

Year-end Report for 2007

MSEK	Quarter			Full year	
	4-07	3-07	4-06	2007	2006
Net turnover	5 073	4 637	4 830	19 159	18 592
Operating profit	1 039	642	590	2 843	2 303
Operating profit excl. items affecting comparability*	482	642	590	2 286	2 303
Profit after tax	341	438	369	1 505	1 459
Earnings per share, SEK	4.0	5.2	4.4	17.8	17.2
Return on equity, %	8.1	10.6	9.0	9.2	9.0

* Items affecting comparability relate to a write-down of MSEK 569 in goodwill and of MSEK 1 034 in tangible fixed assets within Holmen Paper, a reversed write-down of MSEK 60 within Holmen Timber, and a positive revaluation of forests by MSEK 2 100 within Holmen Skog, all of which were taken into the accounts in the fourth quarter of 2007.

- The Group's net turnover for 2007 amounted to MSEK 19 159 (2006: 18 592).
- Profit after tax was MSEK 1 505 (1 459).
- Earnings per share amounted to SEK 17.8 (17.2). Return on equity was 9.2% (9.0).
- The Board proposes an unchanged dividend of SEK 12 per share.
- The operating profit for 2007 was MSEK 2 843 (2 303). This figure includes a net amount of MSEK 557 in respect of items affecting comparability from the fourth quarter, of which income of MSEK 2 100 is due to the revaluation of forests, cost of MSEK 1 603 is a consequence of write-down of goodwill and tangible fixed assets within Holmen Paper and income of MSEK 60 is an effect of the reversal of an earlier write-down within Holmen Timber. Items affecting comparability increases the after-tax result by MSEK 36.

The operating profit excluding items affecting comparability amounted to MSEK 2 286 (2 303). The result was favourably affected by higher prices, while it was adversely affected by higher costs of wood and recovered paper, extensive maintenance and rebuilding stops, and lower deliveries.

The operating profit for the fourth quarter, excluding items affecting comparability, amounted to MSEK 482, which was MSEK 160 lower than for the third quarter. The fourth quarter was favourably affected by higher delivery volumes, while costs increased owing to seasonal factors. The third-quarter result included capital gains of MSEK 105 on sale of shares.

- The market situation for newsprint in Europe improved slightly and deliveries were high during the fourth quarter. Deliveries of newsprint in Europe were unchanged during 2007 as a whole. Also Holmen Paper's deliveries in 2007 were broadly unchanged. The prices of Holmen Paper's products were on average 2% higher than in the previous year.

The market situation for virgin fibre board in Europe was firm during the fourth quarter. Iggesund Paperboard's products remained in good demand, but deliveries for the full year declined by 4% due to an extensive production stop for rebuilding. Prices were raised during the second half of the year.

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Holmen Paper	Quarter			Full year	
MSEK	4-07	3-07	4-06	2007	2006
Net turnover	2 798	2 556	2 654	10 345	10 140
Operating costs	-2 464	-2 088	-2 323	-8 808	-8 472
Depreciation according to plan	-226	-227	-235	-914	-913
Items affecting comparability *	-1 603	-	-	-1 603	-
Operating profit	-1 496	241	95	-980	754
<i>Operating profit excl. items affecting comparability *</i>	107	241	95	623	754
Capital expenditure	113	117	283	584	686
Operating capital	9 971	11 762	11 541	9 971	11 541
Operating margin, % **	4	9	4	6	7
Return on operating capital, % **	4	8	3	5	6
Production, 1 000 tonnes	523	499	514	2 034	2 044
Deliveries, 1 000 tonnes	555	503	533	2 025	2 021

* Items affecting comparability relate to write-down of goodwill of MSEK 569 and tangible fixed assets of MSEK 1 034 in the fourth quarter of 2007.

** Excl. items affecting comparability.

The market situation for newsprint in Europe improved slightly and deliveries were high during the fourth quarter. For 2007 as a whole, deliveries remained unchanged in relation to 2006, while imports from North America took a growing share of European consumption, up from 3% to 6%. Demand for SC paper in Europe rose by 4% and for coated printing paper by 5%. In total, deliveries of wood-containing printing paper to Europe increased by just over 2%.

Holmen Paper's deliveries were broadly unchanged in relation to the previous year. Production capacity could not be utilised to the full during the year owing to the market situation, mainly during the third quarter. Deliveries increased by 10% during the fourth quarter, which is to some extent a normal seasonal increase.

The prices of Holmen Paper's products were on average some 2% higher than in the previous year. Price negotiations for 2008 are underway.

