please contact

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Dates for future reports

Annual General Meeting:	24 April 2019
Interim report, January – March 2019:	24 April 2019
Interim report, January – June 2019:	12 July 2019
Interim report, January – September 2019:	23 October 2019

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