

# Year-end Report for 2008

MSEK	Quarter			Full year	
	4-08	3-08	4-07	2008	2007
Net turnover	<b>5 043</b>	4 591	5 073	<b>19 334</b>	19 159
Operating profit*	<b>284</b>	64	1 039	<b>1 051</b>	2 843
Operating profit excl. items affecting comparability	<b>284</b>	362	482	<b>1 412</b>	2 286
Profit after tax	<b>271</b>	-24	341	<b>642</b>	1 505
Earnings per share (after dilution), SEK	<b>3.2</b>	-0.3	4.0	<b>7.6</b>	17.8
Return on equity, %	<b>6.9</b>	-0.6	8.1	<b>3.9</b>	9.2

\* Items affecting comparability of cost MSEK 361 are included in the result for 2008.  
In 2007 items affecting comparability amounted to a profit of MSEK 557.

- The Group's net turnover for 2008 amounted to MSEK 19 334 (2007: 19 159).
- Profit after tax was MSEK 642 (1 505).
- Earnings per share after dilution amounted to SEK 7.6 (17.8). The return on equity was 3.9 percent (9.2).
- The Board proposes a dividend of SEK 9 (12) per share.
- The operating profit was MSEK 1 051 (2 843). This figure includes net costs affecting comparability of MSEK 361 (profit 557) mainly due to closures of production facilities during the year.

The operating profit excluding items affecting comparability amounted to MSEK 1 412 (2 286). The decline in the result is mainly due to lower newsprint and sawn timber prices, and the higher cost of wood and other input goods.

- The operating profit excluding items affecting comparability for the fourth quarter amounted to MSEK 284 which was MSEK 78 lower than for the third quarter. The deterioration in the result is mainly attributable to a decline in the result for Iggesund Paperboard and seasonally higher personnel and maintenance costs.
- Demand for newsprint in Europe was 3 percent lower in 2008 than in the previous year. However, the balance between supply and demand was relatively favourable, as a result of significant capacity reductions and higher exports from and lower imports into Europe.

Deliveries of virgin fibre board from European producers to Europe declined by 2 percent in 2008. Prices were increased in Europe during the second half of the year.

# Year-end Report for 2008

<b>Holmen Paper</b>	Quarter			Full Year	
MSEK	4-08	3-08	4-07	2008	2007
Net turnover	2 854	2 517	2 798	10 443	10 345
Operating costs	-2 617	-2 213	-2 464	-9 268	-8 808
Depreciation according to plan	-217	-225	-226	-896	-914
Items affecting comparability *	-	-298	-1 603	-361	-1 603
Operating profit	20	-218	-1 496	-81	-980
<i>Operating profit excl. items affecting comparability *</i>	20	80	107	280	623
Capital expenditure	108	150	113	681	584
Operating capital	10 237	9 729	9 971	10 237	9 971
Operating margin, % **	1	3	4	3	6
Return on operating capital, % **	1	3	4	3	5
Production, 1 000 tonnes	500	515	523	2 033	2 034
Deliveries, 1 000 tonnes	539	493	555	2 044	2 025

\* Items affecting comparability in 2008 relate to provisions of costs due to the closure of Wargön Mill of MSEK 298 and a cost of MSEK 115 for the closure of PM 2 at Hallsta Paper Mill. An income of MSEK 52 corresponds to the effects on the result of the fire at Braviken Paper Mill. Items affecting comparability in 2007 relate to a write-down of goodwill of MSEK 569 and tangible fixed assets of MSEK 1 034.

\*\* Excl. items affecting comparability.

Demand for newsprint in Europe was 3 percent lower in 2008 than in the previous year. However, the balance between supply and demand was relatively favourable, as a result of significant capacity reductions and higher exports from and lower imports into Europe. The price negotiations for 2009 have not yet been concluded.

Deliveries of MF Magazine to Europe were 1 percent lower in 2008 than in 2007, whilst deliveries of SC Paper to Europe rose by 6 percent.

Holmen Paper's deliveries rose by 1 percent in relation to 2007. Deliveries were some 9 percent higher compared with the third quarter, while production declined as a result of capacity closures. The prices of Holmen Paper's products were on average approximately 1 percent lower than during the previous year.

Holmen Paper's operating profit excluding items affecting comparability for 2008 amounted to MSEK 280 (623). The deterioration in the result was due to lower selling prices and the higher cost of input goods, mainly wood and energy. However, higher volumes and lower maintenance costs had a favourable effect on the result.

The fourth quarter operating profit excluding items affecting comparability deteriorated by MSEK 60 to MSEK 20 compared to the third quarter. This is due to seasonally higher personnel and maintenance costs, effects of closing down paper machines, and higher costs of wood and energy. An improvement in the sales mix had a favourable effect on the result.

Items affecting comparability amounted to a cost of MSEK 361 for 2008. They relate to a provision of MSEK 298 for the closure of Wargön Mill, a provision of MSEK 115 to cover the cost of closing down a paper machine at Hallsta Paper Mill and net insurance compensation of 52 MSEK following the fire at Braviken.