Holmen Paper's operating profit excluding items affecting comparability for 2007 amounted to MSEK 623 (754). Despite higher newsprint prices in Europe the result weakened as a consequence of higher prices for wood, recovered paper and pulp, and costs in connection with maintenance and rebuilding stops. Weak US dollar and low prices caused deterioration in the profitability of sales to markets outside Europe.

The operating result including items affecting comparability was a loss of MSEK 980 (profit 754). This figure includes write-downs of MSEK 569 in goodwill and of MSEK 1 034 in tangible fixed assets. The factor behind these write-downs is the high cost of recovered paper, wood and energy.

In relation to the third quarter, the fourth quarter operating result excluding items affecting comparability deteriorated by MSEK 134 to MSEK 107. The result was adversely affected by higher costs for wood and energy, as well as by seasonally higher costs of personnel and maintenance. Higher deliveries had a favourable effect on the result.

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Iggesund Paperboard	Quarter			Full year	
MSEK	4-07	3-07	4-06	2007	2006
Net turnover	1 239	1 239	1 316	5 100	5 240
Operating costs	-1 046	-1 037	-1 017	-4 147	-4 133
Depreciation according to plan	-92	-88	-90	-355	-356
Operating profit	100	115	209	599	752
Capital expenditure	260	209	130	689	351
Operating capital	4 180	4 149	3 935	4 180	3 935
Operating margin, %	8	9	16	12	14
Return on operating capital, %	10	11	21	15	19
Production, paperboard, 1 000 tonnes	127	116	134	513	542
Deliveries, paperboard, 1 000 tonnes	127	125	132	516	536

The market situation for virgin fibre board in Europe was firm in the fourth quarter. Deliveries by European producers to Europe for 2007 as a whole were 5% higher than in 2006, mainly owing to strong growth in Eastern Europe. Capacity utilisation at European producers was high.

The demand for Iggesund Paperboard's products remained good, but deliveries declined by 4% from the record level achieved in 2006 due to an extensive production stop for rebuilding at Iggesunds Bruk during the second half of 2007. Compared with the third quarter, deliveries rose by 2%. Prices were raised during the second half of the year. Increases in the price of folding boxboard were announced in the fourth quarter and are intended to come into effect during the spring of 2008.

Iggesund Paperboard's operating profit for 2007 amounted to MSEK 599 (752). The decline is mainly due to lower deliveries and higher costs as a consequence of the stop for the rebuilding and higher wood prices. Price increases had a positive effect on the result.

The result for the fourth quarter declined by MSEK 15 to MSEK 100 in relation to the third quarter. The result was affected by low production and high costs due to the start-up of the rebuilt board machine. At the same time costs showed a seasonal increase and the market mix was slightly less favourable.

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Holmen Timber	Quarter			Full year	
MSEK	4-07	3-07	4-06	2007	2006
Net turnover	151	124	129	589	465
Operating costs	-108	-84	-96	-420	-361
Depreciation according to plan	-6	-6	-6	-23	-24
Item affecting comparability *	60	-	-	60	-
Operating profit	97	35	27	206	80
<i>Operating profit excl. item affecting comparability *</i>	37	35	27	146	80
Capital expenditure	39	10	1	63	5
Operating capital	345	236	208	345	208
Operating margin, % **	24	28	21	24	17
Return on operating capital, % **	57	61	53	64	38
Production, 1 000 m ³	73	57	66	272	247
Deliveries, 1 000 m ³	64	53	65	262	248

* Item affecting comparability relates to a reversed write-down of tangible fixed assets of MSEK 60 in the fourth quarter of 2007.

** Excl. item affecting comparability.

The market situation for sawn timber, which as a whole was very strong during 2007, weakened in the second half year. Prices fell towards the end of the year.

Holmen Timber's operating profit excluding item affecting comparability for 2007 amounted to MSEK 146 (80). The improvement is due to higher prices and increased deliveries. At the same time raw material costs increased.

The operating profit including item affecting comparability amounted to MSEK 206 (80). This figure includes MSEK 60 in respect of the reversal of a write-down in fixed assets at Iggesund Sawmill made in 2001. The reason for the reversal is improved productivity and profitability.

In relation to the third quarter, the fourth quarter operating profit excluding item affecting comparability increased by MSEK 2 to MSEK 37 as a consequence of seasonally higher deliveries.

