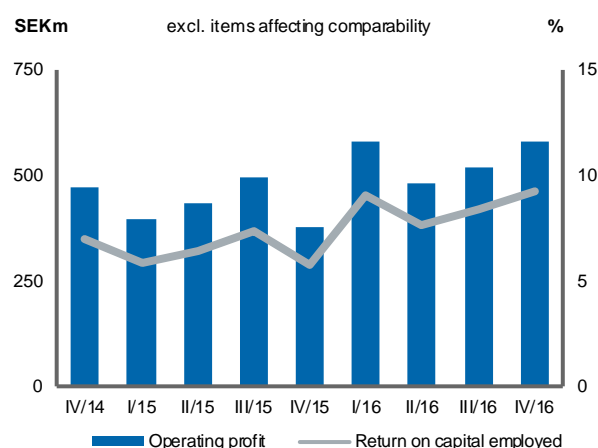
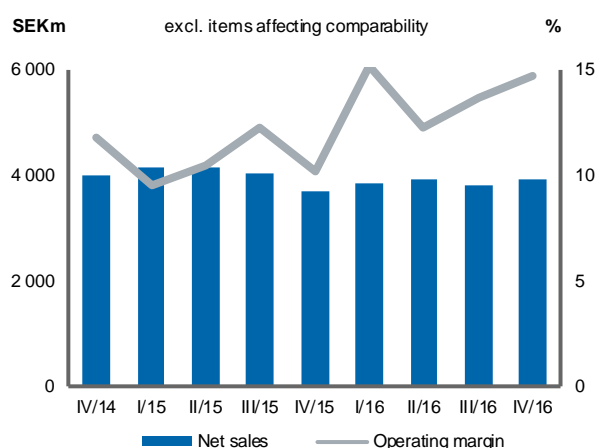


Holmen's year-end report 2016

SEKm	Quarter			Full Year	
	4-16	3-16	4-15	2016	2015
Net sales	3 937	3 810	3 689	15 513	16 014
Operating profit excl. items affecting comparability	579	520	376	2 162	1 700
Operating profit	579	520	-555	1 930	769
Profit after tax excl. items affecting comparability	442	395	326	1 652	1 323
Profit after tax	442	395	-438	1 424	559
Earnings per share, SEK	5.3	4.7	-5.2	16.9	6.7
Operating margin, % *	14.7	13.7	10.2	13.9	10.6
Return on capital employed, % *	9.3	8.4	5.7	8.6	6.4
Return on equity, %	8.5	7.7	-8.4	6.9	2.6
Cash flow before investments and working capital	527	560	485	2 320	2 083
Debt/equity ratio	0.19	0.21	0.23	0.19	0.23

* Excluding items affecting comparability, which are included in operating profit at SEK -232 million in 2016 and SEK -931 million in 2015. See also page 15.

- Operating profit excluding items affecting comparability increased by SEK 462 million to SEK 2 162 million as a result of a better product mix within paper, the sale of the mill in Spain, as well as reduced costs and higher prices in forestry operations.
- Compared with the third quarter, operating profit in the fourth quarter increased by SEK 59 million to 579 million as a result of higher earnings from forest and energy.
- Profit after tax for 2016 amounted to SEK 1 424 million (559), which corresponds to earnings per share of SEK 16.9 (6.7). Excluding items affecting comparability, profit after tax amounted to SEK 1 652 million (1 323) and earnings per share was SEK 19.7 (15.8).
- The Board proposes a dividend of SEK 12 (10.5) per share.
- During the year the mill in Spain was sold, which together with increased sales of new products focussed the paper business on magazine and book paper. Sales of paperboard to new customers in the premium segment increased and an investment programme was completed, providing an opportunity for growth. The volume of standing timber grew by 1 per cent and forestry costs were reduced while retaining high quality in forest management. Together with hydro power, forest account for two-thirds of the Group's capital employed.