Production ceased at Wargön Mill in December as a consequence of the decision to close the mill made in August 2008.

As of November production was discontinued on Hallsta Paper Mill's machine PM 2 and the recovered paper line.

# Year-end Report for 2008

<b>Iggesund Paperboard</b> MSEK	Quarter			Full Year	
	4-08	3-08	4-07	2008	2007
Net turnover	<b>1 194</b>	1 210	1 239	<b>4 860</b>	5 100
Operating costs	<b>-1 085</b>	-990	-1 046	<b>-4 173</b>	-4 147
Depreciation according to plan	<b>-93</b>	-92	-92	<b>-368</b>	-355
Operating profit	<b>16</b>	127	100	<b>320</b>	599
Capital expenditure	<b>98</b>	102	260	<b>328</b>	689
Operating capital	<b>4 254</b>	4 227	4 180	<b>4 254</b>	4 180
Operating margin, %	<b>1</b>	11	8	<b>7</b>	12
Return on operating capital, %	<b>2</b>	12	10	<b>8</b>	15
Production, paperboard, 1 000 tonnes	<b>113</b>	128	127	<b>491</b>	513
Deliveries, paperboard, 1 000 tonnes	<b>115</b>	124	127	<b>494</b>	516

Deliveries of virgin fibre board from European producers to Europe declined by 2 percent in 2008. Fourth quarter deliveries were low, which resulted in adjustments to production.

Iggesund's deliveries in 2008 amounted to 494 000 tonnes, which was 4 percent lower than in the previous year. As a consequence of lower demand towards the end of the year, fourth quarter deliveries declined by 7 percent in relation to the third quarter. Price increases were implemented in Europe during the second half of 2008 for both solid bleached board and folding boxboard in the packaging and graphic segments.

Iggesund's operating profit for 2008 amounted to MSEK 320 (599). The decline is due to lower production and deliveries, and higher costs of wood and other input goods. Higher selling prices had a positive impact on the result.

The fourth quarter operating profit declined by MSEK 111 to MSEK 16 compared to the third quarter. Weaker demand resulted in lower deliveries and poorer productivity, which resulted in an increase in costs. Prices of input goods continued to increase, at the same time as fixed costs were higher owing to seasonal factors.

<b>Holmen Timber</b> MSEK	Quarter			Full Year	
	4-08	3-08	4-07	2008	2007
Net turnover	<b>109</b>	116	151	<b>499</b>	589
Operating costs	<b>-107</b>	-109	-108	<b>-452</b>	-420
Depreciation according to plan	<b>-9</b>	-9	-6	<b>-34</b>	-23
Item affecting comparability *	-	-	60	-	60
Operating profit	<b>-7</b>	-1	97	<b>13</b>	206
Capital expenditure	<b>-11</b>	5	39	<b>21</b>	63
Operating capital	<b>366</b>	369	345	<b>366</b>	345
Operating margin, % **	<b>-7</b>	-2	24	<b>2</b>	24
Return on operating capital, % **	<b>-8</b>	-1	57	<b>4</b>	64
Production, 1 000 m <sup>3</sup>	<b>72</b>	72	73	<b>279</b>	272
Deliveries, 1 000 m <sup>3</sup>	<b>63</b>	66	64	<b>266</b>	262

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

\*\* Excl. items affecting comparability.

The market for sawn timber products weakened in 2008, with a further deterioration in the fourth quarter. Prices have continued to fall.

Holmen Timber's operating profit for 2008 amounted to MSEK 13 (146, excluding items affecting comparability in 2007). The deterioration in the result is mainly due to lower prices.

The fourth quarter operating profit deteriorated by MSEK 6 to a loss of MSEK 7 compared to the third quarter owing to lower prices.

The planning process continues for the new sawmill at Braviken Paper Mill in Norrköping and production is planned to start at the end of 2010.

# Year-end Report for 2008

<b>Holmen Skog</b>	Quarter			Full Year	
MSEK	4-08	3-08	4-07	2008	2007
Net turnover	1 365	1 208	1 335	5 443	4 775
Operating costs	-1 151	-1 075	-1 118	-4 769	-4 136
Depreciation according to plan	-9	-6	-7	-26	-26
Earnings from operations	205	127	210	648	613
Change in value of forests	-26	23	-18	-16	89
Item affecting comparability *	-	-	2 100	-	2 100
Operating profit	179	150	2 292	632	2 802
Capital expenditure	9	10	63	47	79
Operating capital	11 415	11 378	11 264	11 415	11 264
Return on operating capital, % **	6	5	8	6	8
Harvesting company forests, 1 000 m <sup>3</sup>	770	631	728	2 649	2 575

\* 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 2008 amounted to MSEK 632 (2 802). The figure includes a negative change of MSEK 16 (profit 2 189) in the value of the company's forests calculated in accordance with IAS 41. Earnings from operations (the result before changes in the value of forests) increased by MSEK 35 to MSEK 648 as a consequence of higher wood prices, whereas harvesting and silviculture costs increased.