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Holmen Skog	Quarter			Full year	
MSEK	4-07	3-07	4-06	2007	2006
Net turnover	1 335	1 074	1 067	4 775	4 042
Operating costs	-1 118	-932	-867	-4 136	-3 485
Depreciation according to plan	-7	-6	-8	-26	-28
Earnings from operations	210	135	192	613	528
Change in value of forests	-18	10	16	89	115
Item affecting comparability *	2 100	-	-	2 100	-
Operating profit	2 292	145	208	2 802	643
<i>Operating profit excl. item affecting comparability *</i>	192	145	208	702	643
Capital expenditure	63	5	11	79	29
Operating capital	11 264	9 126	9 001	11 264	9 001
Return on operating capital, % **	8	6	9	8	7
Harvesting company forests, 1 000 m ³	728	642	766	2 575	2 618

* Item affecting comparability relates to a positive revaluation of forests of MSEK 2 100 in the fourth quarter of 2007.

** The calculation is based on earnings from operations.

Holmen Skog's operating profit for 2007 amounted to MSEK 2 802 (643). Earnings from operations, i.e. the result before changes in asset values, rose by MSEK 85 to MSEK 613 as a consequence of higher wood prices.

Biological assets (forests) are valued at fair value according to IAS 41. The change in value, i.e. the increase in the value of the forests less harvesting during the period, amounted to MSEK 2 189 (115). This figure includes a revaluation of MSEK 2 100, which was carried out during the fourth quarter and

involved positive effects of MSEK 550 from changed price and cost assumptions and of MSEK 1 550 from a reduction in the discount rate from 6.25 % to 5.5 %. The remaining change consists of normal increase in value.

In relation to the third quarter, the fourth quarter earnings from operations increased by MSEK 75 to MSEK 210, which is mainly explained by higher prices and volumes and seasonally lower silviculture costs.

Holmen Energi	Quarter			Full year	
MSEK	4-07	3-07	4-06	2007	2006
Net turnover	462	352	445	1 590	1 691
Operating costs	-384	-307	-353	-1 300	-1 476
Depreciation according to plan	-4	-4	-4	-17	-17
Operating profit	73	40	87	272	197
Capital expenditure	7	3	5	14	6
Operating capital	2 960	2 947	2 965	2 960	2 965
Return on operating capital, %	10	5	12	9	7
Production of hydro power, GWh	276	249	299	1 193	934

Holmen Energi's operating profit for 2007 amounted to MSEK 272 (197). The improvement in the result is mainly explained by higher production in relation to the low level in 2006.

Compared with the third quarter, the fourth quarter result improved by MSEK 33 to MSEK 73 as a consequence of higher market price and higher production.

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Items affecting comparability

During the fourth quarter items affecting comparability had the effect of increasing the Group's result before tax by MSEK 557 and after tax by MSEK 36.

The value of biological assets (forests) has been increased by MSEK 2 100 as an effect of a major review of the assumptions used in the valuation of forests at fair value in accordance with IAS 41. The change is explained by new price and cost assumptions (MSEK 550) and a reduction in the discount rate from 6.25 % to 5.5 % (MSEK 1 550).

Write-downs have been made of goodwill by MSEK 569 and of tangible fixed assets by MSEK 1 034. The assets are stated in the accounts of Holmen Paper, and MSEK 1 303 of the write-downs relate to the business area's Spanish operations and MSEK 300 to its Swedish units. The reason for the write-down is further increases in the cost of recovered paper, wood, and energy.

A sum of MSEK 60 has been reversed in respect of an earlier write-down within Holmen Timber as a consequence of improved productivity and profitability.

The net items affecting comparability have increased the deferred tax liability by MSEK 521. This increase was stated as a tax charge in the fourth quarter. The revaluation of forests has increased the deferred tax liability by MSEK 588 whilst write-down and reversed write-down relating to fixed assets in the Swedish units reduced the deferred tax liability by MSEK 67. No deferred tax receivable has been stated in respect of the write-down in the value of goodwill and Spanish tangible fixed assets.

Group central and other

During the year, the shareholding in Norrköpings Hamn och Stuveri AB was divested to the Municipality of Norrköping. The capital gain on the divestment, which amounted to MSEK 105, was taken into the accounts at Group level in the third quarter. The proceeds were received during the fourth quarter.

Net financial items and financing

Net financial costs for 2007 were MSEK 261 (costs 247). The change is due to higher market interest rates.

The cash flow from current operations amounted to MSEK 2 476 and the cash flow absorbed by investment activities was MSEK 1 315. During the year a dividend of MSEK 1 017 has been paid out.