Forest

Holmen performs active and sustainable forestry on over a million hectares of its own productive forest land. The annual harvest amounts to 3 million cubic metres.

SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Net sales	1 387	1 192	1 335	5 302	5 481
<i>of which from own forests</i>	318	313	296	1 278	1 301
Operating costs	-1 178	-1 054	-1 168	-4 586	-4 813
Depreciation and amortisation according to plan	-8	-7	-9	-29	-29
Earnings from operations	201	131	158	686	638
Change in value of forests	72	103	71	315	267
Operating profit	273	234	228	1 001	905
Investments	5	9	33	30	31
Book value of company forests	17 448	17 399	17 173	17 448	17 173
Return on operating capital, %	6.2	5.3	5.2	5.7	5.2
Cash flow yield, %	4.6	3.0	3.7	4.0	3.7
Harvesting own forests, '000 m ³	729	724	686	2 986	3 213

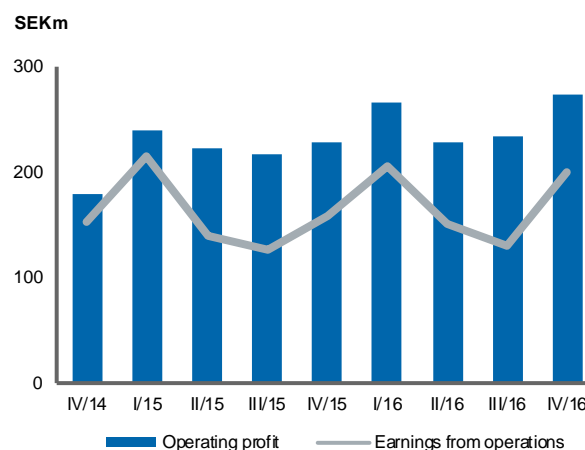
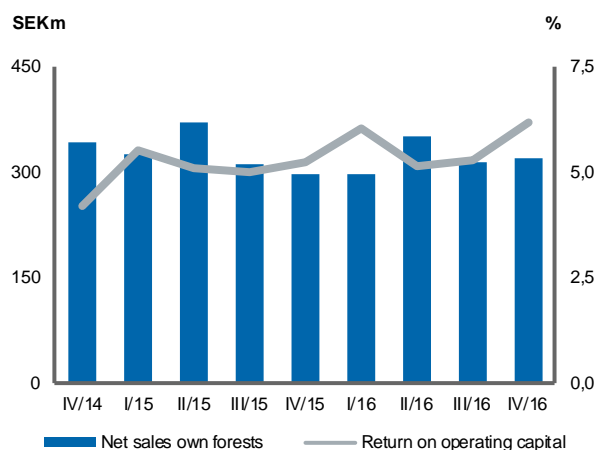
The demand for logs and pulpwood in Sweden was normal in the fourth quarter. Selling prices were largely unchanged.

Earnings from operations for 2016 increased by SEK 48 million to SEK 686 million as a result of higher prices and reduced costs, while harvesting volumes decreased to a normal level. Operating profit, which includes a change in value of SEK 315 million, increased by SEK 96 million to SEK 1 001 million.

Earnings from operations in relation to the carrying amount for forests corresponds to a yield of 4.0 per cent.

Compared with the third quarter, operating profit rose by SEK 39 million to SEK 273 million as a result of profit on the sale of forest properties.

The Group's growing forest is booked at fair value which is calculating as the present value of expected cash flows from future harvests discounted by 5.5 per cent. Expected cash flow is calculated based on the current harvesting plan, a long-term trend price and a cost forecast. Price and cost inflation are assumed to be 2 per cent. In the year-end report, the trend price has been adjusted down to the current market price of SEK 424/m³sub and the cost forecast has been lowered as a result of implemented rationalisations. Overall, the effects of the changes in assumptions have offset one another and have not affected the carrying amount of growing forests, which was SEK 17,448 million at 31 December 2016.



