

## Alternative performance measures

The company presents certain financial measures in the interim report that are not defined in accordance with IFRS. The company believes that these measures provide valuable additional information to investors and management, as they enable an evaluation of the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable with the metrics used by other companies. These financial measures should therefore not be seen as a substitute for measures defined in accordance with IFRS. The following table presents measures that are not defined in accordance with IFRS, unless otherwise stated.

### Operating capital

*Definition:* 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. The Group's definition has not been changed since previous periods.

*Comment:* Sveaskog calculates operating capital for the key ratios return on operating capital and average operating capital.

	Full year 2019	IB 190101 with IFRS 16	Full year 2018
Current receivables, etc., non-interest bearing	1,676	1,840	1,846
- of which advances to suppliers	164	219	219
- of which tax assets	34	1	1
- of which trade receivables, loans and other receivables	1,478	1,620	1,626
Current: other liabilities	1,193	1,397	1,397
- of which tax liabilities	47	156	156
- of which trade and other payables	1,146	1,241	1,241
Total assets	41,549	40,912	40,786
Less interest-bearing assets (cash and cash equivalents)	-1,114	-847	-847
Less interest-bearing receivables (long-term)	-4	-	-
Less tax assets	-34	-1	-1
Less other liabilities and provisions (non-current)	-8,513	-8,382	-8,382
Less contract liabilities	-2	-1	-1
Less trade and other payables	-1,146	-1,241	-1,241
<b>= Operating capital, MSEK</b>	<b>30,736</b>	<b>30,440</b>	<b>30,314</b>

### Dividend yield

*Definition:* Operating profit before change in value of forest assets, excl. capital gains on property sales, divided by average operating capital, excl. deferred tax. The Group's definition has not been changed since previous periods.

*Comment:* Dividend yield is one of Sveaskog's financial targets. The target is an average dividend yield of at least 4.5 per cent.

The target reflects the return on Sveaskog's operating activities excluding the impact of forest valuations and temporary property sales.

	Full year 2019	Full year 2018
Operating profit before change in value of forest assets	1,694	1,812
Less capital gains on property sales	-185	-234
Subtotal	1,509	1,578
Operating capital OB	30,440	28,348
Operating capital CB	30,736	30,314
Average operating capital (OB + CB)/2	30,588	29,331
Subtotal as above	1,509	1,578
Divided by average operating capital	30,588	29,331
<b>= Dividend yield, %</b>	<b>4.9%</b>	<b>5.4%</b>

## Alternative performance measures, cont.

### Net interest-bearing debt

*Definition:* Interest-bearing liabilities minus interest-bearing assets, all calculated at the end of the year. The Group's definition has not been changed since previous periods.

*Comment:* Sveaskog calculates net interest-bearing debt for the key ratio net debt/equity ratio.

	Full year 2019	IB 190101 with IFRS 16	Full year 2018
Interest-bearing assets (cash and cash equivalents and long-term receivable)	1,118	847	847
Interest-bearing liabilities and provisions (non-current)	-5,642	-5,164	-5,088
Interest-bearing liabilities (current)	-2,625	-2,823	-2,773
<b>= Net interest-bearing debt, MSEK</b>	<b>-7,149</b>	<b>-7,140</b>	<b>-7,014</b>

### Net debt/equity ratio

*Definition:* Net interest-bearing debt divided by equity, calculated at the end of the year. The Group's definition has not been changed since previous periods.

*Comment:* Net debt/equity ratio is one of the ratios for which Sveaskog defines financial targets. The target is a ratio in the range of 0.3–0.6. Sveaskog considers that the ratio reflects the scope for dividends and strategic investments as well as enabling assessments of the Group's ability to fulfil its financial obligations.

	Full year 2019	Full year 2018
Net interest-bearing debt	7,149	7,014
Divided by equity	23,574	23,145
<b>= Net debt/equity ratio, multiple</b>	<b>0.30</b>	<b>0.30</b>

### Return on operating capital

*Definition:* Operating profit divided by average operating capital, excluding deferred tax. The Group's definition has not been changed since previous periods.

*Comment:* Sveaskog believes the ratio gives a true and fair picture of the company's return excluding financial assets and financing choices.

	Full year 2019	Full year 2018
Operating profit	2,093	3,509
Divided by average operating capital	30,588	29,331
<b>= Return on operating capital, %</b>	<b>6.8%</b>	<b>12.0%</b>

### Return on equity

*Definition:* Reported profit after tax expressed as a percentage of average equity. The Group's definition has not been changed since previous periods.

*Comment:* Sveaskog considers that the ratio measures the company's annual return on the capital invested in the business by the owner and thus shows how profitable the company is for its shareholders.

	Full year 2019	Full year 2018
Equity OB	23,145	20,848
Equity CB	23,574	23,145
Average equity (OB + CB)/2	23,360	21,997
Profit for the year	1,558	3,171
Divided by average equity	23,360	21,997
<b>= Return on equity, %</b>	<b>6.7%</b>	<b>14.4%</b>

## Alternative performance measures, cont.

### Interest coverage ratio

*Definition:* Operating profit before change in value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses. The Group's definition has not been changed since previous periods.

*Comment:* Sveaskog considers that the ratio shows the company's ability to cover its financial expenses (interest, etc.)

	Full year 2019	Full year 2018
Financial items in the income statement	-130	-143
- of which financial income	0	0
- of which financial expenses	-130	-143
Operating profit before change in value of forest assets	1,694	1,812
Less capital gains on property sales	-185	-234
Plus financial income	0	0
Subtotal	1,509	1,578
Divided by financial expenses	130	143
<b>= Interest coverage ratio, multiple</b>	<b>11.6</b>	<b>11.0</b>

### Equity ratio

*Definition:* Equity divided by total assets, all calculated at the end of the year. The Group's definition has not been changed since previous periods.

*Comment:* Sveaskog considers that the ratio shows how large a share of the company's assets are financed with equity and indicates how sensitive the company is to changes in interest rates.

	Full year 2019	Full year 2018
Equity	23,574	23,145
Divided by total assets	41,549	40,786
<b>= Equity ratio, %</b>	<b>57%</b>	<b>57%</b>