Since the beginning of the year the Group's financial net debt has decreased by MSEK 8 and was MSEK 5 977 on 31 December 2007. The debt/equity ratio was 0.35. The equity ratio was 51%.

Financial liabilities amounted to MSEK 6 518, of which MSEK 3 819 was short term. Liquid funds and financial receivables amounted to MSEK 541. The Group has unutilised long-term committed credit facilities of some MSEK 5 670.

Tax

The Group's tax charge for 2007 amounted to MSEK 1 077 (charge: 597), of which MSEK 521 relates to an increase in deferred tax liability as a consequence of items affecting comparability. Calculated excluding this effect the tax rate was 29%.

Hedging of exchange rates and electricity prices

The result of currency hedges was a profit of MSEK 38 (83), which is stated in the operating result. For 2008 around 90% of the Group's estimated flows in Euro have been hedged at an average rate of 9.25 and for 2009 some 75% of the flows are hedged at an average rate of 9.36. The flows in sterling and US dollar for the next four months are hedged.

For the period of 2008-2012 the price of 85-95% of the Group's estimated net consumption of electricity in Sweden is hedged and for the period 2013-2015 some 70 %.

Capital expenditure

The Group's capital expenditure during the year amounted to MSEK 1 433 (1 079). Depreciation according to plan amounted to MSEK 1 337 (1 346).

Employees

The average number of employees in the Group was 4 931 (4 958).

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Braviken Sawmill

Work on the new sawmill at Braviken paper mill in Norrköping is in progress. The investment decision was made in October 2007. When it reaches its rated capacity the Braviken Sawmill will be able to produce 750 000 cubic metres of whitewood sawn timber per year. Production start is planned for the autumn of 2009.

Hallsta paper mill

Holmen intends to reduce the volume of standard newsprint by a total of 150 000 tonnes per year by altering the Holmen Paper business area's production strategy and product mix. The change includes a review of the Hallsta paper mill's structure with the objective of discontinuing production on PM2, the oldest of the mill's four paper machines, which has a capacity of around 110 000 tonnes per year.

Dividend

The Board proposes that the Annual General Meeting to be held on 2 April 2008 resolves in favour of paying an unchanged dividend of SEK 12 per share. It is proposed that the date of record for entitlement to dividend be 7 April 2008.

Share buy-back

At the Annual General Meeting held on 28 March 2007, Holmen's shareholders renewed the Board's mandate to make decisions to buy back up to 10% of the company's shares. This mandate has not been exercised. The Board proposes that the 2008 Annual General Meeting mandate the Board to buy back and transfer up to 10% of the shares in the company.

Significant risks and uncertainty factors

The Group's and the parent company's significant risks and uncertainty factors relate primarily to changes in demand and the prices of its products, the cost of important input goods, and to changes in exchange rates. Apart from the risks described on pages 29-30 and in Note 30 in Holmen's Annual Report for 2006, it is assessed that the following two risks have emerged:

The review of Hallsta paper mill that has been launched could involve restructuring costs. No provision for such costs has been made.

The write-down in the value of goodwill and tangible fixed assets in Holmen Paper is based on calculations using assumptions regarding future changes in prices, volumes and costs, as well as an estimated market cost of capital. Should conditions change, these calculations could be affected.

Stockholm, 6 February 2008
Holmen AB (publ)

Magnus Hall
President and CEO

Interim Report for January-March 2008 will be published on 8 May.

(Report date has been changed from 7 May).

For further information please contact:
Magnus Hall, President and CEO, tel +46 8 666 21 05
Anders Almgren, CFO, tel +46 8 666 21 16
Christer Lewell, Public Relations Director, tel +46 8 666 21 15.

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Accounting principles

The year-end report for the Group is made up in accordance with IAS 34 Interim Reporting and the Annual Accounts Act and for the parent company it is made up in accordance with the Annual Accounts Act. The Parent company's and the Group's accounting principles used in the report are unchanged in relation to the latest published annual report. The figures in tables are rounded.