The fourth quarter earnings from operations increased by MSEK 78 to MSEK 205 compared to the third quarter. This is mainly explained by a higher level of harvesting, as well as seasonally lower silviculture costs. The change in the value of the company's forests amounted to cost MSEK 26 (profit 23).

<b>Holmen Energi</b>	Quarter			Full Year	
MSEK	4-08	3-08	4-07	2008	2007
Net turnover	501	442	462	1 834	1 590
Operating costs	-386	-404	-384	-1 488	-1 300
Depreciation according to plan	-5	-5	-4	-19	-17
Operating profit	110	33	73	327	272
Capital expenditure	35	8	7	76	14
Operating capital	3 006	2 954	2 960	3 006	2 960
Return on operating capital, %	15	5	10	11	9
Production of hydro power, GWh	311	176	276	1 128	1 193

Holmen Energi's operating profit for 2008 amounted to MSEK 327 (272). The improvement in the result is largely explained by higher prices, while production was lower. In 2008, production was 1 percent higher than during a normal year. Water levels are still lower than normal.

The fourth quarter operating profit increased by MSEK 77 to MSEK 110 compared to the third quarter as a consequence of seasonally higher production and higher prices.

## Year-end Report for 2008

### **Net financial items and financing**

Net financial costs for 2008 amounted to MSEK 311 (cost 261). The change is mainly due to higher market interest rates.

The cash flow from current operations amounted to MSEK 1 660 and the cash flow from investment activities was MSEK 1 124. A dividend of MSEK 1 017 was paid during the year.

Since the beginning of last year the Group's financial net debt has increased by MSEK 1 527 to MSEK 7 504. Apart from the cash flow effect, the increase in net debt was largely a consequence of an actuarial revaluation of the Group's pension liabilities, as well as the effect of currency fluctuations on, and the revaluation of, loans. The debt/equity ratio at the end of 2008 was 0.48. The equity ratio was 45 percent.

Financial liabilities amounted to MSEK 8 332, of which MSEK 4 756 was short term. Liquid funds and financial receivables amounted to MSEK 828. The Group has long-term committed credit facilities of MSEK 6 568 (600 MEUR), of which MSEK 2 248 were utilised at the year-end and are stated under current financial liabilities.

### **Tax**

The Group's stated tax charge amounted to MSEK 98, which corresponds to 13 percent of the pre-tax profit. The reduction in the rate of Swedish corporate income tax to 26.3 percent as of 2009 has reduced Holmen's deferred tax liability. This has resulted in a tax income of MSEK 330 being taken into the accounts. Parallel to this the provision for possible tax costs resulting from tax litigations has been increased.

In a tax case relating to Holmen's French subsidiary the County Administrative Court decided in December 2008 in favour of the company. This outcome will not have any effect on the result. The decision has not yet come into legal effect.

### **Hedging of exchange rates and electricity prices**

The operating result for 2008 includes a loss from currency hedging of MSEK 336 (profit 38).

At the end of 2008 some 90 percent of the Group's estimated net flows in Euro for 2009 were hedged at an average exchange rate of 9.37, for 2010 some 70 percent have been hedged at an average exchange rate of 9.62 and for 2011 some 35 percent have been hedged at an average rate of 10.46. Some 60 percent of flows in dollar have been hedged for 2009 at an average rate of 7.97. Flows in sterling for the coming four months are hedged.

For the 2009-2012 period, the price of 100 percent of the Group's estimated net consumption of electricity in Sweden has been fully hedged, while some 85 percent has been hedged for the 2013-2015 period.

### **Capital expenditure**

The Group's capital expenditure in 2008 amounted to MSEK 1 160 (1 433). Depreciation according to plan amounted to MSEK 1 343 (1 337).

### **Employees**

The average number of employees in the Group was 4 829 (4 931).

### **Incentive scheme**

During the second quarter an incentive scheme for employees of the Holmen Group was introduced, whereby employees acquired, at market price, 758 300 call options on Series "B" shares in Holmen.

### **Share buy-back**

At the Annual General Meeting 2008 Holmen's shareholders renewed the Board's mandate to make decisions to buy back up to 10 percent of the company's shares.

Shares were bought back in the second quarter of 2008 to secure the company's undertaking pursuant to the incentive scheme. In total, 760 000 Series "B" shares have been bought back at an average price SEK 201.70.

The Board proposes that the Annual General Meeting to be held on 24 March 2009, mandate the Board to buy back and transfer up to 10 percent of the shares in the company.

## Year-end Report for 2008

### **Dividend**

The Board proposes that the Annual General Meeting to be held on 24 March 2009 resolve in favour of paying a dividend of SEK 9 per share.

It is proposed that 27 March 2009 will be the date of record for entitlement to dividend.

### **Nomination Committee proposals to the Annual General Meeting 2009**

Holmen's Nomination Committee proposes to the Annual General Meeting that Carl Bennet be elected to the Board.