Paperboard

Holmen is a market leader in the highest quality segments for consumer packaging and board for advanced graphics printing. Production amounts to 0.5 million tonnes a year at one Swedish mill and one UK mill.

SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Net sales	1 296	1 308	1 255	5 252	5 472
Operating costs	-948	-954	-979	-3 870	-4 127
EBITDA	348	354	276	1 382	1 346
Depreciation and amortisation according to plan	-116	-119	-126	-479	-499
Operating profit	232	235	151	903	847
Investments	48	61	122	413	324
Operating capital	6 426	6 369	6 622	6 426	6 622
EBITDA margin, %	27	27	22	26	25
Operating margin, %	18	18	12	17	15
Return on operating capital, %	15	15	9	14	12
Production, paperboard, '000 tonnes	132	128	118	503	500
Deliveries, paperboard, '000 tonnes	120	126	116	497	499

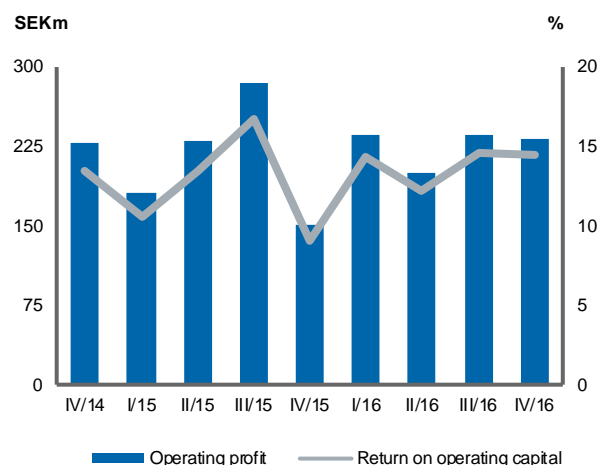
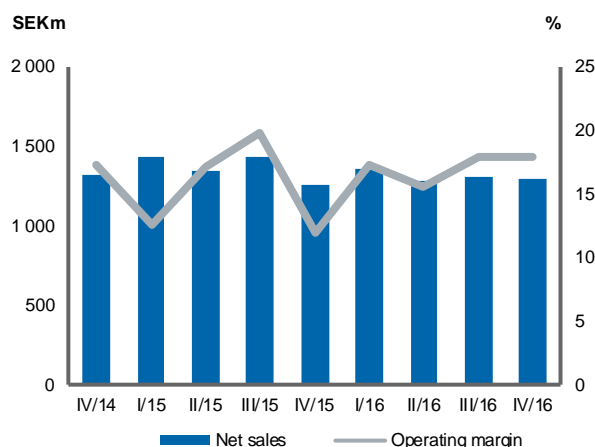
The market for fresh-fibre board was stable in the fourth quarter and prices were largely unchanged. Demand in Europe was 1 per cent higher in 2016 than in 2015.

Holmen's paperboard deliveries amounted to 497 000 tonnes in 2016, which was in line with the previous year.

Operating profit for 2016 was SEK 903 million (847). Production and deliveries were at the same level as the previous year, but costs relating to maintenance and rebuilding shutdowns were lower.

Operating profit for the fourth quarter was SEK 232 million, which was SEK 3 million lower than in the third quarter. Costs increased seasonally, but this was offset by better production.

Maintenance shutdowns are expected to affect 2017 earnings by approximately SEK 150 million. 2016 earnings were impacted by approximately SEK 100 million relating to rebuilding shutdowns.



Paper

Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper choices. Production amounts to 1.1 million tonnes a year at two Swedish mills.

SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Net sales	1 265	1 266	1 463	5 431	6 148
Operating costs	-1 095	-1 095	-1 311	-4 761	-5 634
EBITDA	169	170	153	669	514
Depreciation and amortisation according to plan	-92	-89	-147	-380	-588
Operating profit*	77	82	6	289	-74
Investments	60	48	92	259	347
Operating capital	2 815	2 923	3 558	2 815	3 558
EBITDA margin, %*	13	13	10	12	8
Operating margin, %*	6	6	0	5	-1
Return on operating capital, %*	11	11	1	9	neg
Production, '000 tonnes	275	260	301	1 176	1 287
Deliveries, '000 tonnes	260	260	317	1 134	1 325

* Excluding items affecting comparability

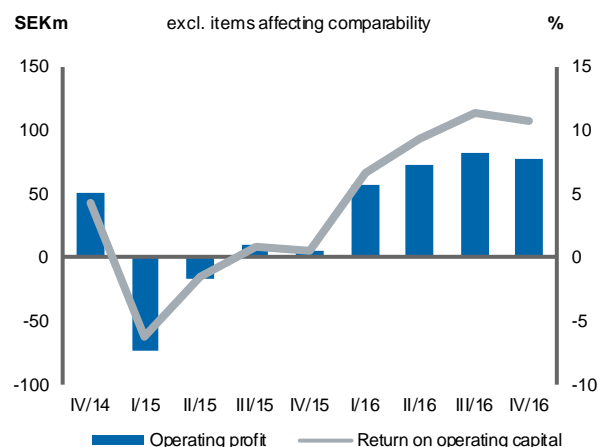
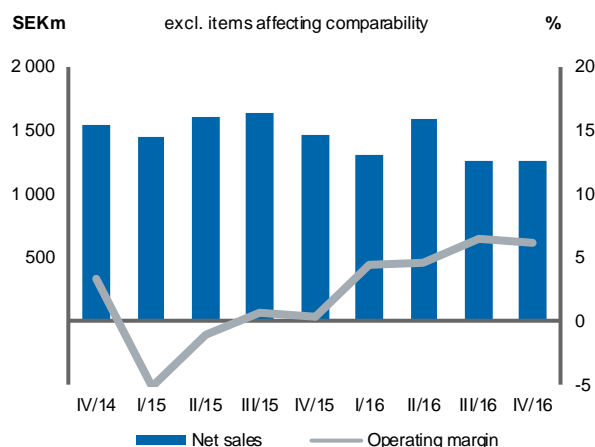
Demand for printing paper in Europe decreased by 3 per cent during January–November compared with the same period in 2015. Selling prices were largely unchanged in the fourth quarter.

Holmen's deliveries in 2016 amounted to 1 134 000 tonnes, which was 14 per cent lower than the previous year as a result of the sale of the Spanish newsprint mill and production losses following the fire at Hallsta Paper Mill.

On 30 June 2016 Holmen completed the sale of its Spanish newsprint mill to International Paper. Holmen will sell the newsprint produced at the mill until the end of the third quarter of 2017, when the mill will be converted for containerboard production. Revenues and costs from the sale of the newsprint produced at the mill after the sale is reported under the Group-wide segment.

Operating profit excluding items affecting comparability for 2016 was SEK 289 million (-74). The increase in profit was mainly due to an improved product mix and the sale of the Spanish newsprint mill. The impact of the fire is covered by insurance compensation.

Operating profit for the fourth quarter was SEK 77 million, which was SEK 5 million lower than in the third quarter. Costs increased seasonally, while the previous quarter was negatively affected by maintenance shutdowns.



Wood products

Holmen produces wood products for the joinery and construction industry at two large-scale sawmills that are integrated with the Group's paper and paperboard mills. Annual production volume is 0.8 million cubic metres.