The Group

Income statement, MSEK	Quarter			Full year	
	4-07	3-07	4-06	2007	2006
Net turnover	5 073	4 637	4 830	19 159	18 592
Other operating income	192	220	111	642	501
Change in value of biological assets	2 082	10	16	2 189	115
Change in inventory of finished products and work in progress	-97	-24	-73	62	91
Capitalised work on own account	0	0	0	0	5
Raw materials, goods for resale and consumables	-2 642	-2 413	-2 349	-10 146	-9 666
Personnel costs	-699	-601	-634	-2 664	-2 538
Other operating costs	-997	-858	-964	-3 531	-3 462
Depreciation according to plan	-337	-332	-344	-1 337	-1 346
Write-downs	-1 543	-	-	-1 543	-
Interest in earnings of associated companies	7	3	-3	12	11
Operating profit	1 039	642	590	2 843	2 303
Financial income	5	5	6	17	15
Financial costs	-71	-73	-66	-279	-262
Profit before tax	974	573	529	2 582	2 056
Tax	-633	-135	-160	-1 077	- 597
Profit for the period	341	438	369	1 505	1 459
Earnings per share, SEK	4.0	5.2	4.4	17.8	17.2
Average number of shares (million)	84.8	84.8	84.8	84.8	84.8
Operating margin, % *	9.4	13.8	12.3	11.9	12.3
Return on capital employed, % *	8.4	11.2	10.4	10.0	10.0
Return on equity, %	8.1	10.6	9.0	9.2	9.0

Earnings per share before and after dilution are the same since there are no outstanding warrants or convertibles that can cause dilution.

* Excl. items affecting comparability.

Account of stated income and costs, MSEK	Full year	
	2007	2006
Income and costs stated direct in equity		
Cash flow hedges		
Revaluation of derivatives stated in equity	-209	306
Brought forward from equity to the income statement	-34	-142
Brought forward from equity to fixed assets	2	1
Actuarial revaluation of pension liability	61	47
Translation difference on foreign operation	-29	-88
Hedge of currency risk in foreign operation	-33	53
Tax attributable to items stated direct in equity	51	-75
Total stated direct in equity	-192	102
Profit for the period stated in the income statement	1 505	1 459
Total stated income and costs	1 314	1 561
Other change in equity		
Effect on equity due to change of accounting principle as per 2006-01-01	-	-72
Dividend paid to the parent company's shareholders	-1 017	-932

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The Group

Balance sheet, MSEK	2007 31 Dec	2006 31 Dec
ASSETS		
Fixed assets		
Intangible fixed assets	42	627
Tangible fixed assets	12 984	13 782
Biological assets	11 073	8 830
Shares in associated companies	1 745	1 731
Other shares and participations	7	11
Long-term financial receivables	108	130
Deferred tax receivables	301	354
Total fixed assets	26 261	25 464
Current assets		
Inventories	3 063	2 606
Short-term operating receivables	3 485	3 531
Short-term financial receivables	39	55
Liquid funds	394	484
Total current assets	6 982	6 676
Total assets	33 243	32 141
EQUITY AND LIABILITIES		
Equity	16 932	16 636
Long-term liabilities		
Long-term financial liabilities	2 452	2 503
Deferred tax liabilities	5 482	5 030
Pension provisions	247	356
Other provisions	658	626
Total long-term liabilities	8 840	8 515
Short-term liabilities		
Short-term financial liabilities	3 819	3 775
Operating liabilities	3 652	3 215
Total short-term liabilities	7 471	6 990
Total liabilities	16 311	15 505
Total equity and liabilities	33 243	32 141
Debt/equity ratio	0.35	0.36
Equity ratio, %	50.9	51.8
Operating capital	28 090	27 297
Capital employed	22 909	22 621
Financial net debt	5 977	5 985
Pledged assets	100	93
Contingent liabilities	915	941

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The Group

Cash flow analysis, MSEK	Full year	
	2007	2006
Current operations		
Profit before tax	2 582	2 056
Adjustments for items not included in cash flow*	629	1 225
Paid income tax	-390	-664
Cash flow from current operations before changes in working capital	2 821	2 617
Cash flow from changes in working capital		
Change in inventories	-457	-89
Change in operating receivables	-213	-117
Change in operating liabilities	325	-53
Cash flow from current operations	2 476	2 358
Investment activities		
Acquisition of fixed assets	-1 434	-1 079
Sale of fixed assets	119	132
Cash flow from investment activities	-1 315	-947
Financing activities		
Change in financial liabilities and receivables	-236	-566
Dividend paid to the parent company's shareholders	-1 017	-932
Cash flow from financing activities	-1 253	-1 498
Cash flow for the period	-91	-87
Opening liquid funds	484	580
Currency difference in liquid funds	1	-9
Closing liquid funds	394	484

* The adjustments consist primarily of depreciation according to plan, change in value of biological assets, write-downs and reversed write-downs of fixed assets, currency effects and revaluations of financial instruments as well as capital gains/losses on sales of fixed assets.

