

Sveaskog's Year-end Report January-December 2020: Lower Profits due to Lower Prices

Sveaskog reports an operating profit of MSEK 1,120 (1,483) for 2020, which is 24 per cent lower than in the same period in the previous year. A fall in profit was expected, as the prices of our products declined gradually in 2019, and the trend has continued into 2020.



January – December 2020

- Net sales decreased by eight per cent to MSEK 6,597 (7,209). Prices of wood raw materials were down by nine per cent on average while total delivery volumes declined one per cent.
- Operating profit decreased by 24 per cent to MSEK 1,120 (1,483). The decrease in profit can be attributed primarily to lower prices and increased costs of forest management, nature conservation and roads, but has been partly offset by higher delivery volumes from our own forests. Deliveries from externally sourced wood raw materials have decreased.
- The dividend yield was 2.4 per cent (4.9). The change is mainly attributed to the increase in the average operating capital through a change in the accounting method for valuation of forest assets.
- At the end of the year, Sveaskog changed the accounting method for valuing the company's forest assets so that it is based on the market value calculated on transactions in the areas where Sveaskog owns forest assets. We are therefore following the lead of other major companies in the industry. The effect of the revaluation of the year's operating profit was net after tax SEK 9.9 billion. The remaining part of the revaluation has been recognized directly in other comprehensive income. The change in value had no impact on cash flow.
- Profit for the year amounted to MSEK 10,867 (1,558), corresponding to SEK 91.78 (13.16) per share, which is mainly related to a positive impact on profit of a net SEK 9.5 billion from the change in accounting method for valuation of forest assets.
- The exclusive effect of the change in accounting method for valuation of forest assets decreased the profit per share to SEK 8.08 (13.16).

Comments from Sveaskog's President och CEO Per Matses:

"A fall in profit was expected, as the prices of our products declined gradually in 2019, and the trend has continued into 2020."

"The Swedish Forest Agency's annual inventory of consideration for nature shows that 97 (98) per cent of Sveaskog's felling took place without a major environmental impact. Assessed in the calculation were the parameters consideration areas left alone, trees of significant natural value saved, and land damage avoided when felling."

"The final damage tally in 2020 amounted to almost 8 million cubic metres, making 2020 a new record year in Sweden. In 2018 the infestation was greatest in Götaland, but the focal point has successively moved northwards, and we are now seeing the greatest damage in Svealand. Within Sveaskog, we are making a number of urgent efforts to reduce the effects of the damage, but we are also playing a part in the development of preventive measures."

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