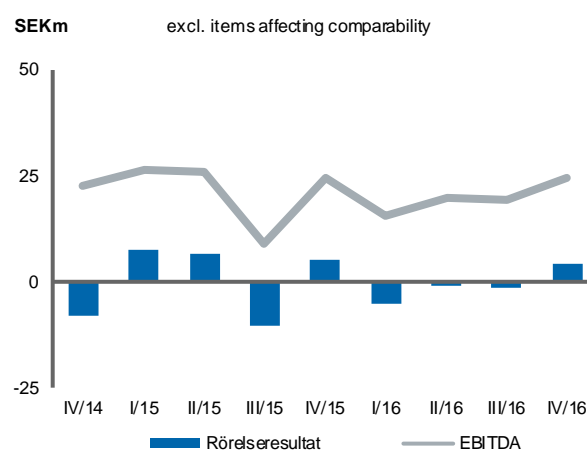
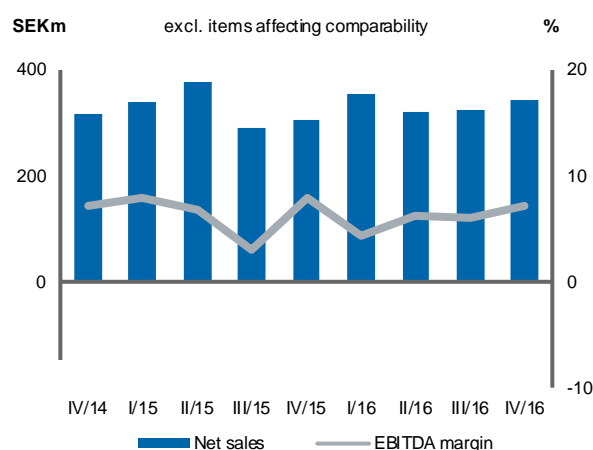
SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Net sales	344	324	306	1 342	1 314
Operating costs	-319	-304	-282	-1 262	-1 228
EBITDA	25	19	24	80	86
Depreciation and amortisation according to plan	-20	-21	-19	-82	-77
Operating profit	4	-1	5	-3	9
Investments	22	25	28	52	103
Operating capital	892	914	924	892	924
EBITDA margin, %	7	6	8	6	7
Operating margin, %	0	0	2	0	1
Return on operating capital, %	2	neg	2	neg	1
Production, '000 m ³	214	177	199	776	734
Deliveries, '000 m ³	196	184	173	776	729

The market for wood products in Europe was stable in the fourth quarter and prices were largely unchanged. Market prices were significantly lower than in the previous year.

Holmen's deliveries of wood products in 2016 amounted to 776 000 cubic metres, which was 6 per cent higher than in 2015 owing to increased production following the implementation of investments.

Operating profit for 2016 was SEK -3 million (9). The decrease in earnings was due to lower selling prices, which were largely offset by lower raw material costs and increased production.

Compared with the third quarter, operating profit in the fourth quarter increased by SEK 5 million to SEK 4 million as a result of good production.



Renewable energy

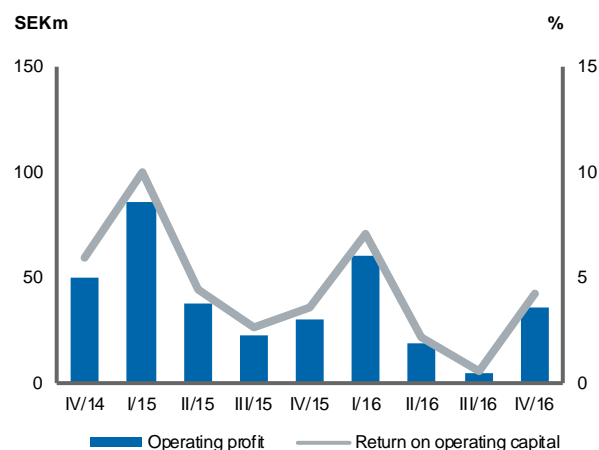
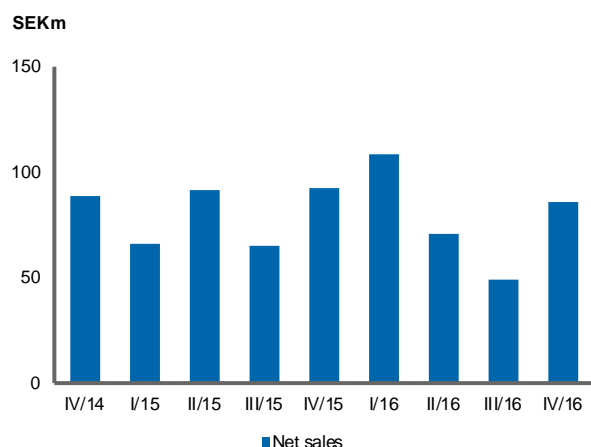
Holmen produces 1.2 TWh of renewable hydro and wind power in a normal year.

SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Net sales	86	49	93	314	359
Operating costs	-43	-38	-57	-172	-161
Depreciation and amortisation according to plan	-6	-6	-6	-23	-22
Operating profit	36	5	30	120	176
Investments	15	1	14	23	18
Operating capital	3 412	3 381	3 351	3 412	3 351
Operating margin, %	42	11	33	38	49
Return on operating capital, %	4	1	4	4	5
Production hydro and wind power, GWh	270	178	349	1 080	1 441

Operating profit for 2016 amounted to SEK 120 million (176). Production was 15 per cent lower than in a normal year and 25 per cent lower than the high level of the previous year.

Compared with the third quarter, operating profit in the fourth quarter increased by SEK 31 million to SEK 36 million as a result of production increasing from a very low level and higher electricity prices.

At the end of the year, the levels in Holmen's water storage reservoirs were lower than normal for the time of year.



Cash flow, financing and net financial items

Cash flow from operating activities for the year totalled SEK 1 961 million. Cash flow from investment activities totalled SEK -123 million, SEK -785 million of which was from investments in non-current assets and SEK 662 million from the disposal of assets. A dividend of SEK 882 million was paid in the second quarter.

During the year, the Group's net financial debt decreased by SEK 854 million to SEK 3 945 million. At 31 December 2016 the debt/equity ratio was 0.19. Financial liabilities including pension provisions totalled SEK 4 283 million, SEK 3 200 million of which were current liabilities. Cash, cash equivalents and financial receivables totalled SEK 338 million. The Group has unused long-term contractually agreed credit facilities of SEK 3 825 million, maturing in 2020–2021.

Net financial items for 2016 totalled SEK -71 million (-90). The cost of borrowing averaged 1.1 per cent (1.5).

Standard & Poor's has a positive outlook on Holmen's 'BBB' long-term credit rating.

Tax

Recognised tax for 2016 was SEK -436 million (-120). Recognised tax as a proportion of profit before tax was 23 per cent (18), which was higher than normal as a result of the sale of the newsprint mill in Spain.

Holmen has requested an advance ruling on the entitlement to group relief for tax losses in the Group's Spanish operations. The Swedish tax authority has opposed this and the case is now with the Supreme Administrative Court for decision. A ruling in Holmen's favour would enable deductions corresponding to approximately SEK 400 million in tax. No deferred tax asset has been recognised.

Equity

The Group's equity increased by SEK 390 million in 2016 to SEK 21 243 million. Profit for the year totalled SEK 1 424 million and the dividend paid was SEK 882 million. In addition, other comprehensive income totalled SEK -157 million, mainly as a result of the actuarial revaluation of the pension liability and the currency translation of the Group's UK net assets.

Hedging exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for 2016 includes currency hedges of SEK -73 million (-73). The fair value of currency hedges not yet recognised

as income amounted to SEK -26 million at the end of the quarter.

For the next two years, 90 per cent of expected flows in EUR/SEK are hedged at an average of 9.50, for EUR/GBP 90 per cent of the next year's expected flows are hedged at 0.86 and for USD/SEK 70 per cent of the next year's flows are hedged at 8.93. For other currencies, 4 months' of flows are hedged. Fluctuations in exchange rates had a limited effect on consolidated earnings, both in 2016 and in the fourth quarter.

Prices for the Group's estimated net consumption of electricity in Sweden are 80–90 per cent hedged for 2017–2020 and 60 per cent hedged for 2021.