Change in financial net debt, MSEK	Full year	
	2007	2006
Opening financial net debt	-5 985	-6 639
Cash flow		
Current operations	2 476	2 358
Investment activities	-1 315	-947
Dividend paid	-1 017	-932
Actuarial revaluation of pension provision	61	47
Currency effects and changes in fair value	-197	128
Closing financial net debt	-5 977	-5 985

Share structure			
Share	Votes	Number of shares	Number of votes
A	10	22 623 234	226 232 340
B	1	62 132 928	62 132 928
Total number of shares		84 756 162	288 365 268

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Parent company

Income statement, MSEK	Quarter			Full year	
	4-07	3-07	4-06	2007	2006
Operating income	3 958	3 575	3 758	14 735	14 442
Operating costs	-3 680	-3 198	-3 347	-13 345	-12 830
Operating profit	277	377	411	1 390	1 612
Net financial items*	-1 607	86	11	-1 517	- 43
Profit after net financial items	-1 330	463	421	-127	1 569
Appropriations	318	-128	-81	-97	- 486
Profit before tax	-1 012	335	340	-224	1 083
Tax	-128	-71	-97	-324	- 314
Profit for the period	-1 139	265	243	-548	769

* Net financial items include result from hedging equity in foreign subsidiaries. In the Group, this result is stated directly against equity.

Balance sheet, MSEK	2007	2006
	31 Dec	31 Dec
Fixed assets	18 439	17 268
Current assets	6 881	9 306
Total assets	25 321	26 574
Equity	10 435	11 697
Untaxed reserves	2 696	2 599
Provisions	911	935
Liabilities	11 279	11 343
Total equity and liabilities	25 321	26 574
Pledged assets	6	6
Contingent liabilities	790	858

The net financial items of the parent company Holmen AB include write-down of shares of MSEK 1 500 as a consequence of write-down of goodwill and fixed assets made in Group companies during the fourth quarter of 2007.

During 2007 the parent company has converted short-term internal loans to Group companies into equity, as a result of which fixed assets increased by MSEK 4 138 and current assets declined by the same amount.

The parent company's investments in fixed assets (excluding shares) amounted to MSEK 36 (28) for 2007.

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The Group

Quarterly figures, MSEK	2007					2006				
	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year
Income statement										
Net turnover	5 073	4 637	4 662	4 787	19 159	4 830	4 521	4 661	4 579	18 592
Operating costs	-4 261	-3 666	-3 802	-3 818	-15 548	-3 894	-3 582	-3 843	-3 634	-14 954
Depreciation according to plan	-337	-332	-332	-336	-1 337	-344	-330	-336	-336	-1 346
Interest in earnings of associated companies	7	3	1	1	12	-3	0	3	10	11
Items affecting comparability *	557	-	-	-	557	-	-	-	-	-
Operating profit	1 039	642	529	634	2 843	590	610	485	619	2 303
Net financial items	-66	-68	-65	-62	-261	-60	-66	-63	-57	-247
Profit before tax	974	573	464	571	2 582	529	543	422	562	2 056
Tax	-633	-135	-135	-174	-1 077	-160	-162	-119	-156	-597
Profit for the period	341	438	329	397	1 505	369	382	303	406	1 459
Earnings per share, SEK	4.0	5.2	3.9	4.7	17.8	4.4	4.5	3.6	4.8	17.2
Net turnover										
Holmen Paper	2 798	2 556	2 461	2 530	10 345	2 654	2 547	2 576	2 364	10 140
Iggesund Paperboard	1 239	1 239	1 297	1 326	5 100	1 316	1 294	1 291	1 339	5 240
Holmen Timber	151	124	164	149	589	129	105	119	112	465
Holmen Skog	1 335	1 074	1 200	1 165	4 775	1 067	880	1 019	1 076	4 042
Holmen Energi	462	352	344	433	1 590	445	395	360	491	1 691
Intra-group sales	-911	-708	-804	-815	-3 239	-781	-699	-704	-803	-2 986
Group	5 073	4 637	4 662	4 787	19 159	4 830	4 521	4 661	4 579	18 592
Operating profit										
Holmen Paper	107	241	115	160	623	95	245	185	229	754
Iggesund Paperboard	100	115	178	206	599	209	210	157	176	752
Holmen Timber	37	35	43	32	146	27	17	20	16	80
Holmen Skog	192	145	209	155	702	208	156	128	151	643
Holmen Energi	73	40	45	114	272	87	-10	33	87	197
Group central costs and other	-27	66	-61	-34	-56	-37	-8	-38	-40	-123
Items affecting comparability *	557	-	-	-	557	-	-	-	-	-
Group	1 039	642	529	634	2 843	590	610	485	619	2 303
Operating margin, % **										
Holmen Paper	3.6	9.4	4.7	6.3	5.9	3.7	9.6	7.1	9.2	7.3
Iggesund Paperboard	8.1	9.3	13.7	15.6	11.7	15.9	16.2	12.1	13.1	14.3
Holmen Timber	24.0	27.5	25.8	20.8	24.4	20.8	16.0	16.0	14.2	16.9
Group	9.4	13.8	11.3	13.2	11.9	12.3	13.5	10.3	13.3	12.3
Return on operating capital, % **										
Holmen Paper	3.7	8.2	3.9	5.5	5.3	3.3	8.1	6.1	7.7	6.3
Iggesund Paperboard	9.6	11.1	17.4	20.6	14.6	21.1	21.0	15.5	17.6	18.8
Holmen Timber	56.7	61.4	79.3	59.6	63.9	53.1	33.2	37.0	29.3	37.9
Holmen Skog	8.4	6.4	9.2	6.9	7.7	9.3	7.0	5.8	6.8	7.2
Holmen Energi	9.9	5.4	6.1	15.5	9.2	11.8	-1.4	4.5	11.7	6.7
Group	6.9	9.3	7.7	9.4	8.3	8.6	8.7	6.9	8.9	8.3
Key figures										
Return on capital employed, %	8.4	11.2	9.2	11.1	10.0	10.4	10.6	8.3	10.8	10.0
Return on equity, %	8.1	10.6	8.2	9.7	9.2	9.0	9.5	7.5	10.0	9.0
Deliveries										
Newsprint and magazine paper, 1 000 tonnes	555	503	477	489	2 025	533	505	511	472	2 021
Paperboard, 1 000 tonnes	127	125	130	134	516	132	136	131	137	536
Sawn timber, 1 000 m ³	64	53	74	72	262	65	55	66	62	248