Carl Bennet is former President and CEO of Getinge. He is now Chairman and principal shareholder in the listed companies Getinge and Elanders, and sole shareholder in Lifco, an industrial and commercial group. Carl Bennet is also Chairman of the University of Gothenburg, Deputy Chairman of Boliden and Board member of SSAB. Carl Bennet is member of governmental research committee.

The Nomination Committee also proposes re-election of the present Board members Fredrik Lundberg (who is also proposed for re-election as Chairman), Lilian Fossum, Magnus Hall, Carl Kempe, Curt Källströmer, Hans Larsson, Ulf Lundahl and Göran Lundin.

Bengt Pettersson is not available for re-election.

The Nomination Committee's other proposals will be presented in the notice to the Annual General Meeting.

For the period until the 2009 Annual General Meeting, Holmen's Nomination Committee has the following members: Per Welin, L E Lundbergföretagen, Alice Kempe, Kempe Foundations, Håkan Sandberg, Handelsbanken incl pension fund and Fredrik Lundberg, Chairman of the Board. The Chairman of the nomination committee is Per Welin.

### **Significant risks and uncertain 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. For a more detailed description of the risks and uncertainty factors see pages 26-27 and Note 26 in Holmen's annual report for 2007. The recent turbulence on financial markets has added to the uncertainty regarding economic developments.

### **Transactions with related parties**

There have been no transactions between Holmen and related parties that have had a significant effect on the company's financial position and result.

Stockholm, 5 February 2009  
Holmen AB (publ)

Magnus Hall  
President and CEO

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# Year-end Report for 2008

## Accounting principles

The year-end report for the Group is made up in accordance with IAS 34 Interim Reporting, the Annual Accounts Act and the Law regarding the securities market. For the parent company the year-end report is made up in accordance with the Annual Accounts Act and the Law regarding the securities market. 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	
	4-08	3-08	4-07	2008	2007
Net turnover	5 043	4 591	5 073	19 334	19 159
Other operating income	199	117	192	755	642
Change in inventory of finished products	-147	232	-97	106	62
Raw materials, goods for resale and consumables	-2 701	-2 765	-2 642	-10 929	-10 146
Personnel costs	-720	-760	-725	-2 965	-2 767
Other operating costs	-1 040	-998	-971	-3 885	-3 428
Depreciation according to plan	-333	-337	-337	-1 343	-1 337
Write-downs	-1	-56	-1 543	-57	-1 543
Change in value of biological assets	-26	23	2 082	-16	2 189
Interest in earnings of associated companies	10	16	7	50	12
<b>Operating profit</b>	<b>284</b>	<b>64</b>	<b>1 039</b>	<b>1 051</b>	<b>2 843</b>
Financial income	7	3	5	17	17
Financial costs	-96	-88	-71	-328	-279
<b>Profit before tax</b>	<b>195</b>	<b>-22</b>	<b>974</b>	<b>740</b>	<b>2 582</b>
Tax	76	-2	-633	-98	-1 077
<b>Profit for the period</b>	<b>271</b>	<b>-24</b>	<b>341</b>	<b>642</b>	<b>1 505</b>
Earnings per share, before dilution, SEK	3.2	-0.3	4.0	7.6	17.8
Earnings per share, after dilution, SEK	3.2	-0.3	4.0	7.6	17.8
Average number of shares, before dilution, (million)	84.0	84.0	84.8	84.3	84.8
Average number of shares, after dilution, (million)	84.0	84.0	84.8	84.3	84.8
Operating margin, % *	5.6	7.5	9.4	7.3	11.9
Return on capital employed, % *	4.9	6.3	8.4	6.1	10.0
Return on equity, %	6.9	-0.6	8.1	3.9	9.2

Account of stated income and costs, MSEK	Full year	
	2008	2007
<b>Income and costs stated direct in equity</b>		
Cash flow hedges		
Revaluation of derivatives stated in equity	-1 272	-209
Brought forward from equity to the income statement	309	-34
Brought forward from equity to fixed assets	-1	2
Actuarial gains and losses related to pensions, including payroll tax	-169	61
Translation difference on foreign operation	445	-29
Hedge of currency risk in foreign operation	-541	-33
Tax attributable to items stated direct in equity	452	51
<b>Total stated direct in equity</b>	<b>-778</b>	<b>-192</b>
<b>Profit for the period stated in the income statement</b>	<b>642</b>	<b>1 505</b>
<b>Total stated income and costs</b>	<b>-135</b>	<b>1 314</b>
<b>Other changes in equity</b>		
Dividend paid to the parent company's shareholders	-1 017	-1 017
Buy-back / sale of own shares etc. **	-138	-
<b>Total change in equity</b>	<b>-1 291</b>	<b>297</b>

\* Excl. items affecting comparability.

\*\* Consists of buy-back of own shares (cost MSEK 153) and received premiums of issued call options (MSEK 15) related to an incentive scheme.