* Items affecting comparability relate to a write-down of MSEK 569 in goodwill and of MSEK 1 034 in tangible fixed assets within Holmen Paper, a reversed write-down of MSEK 60 within Holmen Timber, and a positive revaluation of forests by MSEK 2 100 within Holmen Skog, all of which were taken into the accounts in the fourth quarter of 2007.

** Excl. items affecting comparability.

Year-end Report for 2007

The Group

Full year review, MSEK	2007	2006	2005	2004	2003	2002	2001
Income statement							
Net turnover	19 159	18 592	16 319	15 653	15 816	16 081	16 655
Operating costs	-15 548	-14 954	-13 205	-12 570	-12 306	-12 205	-12 460
Depreciation according to plan	-1 337	-1 346	-1 167	-1 156	-1 166	-1 153	-1 126
Interest in earnings of associated companies	12	11	20	25	-6	-10	-3
Items affecting comparability *	557	-	-	-	-	-	-620
Operating profit	2 843	2 303	1 967	1 952	2 338	2 713	2 446
Net financial items	-261	-247	-233	-206	-212	-149	-152
Profit before tax	2 582	2 056	1 734	1 746	2 126	2 564	2 294
Tax	-1 077	-597	-478	-471	-675	-605	-108
Profit for the year	1 505	1 459	1 256	1 275	1 451	1 959	2 186
Operating profit by business area							
Holmen Paper	623	754	631	487	747	1 664	2 410
Iggesund Paperboard	599	752	626	809	1 001	818	455
Holmen Timber	146	80	13	5	18	-6	-79
Holmen Skog	702	643	537	586	516	450	455
Holmen Energi	272	197	301	178	193	-26	49
Group central costs	-56	-123	-141	-113	-137	-187	-224
Items affecting comparability *	557	-	-	-	-	-	-620
Group	2 843	2 303	1 967	1 952	2 338	2 713	2 446
Balance sheet							
Fixed assets	26 261	25 354	25 793	23 381	20 940	21 357	19 150
Current assets	6 549	6 138	5 709	5 149	4 743	4 922	5 366
Financial receivables	433	649	712	459	675	688	432
Total assets	33 243	32 141	32 214	28 989	26 358	26 967	24 948
Equity	16 932	16 636	16 007	15 635	15 366	15 185	14 072
Deferred tax liability	5 482	5 030	5 143	5 177	4 557	4 370	4 014
Financial liabilities	6 518	6 634	7 351	5 335	4 044	4 496	3 593
Operating liabilities	4 310	3 841	3 713	2 842	2 391	2 916	3 269
Total equity and liabilities	33 243	32 141	32 214	28 989	26 358	26 967	24 948
Cash flow							
Current operations	2 476	2 358	2 471	2 331	2 443	3 498	3 786
Investment activities	-1 315	-947	-3 029	-1 195	-726	-1 810	-1 669
Cash flow after capital expenditure	1 161	1 411	-558	1 136	1 717	1 688	2 117
Key ratios							
Return on capital employed, %	10	10	9	10	12	16	18
Return on equity, %	9	9	8	8	10	14	16
Debt/equity ratio	0.35	0.36	0.41	0.31	0.22	0.25	0.22
Earnings per share, SEK	17.8	17.2	14.8	15.1	17.5	23.6	26.4
Ordinary dividend, SEK	12 **	12	11	10	10	11	10
Extra dividend, SEK	-	-	-	-	30	-	-

* Items affecting comparability relate to a write-down of MSEK 569 in goodwill and of MSEK 1 034 in tangible fixed assets within Holmen Paper, a reversed write-down of MSEK 60 within Holmen Timber, and a positive revaluation of forests by MSEK 2 100 within Holmen Skog, all of which were taken into the accounts in the fourth quarter of 2007.

** Proposed dividend.

Stated in accordance with IFRS from 2004. As far as Holmen is concerned, the principal difference between IFRS and previous accounting principles is that forest assets are valued and stated in the accounts at fair value, that goodwill is no longer depreciated according to plan, and that the fair value of financial assets and liabilities that are hedged are taken into the balance sheet.

Year-end Report for 2007

Holmen in brief

Holmen is a forest products industry group with the capacity to produce 2.7 million tonnes of paper and paperboard per year. Europe, which accounts for some 90% of the Group's turnover, is by far the largest market.

The business area Holmen Paper produces paper for the printing of daily newspapers, magazines, directories and advertising matter at three Swedish mills and one Spanish mill. Iggesund Paperboard produces board for packaging and graphic purposes at one Swedish and one English mill. Holmen Timber produces sawn timber at one Swedish sawmill. Holmen Skog manages the Group's one million hectares of forests and the annual volume harvested in company forests is some 2.5 million cubic metres. Holmen's annual wood consumption is some 4.9 million cubic metres. Holmen Energi produces in a normal year some 1 100 GWh of electric power at wholly and partly owned hydro power stations in Sweden. Over and above this back pressure power of some 500 GWh is generated at the mills. Holmen's annual power consumption is around 5 100 GWh.

Press and analysts conference and teleconference

In connection with the publication of the year-end report for 2007 a press and analysts conference will be held at 15.00 hrs CET on Wednesday 6 February in Strindbergssalen, Berns Conference Centre, Berzelii Park, Stockholm. The conference can also be accessed via Holmen's website www.holmen.com and/or by telephone, in which case the call should be placed by no later than 14.55 hrs CET on +46 (0)8 505 201 10 (Sweden) or +44 (0)20 7162 0025 (rest of Europe).

A teleconference will be held in English at 16.30 hrs CET. It can be accessed via Holmen's website www.holmen.com and/or by telephone on +44 (0) 20 7162 0025 (Europe) or +1 334 323 6201 (US). The call should be placed by no later than 16.25 hrs CET.

Annual Report 2007

The annual report for 2007 will be posted in week 11, 2008 to shareholders who have notified the company that they wish to receive it. Financial information may also be ordered via the company's website under Publications or by shareholders under Shareholder Service. The annual report will also be available at the company's head office.

Annual General Meeting 2008

Annual General Meeting 2008 will be held on Wednesday 2 April at 16.00 hrs CET in Vinterträdgården, Grand Hôtel, Stallgatan, Stockholm.

Shareholders who wish to have a matter considered at the Annual General Meeting must submit a written request to the Board sufficiently far in advance that the matter can be included in the notice of the meeting. The request must be addressed to the Board, Holmen AB, Group Legal Affairs, P.O. Box 5407, SE-114 84 Stockholm and be received by 13 February 2008 at the latest in order to be definitely included in the notice of the meeting.

Financial reports and Annual General Meeting in 2008

Week 11	Annual Report for 2007
2 April	Annual General Meeting 2008
8 May	Interim Report, January–March (date has been changed from 7 May)
13 August	Interim Report, January–June
12 November	Interim Report, January–September

In its capacity as issuer, Holmen AB is releasing the information in this year-end report for 2007 in accordance with Chapter 17 of the Swedish law (2007:528) regarding the securities market. The information was distributed to the media for publication at 01.40 p.m. CET on Wednesday 6 February 2008.