# Year-end Report for 2008

## The Group

<b>Balance sheet, MSEK</b>	<b>2008</b>	<b>2007</b>
	<b>31 December</b>	<b>31 December</b>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible fixed assets	106	42
Tangible fixed assets	13 142	12 984
Biological assets	11 080	11 073
Shares in associated companies	1 824	1 745
Other shares and participations	11	7
Long-term financial receivables	87	108
Deferred tax receivables	342	301
<b>Total fixed assets</b>	<b>26 593</b>	<b>26 261</b>
<b>Current assets</b>		
Inventories	3 434	3 063
Short-term operating receivables	3 833	3 485
Short-term financial receivables	88	39
Liquid funds	653	394
<b>Total current assets</b>	<b>8 009</b>	<b>6 982</b>
<b>Total assets</b>	<b>34 602</b>	<b>33 243</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>15 641</b>	<b>16 932</b>
<b>Long-term liabilities</b>		
Long-term financial liabilities	3 223	2 452
Deferred tax liabilities	4 819	5 482
Pension provisions	354	247
Other provisions	1 080	658
<b>Total long-term liabilities</b>	<b>9 475</b>	<b>8 840</b>
<b>Short-term liabilities</b>		
Short-term financial liabilities	4 756	3 819
Operating liabilities	4 730	3 652
<b>Total short-term liabilities</b>	<b>9 486</b>	<b>7 471</b>
<b>Total liabilities</b>	<b>18 960</b>	<b>16 311</b>
<b>Total equity and liabilities</b>	<b>34 602</b>	<b>33 243</b>
Debt/equity ratio	0.48	0.35
Equity ratio, %	45.2	50.9
Operating capital	27 623	28 090
Capital employed	23 146	22 909
Financial net debt	7 504	5 977
Pledged assets	25	100
Contingent liabilities	671	915



# Year-end Report for 2008

## The Group

<b>Cash flow analysis, MSEK</b>	Full year	
	<b>2008</b>	<b>2007</b>
<b>Current operations</b>		
Profit before tax	<b>740</b>	2 582
Adjustments for items not included in cash flow *	<b>1 797</b>	629
Paid income tax	<b>-192</b>	-390
<b>Cash flow from current operations before changes in working capital</b>	<b>2 345</b>	2 821
Cash flow from changes in working capital		
Change in inventories	<b>-373</b>	-457
Change in operating receivables	<b>-40</b>	-213
Change in operating liabilities	<b>-273</b>	325
<b>Cash flow from current operations</b>	<b>1 660</b>	2 476
<b>Investment activities</b>		
Acquisition of fixed assets	<b>-1 160</b>	-1 434
Sale of fixed assets	<b>37</b>	119
<b>Cash flow from investment activities</b>	<b>-1 124</b>	-1 315
<b>Financing activities</b>		
Change in financial liabilities and receivables	<b>866</b>	-236
Buy-back / sale of own shares etc. **	<b>-138</b>	-
Dividend paid to the parent company's shareholders	<b>-1 017</b>	-1 017
<b>Cash flow from financing activities</b>	<b>-289</b>	-1 253
<b>Cash flow for the period</b>	<b>247</b>	-91
Opening liquid funds	<b>394</b>	484
Currency difference in liquid funds	<b>12</b>	1
<b>Closing liquid funds</b>	<b>653</b>	394

<b>Change in financial net debt, MSEK</b>	Full year	
	<b>2008</b>	<b>2007</b>
Opening financial net debt	<b>-5 977</b>	-5 985
Cash flow		
Current operations	<b>1 660</b>	2 476
Investment activities	<b>-1 124</b>	-1 315
Buy-back / sale of own shares etc. **	<b>-138</b>	-
Dividend paid	<b>-1 017</b>	-1 017
Actuarial revaluation of pension provision	<b>-162</b>	61
Currency effects and changes in fair value	<b>-746</b>	-197
<b>Closing financial net debt</b>	<b>-7 504</b>	-5 977

<b>Share structure</b>			
<b>Share</b>	<b>Votes</b>	<b>Number of shares</b>	<b>Number of votes</b>
A	10	22 623 234	226 232 340
B	1	<u>62 132 928</u>	<u>62 132 928</u>
Total number of shares		84 756 162	288 365 268
Holding of own B-shares		-760 000	-760 000
Total number of shares in issue		83 996 162	287 605 268
Issued call options, B-shares (maturity 2013)		758 300	

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

\*\* Consists of buy-back of own shares (cost MSEK 153) and received premiums of issued call options (MSEK 15) related to an incentive scheme.

# Year-end Report for 2008

## The Parent Company

Income statement, MSEK	Quarter			Full year	
	4-08	3-08	4-07	2008	2007
Operating income	3 907	3 512	3 958	14 978	14 735
Operating costs	-3 932	-3 532	-3 680	-14 792	-13 345
<b>Operating profit</b>	<b>- 25</b>	<b>- 21</b>	<b>277</b>	<b>186</b>	<b>1 390</b>
Net financial items	- 490	- 203	-1 607	- 761	-1 517
<b>Profit after net financial items</b>	<b>-515</b>	<b>-224</b>	<b>-1 330</b>	<b>-575</b>	<b>-127</b>
Appropriations	36	76	318	-56	-97
<b>Profit before tax</b>	<b>-479</b>	<b>-147</b>	<b>-1 012</b>	<b>-630</b>	<b>-224</b>
Tax	165	36	-128	195	-324
<b>Profit for the period</b>	<b>-314</b>	<b>-111</b>	<b>-1 139</b>	<b>-436</b>	<b>-548</b>

Balance sheet, MSEK	2008	2007
	31 December	31 December
Fixed assets	20 963	18 439
Current assets	6 140	6 881
<b>Total assets</b>	<b>27 103</b>	<b>25 321</b>
Restricted equity	5 915	5 915
Non-restricted equity	2 553	4 520
Untaxed reserves	2 751	2 696
Provisions	1 031	911
Liabilities	14 853	11 279
<b>Total equity and liabilities</b>	<b>27 103</b>	<b>25 321</b>
Pledged assets	6	6
Contingent liabilities	766	790

Of the net turnover for 2008, sales to Group companies amounted to MSEK 134 (89).

Net financial items include the result on the hedging of foreign subsidiaries' equity, which amounted to cost MSEK 541 (cost 33). In the consolidated financial statements this result is taken direct against equity. Net financial items for

2007 include a write-down of MSK 1 508 in the value of shareholdings.

In 2008 the parent company's capital expenditures in tangible and intangible fixed assets amounted to MSEK 57 (36).

# Year-end Report for 2008

## The Group

Quarterly figures, MSEK	2008					2007				
	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year
<b>Income statement</b>										
Net turnover	5 043	4 591	4 826	4 875	19 334	5 073	4 637	4 662	4 787	19 159
Operating costs	-4 437	-3 909	-4 178	-4 107	-16 630	-4 261	-3 666	-3 802	-3 818	-15 548
Depreciation according to plan	-333	-337	-339	-334	-1 343	-337	-332	-332	-336	-1 337
Interest in earnings of associated companies	10	16	12	12	50	7	3	1	1	12
Items affecting comparability *	-	-298	-63	-	-361	557	-	-	-	557
<b>Operating profit</b>	<b>284</b>	<b>64</b>	<b>257</b>	<b>446</b>	<b>1 051</b>	<b>1 039</b>	<b>642</b>	<b>529</b>	<b>634</b>	<b>2 843</b>
Net financial items	-89	-85	-73	-64	-311	-66	-68	-65	-62	-261
<b>Profit before tax</b>	<b>195</b>	<b>-22</b>	<b>185</b>	<b>383</b>	<b>740</b>	<b>974</b>	<b>573</b>	<b>464</b>	<b>571</b>	<b>2 582</b>
Tax	76	-2	-61	-111	-98	-633	-135	-135	-174	-1 077
<b>Profit for the period</b>	<b>271</b>	<b>-24</b>	<b>124</b>	<b>271</b>	<b>642</b>	<b>341</b>	<b>438</b>	<b>329</b>	<b>397</b>	<b>1 505</b>
Earnings per share, after dilution, SEK	3.2	-0.3	1.5	3.2	7.6	4.0	5.2	3.9	4.7	17.8
<b>Net turnover</b>										
Holmen Paper	2 854	2 517	2 547	2 525	10 443	2 798	2 556	2 461	2 530	10 345
Iggesund Paperboard	1 194	1 210	1 219	1 237	4 860	1 239	1 239	1 297	1 326	5 100
Holmen Timber	109	116	124	149	499	151	124	164	149	589
Holmen Skog	1 365	1 208	1 433	1 436	5 443	1 335	1 074	1 200	1 165	4 775
Holmen Energi	501	442	392	499	1 834	462	352	344	433	1 590
Intra-group sales	-980	-902	-890	-972	-3 745	-911	-708	-804	-815	-3 239
<b>Group</b>	<b>5 043</b>	<b>4 591</b>	<b>4 826</b>	<b>4 875</b>	<b>19 334</b>	<b>5 073</b>	<b>4 637</b>	<b>4 662</b>	<b>4 787</b>	<b>19 159</b>
<b>Operating profit</b>										
Holmen Paper	20	80	100	80	280	107	241	115	160	623
Iggesund Paperboard	16	127	61	116	320	100	115	178	206	599
Holmen Timber	-7	-1	-2	23	13	37	35	43	32	146
Holmen Skog	179	150	152	151	632	192	145	209	155	702
Holmen Energi	110	33	58	125	327	73	40	45	114	272
Group central costs and other	-34	-27	-49	-49	-159	-27	66	-61	-34	-56
Items affecting comparability *	-	-298	-63	-	-361	557	-	-	-	557
<b>Group</b>	<b>284</b>	<b>64</b>	<b>257</b>	<b>446</b>	<b>1 051</b>	<b>1 039</b>	<b>642</b>	<b>529</b>	<b>634</b>	<b>2 843</b>
<b>Operating margin, % **</b>										
Holmen Paper	0.7	3.2	3.9	2.7	2.7	3.6	9.4	4.7	6.3	5.9
Iggesund Paperboard	1.4	10.5	5.0	9.3	6.6	8.1	9.3	13.7	15.6	11.7
Holmen Timber	-7.0	-2.0	-2.0	14.7	1.9	24.0	27.5	25.8	20.8	24.4
<b>Group</b>	<b>5.6</b>	<b>7.9</b>	<b>6.6</b>	<b>9.1</b>	<b>7.3</b>	<b>9.5</b>	<b>13.8</b>	<b>11.3</b>	<b>13.2</b>	<b>11.9</b>
<b>Return on operating capital, % **</b>										
Holmen Paper	0.8	3.2	4.0	3.2	2.8	3.7	8.2	3.9	5.5	5.3
Iggesund Paperboard	1.5	12.1	5.8	11.1	7.5	9.6	11.1	17.4	20.6	14.6
Holmen Timber	-7.9	-1.3	-2.1	26.2	3.5	56.7	61.4	79.3	59.6	63.9
Holmen Skog	6.3	5.3	5.4	5.3	5.6	8.4	6.4	9.2	6.9	7.7
Holmen Energi	14.8	4.5	7.9	16.9	11.1	9.9	5.4	6.1	15.5	9.2
<b>Group</b>	<b>4.1</b>	<b>5.1</b>	<b>4.5</b>	<b>6.4</b>	<b>5.0</b>	<b>6.9</b>	<b>9.3</b>	<b>7.7</b>	<b>9.4</b>	<b>8.3</b>
<b>Key ratios</b>										
Return on capital employed, % **	4.9	6.3	5.6	7.8	6.1	8.4	11.2	9.2	11.1	10.0
Return on equity, %	6.9	-0.6	3.0	6.4	3.9	8.1	10.6	8.2	9.7	9.2
<b>Deliveries</b>										
Newsprint and magazine paper, 1 000 tonnes	539	493	508	503	2 044	555	503	477	489	2 025
Paperboard, 1 000 tonnes	115	124	127	127	494	127	125	130	134	516
Sawn timber, 1 000 m <sup>3</sup>	63	66	66	72	266	64	53	74	72	262

\* Item affecting comparability in the third quarter of 2008 relates to a provision of costs for the closure of Wargön Mill of MSEK 298. The second quarter figure includes a cost of MSEK 115 for the closure of PM 2 at Hallsta Paper Mill and income of MSEK 52, corresponding to the effects on the result of the fire at Braviken Paper Mill. Items affecting comparability of 2007 relate to a write-down of 1 603 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.

\*\* Excl. items affecting comparability.

# Year-end Report for 2008

## The Group

Full year review, MSEK	2008	2007	2006	2005	2004	2003	2002	2001
<b>Income statement</b>								
Net turnover	19 334	19 159	18 592	16 319	15 653	15 816	16 081	16 655
Operating costs	-16 630	-15 548	-14 954	-13 205	-12 570	-12 306	-12 205	-12 460
Depreciation according to plan	-1 343	-1 337	-1 346	-1 167	-1 156	-1 166	-1 153	-1 126
Interest in earnings of associated companies	50	12	11	20	25	-6	-10	-3
Items affecting comparability *	-361	557	-	-	-	-	-	-620
<b>Operating profit</b>	<b>1 051</b>	<b>2 843</b>	<b>2 303</b>	<b>1 967</b>	<b>1 952</b>	<b>2 338</b>	<b>2 713</b>	<b>2 446</b>
Net financial items	-311	-261	-247	-233	-206	-212	-149	-152
<b>Profit before tax</b>	<b>740</b>	<b>2 582</b>	<b>2 056</b>	<b>1 734</b>	<b>1 746</b>	<b>2 126</b>	<b>2 564</b>	<b>2 294</b>
Tax	-98	-1 077	-597	-478	-471	-675	-605	-108
<b>Profit for the year</b>	<b>642</b>	<b>1 505</b>	<b>1 459</b>	<b>1 256</b>	<b>1 275</b>	<b>1 451</b>	<b>1 959</b>	<b>2 186</b>
Earnings per share, after dilution, SEK	7.6	17.8	17.2	14.8	15.1	17.5	23.6	26.4
<b>Operating profit by business area</b>								
Holmen Paper	280	623	754	631	487	747	1 664	2 410
Iggesund Paperboard	320	599	752	626	809	1 001	818	455
Holmen Timber	13	146	80	13	5	18	-6	-79
Holmen Skog	632	702	643	537	586	516	450	455
Holmen Energi	327	272	197	301	178	193	-26	49
Group central costs	-159	-56	-123	-141	-113	-137	-187	-224
Items affecting comparability *	-361	557	-	-	-	-	-	-620
<b>Group</b>	<b>1 051</b>	<b>2 843</b>	<b>2 303</b>	<b>1 967</b>	<b>1 952</b>	<b>2 338</b>	<b>2 713</b>	<b>2 446</b>
<b>Balance sheet</b>								
Fixed assets	26 506	26 153	25 354	25 793	23 381	20 940	21 357	19 150
Current assets	7 268	6 549	6 138	5 709	5 149	4 743	4 922	5 366
Financial receivables	828	541	649	712	459	675	688	432
<b>Total assets</b>	<b>34 602</b>	<b>33 243</b>	<b>32 141</b>	<b>32 214</b>	<b>28 989</b>	<b>26 358</b>	<b>26 967</b>	<b>24 948</b>
Equity	15 641	16 932	16 636	16 007	15 635	15 366	15 185	14 072
Deferred tax liability	4 819	5 482	5 030	5 143	5 177	4 557	4 370	4 014
Financial liabilities	8 332	6 518	6 634	7 351	5 335	4 044	4 496	3 593
Operating liabilities	5 809	4 310	3 841	3 713	2 842	2 391	2 916	3 269
<b>Total equity and liabilities</b>	<b>34 602</b>	<b>33 243</b>	<b>32 141</b>	<b>32 214</b>	<b>28 989</b>	<b>26 358</b>	<b>26 967</b>	<b>24 948</b>
<b>Cash flow</b>								
Current operations	1 660	2 476	2 358	2 471	2 331	2 443	3 498	3 786
Investment activities	-1 124	-1 315	-947	-3 029	-1 195	-726	-1 810	-1 669
<b>Cash flow after capital expenditure</b>	<b>536</b>	<b>1 161</b>	<b>1 411</b>	<b>-558</b>	<b>1 136</b>	<b>1 717</b>	<b>1 688</b>	<b>2 117</b>
<b>Key ratios</b>								
Return on capital employed, % **	6	10	10	9	10	12	16	18
Return on equity, %	4	9	9	8	8	10	14	16
Debt/equity ratio	0.48	0.35	0.36	0.41	0.31	0.22	0.25	0.22
<b>Dividend</b>								
Ordinary dividend, SEK	9 ***	12	12	11	10	10	11	10
Extra dividend, SEK	-	-	-	-	-	30	-	-

\* Items affecting comparability in 2008 relate to provisions of costs due to the closure of Wargön Mill of MSEK 298 and a cost of MSEK 115 for the closure of PM 2 at Hallsta Paper Mill. An income of MSEK 52 corresponds to the effects on the result of the fire at Braviken Paper Mill. Items affecting comparability in 2007 relate to a write-down of goodwill and tangible fixed assets of MSEK -1 603 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.

\*\* Excl. items affecting comparability.

\*\*\* Proposal of the Board.

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 2008

### Holmen in brief

Holmen's business concept is to develop and run profitable business within three product-oriented business areas for printing paper, paperboard and sawn timber as well as two raw material-oriented business areas for forest and energy. Europe is key market.

The business area **Holmen Paper** manufactures printing paper for daily newspapers, magazines, directories, advertising matter and books at two Swedish mills and one Spanish mill. **Iggesund Paperboard** produces paperboard for packaging and graphic purposes at one Swedish and one English mill. **Holmen Timber** produces sawn timber in one Swedish sawmill. Annual production capacity is 1 905 000 tonnes of printing paper, 590 000 tonnes of paperboard and 340 000 cubic metres of sawn timber.

**Holmen Skog** manages the Group's one million hectares of forests. The annual volume harvested in company forests is some 2.5 million cubic metres. **Holmen Energi** is responsible for the Group's hydro power assets and for developing the Group's business within the energy sector. Normal yearly production amounts to some 1 100 GWh of electric power at wholly and partly owned hydro power stations in Sweden. Holmen Skog and Holmen Energi are also responsible for the Group's wood and electricity procurement, which are important input goods to the industry.

### Press and analysts conference and teleconference

In connection with the publication of the year-end report for 2008 a press and analysts conference will be held at 14.00 hrs CET on Thursday 5 February in IVA Conference Center, Grev Turegatan 16, Stockholm. The conference can also be accessed via Holmen's website [www.holmen.com](http://www.holmen.com) and/or by telephone, in which case the call should be placed by no later than 13.55 hrs CET on +46 (0)8 5052 0110 (Sweden) or +44 (0)20 7162 0077 (rest of Europe).

A teleconference will be held in English at 16.45 hrs CET. It can be accessed via Holmen's website [www.holmen.com](http://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 16.40 hrs CET.

### Annual Report 2008

The printed annual report for 2008 will be posted in Week 10 2009 to all shareholders who have not expressed their wish not to receive it. Financial information may also be ordered via the company's website under Publications and order or by shareholders under Shareholder Service. The annual report will also be available at the company's head office.

### Annual General Meeting 2009

Annual General Meeting 2008 will be held on Tuesday 24 March at 16.00 hrs CET in Vinterträdgården, Grand Hôtel, Stallgatan, Stockholm.

### Financial reports

7 May	Interim Report, January–March
13 August	Interim Report, January–June
4 November	Interim Report, January–September

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In its capacity as issuer, Holmen AB is releasing the information in this year-end report for 2008 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 12.20 p.m. CET on Thursday, 5 February 2009.