Personnel

The average number of employees (full-time equivalents) in the Group was 2 989 (3 315). The decrease is largely due to the sale of the newsprint mill in Spain and implemented rationalisations.

Share buy-backs

At the 2016 AGM, the Board's authorisation to purchase up to 10 per cent of the company's shares was renewed. No buy-backs took place during the period. The company owns 0.9 per cent of all shares outstanding.

Dividend

The Board proposes that the AGM to be held on 27 March 2017 approve a dividend of SEK 12 (10.5) per share, corresponding to 4.7 per cent of equity. The dividend proposal is based on an appraisal of the Group's profitability, future investment plans and financial position. The proposed record date for the dividend is 29 March 2017.

Nomination committee proposals to the AGM

Holmen's nomination committee proposes to the AGM 2017 the re-election of the current Board members: Fredrik Lundberg (who is also proposed for re-election as chairman of the Board), Carl Bennet, Lars Josefsson, Lars G Josefsson, Carl Kempe, Louise Lindh, Ulf Lundahl, Henrik Sjölund and Henriette Zeuchner.

The nomination committee's other proposals will be presented in the notice convening Holmen's AGM 2017, held in Stockholm on 27 March at 15:00 CET.

For the 2017 AGM, Holmen's nomination committee is made up of Mats Guldbrand, L E Lundbergföretagen, Alice Kempe, Kempe Foundations, Hans Hedström, Carnegie funds and Fredrik Lundberg, Chairman of the Board. The chairman of the nomination committee is Mats Guldbrand.

Material risks and uncertainties

The Group and the parent company's material risks and uncertainties relate primarily to changes in demand and the prices of its products, the cost of key input goods, and changes in exchange rates. For a more detailed description of material risks and uncertainties see Holmen's annual report for 2015, pages 42–45 and note 26.

Transactions with related parties

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

Accounting policies

This report has been prepared in accordance with the Swedish Annual Accounts Act and Securities Market Act, and, for the Group, in accordance with IAS 34 Interim Financial Reporting. The parent company and the Group's accounting policies are unchanged from the latest published annual report. The figures in tables are rounded off. Information in accordance with IAS 34:16A has been submitted in the financial statements and in other parts of this year-end report.

Stockholm, 8 February 2017
Holmen AB (publ)

Henrik Sjölund
President and CEO

For further information please contact:

Henrik Sjölund, President and CEO, tel. +46 8 666 21 05
Anders Jernhall, EVP and CFO, tel. +46 8 666 21 22
Ingela Carlsson, Communications Director, tel. +46 70 212 97 12

Group

Income statement, SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Net sales	3 937	3 810	3 689	15 513	16 014
Other operating income	354	370	439	1 559	1 203
Change in inventories	169	-3	1	203	-187
Raw materials and consumables	-2 379	-2 120	-2 136	-8 801	-8 661
Personnel costs	-574	-505	-585	-2 268	-2 335
Other operating costs	-747	-881	-1 119	-3 432	-3 689
Depreciation and amortisation according to plan	-249	-247	-313	-1 018	-1 240
Impairment losses	-	-	-555	-122	-555
Change in value of biological assets	72	103	71	315	267
Profit from investments in associates and joint ventures	-6	-7	-47	-18	-46
Operating profit	579	520	-555	1 930	769
Finance income	0	0	0	13	1
Finance costs	-15	-14	-18	-84	-91
Profit before tax	564	507	-572	1 859	679
Tax	-122	-112	134	-436	-120
Profit for the period	442	395	-438	1 424	559
Earnings per share, SEK	5.3	4.7	-5.2	16.9	6.7
Operating margin, % *	14.7	13.7	10.2	13.9	10.6
Return on capital employed, % *	9.3	8.4	5.7	8.6	6.4
Return on equity, %	8.5	7.7	-8.4	6.9	2.6

* Excl. items affecting comparability.

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Profit for the period	442	395	-438	1 424	559
Other comprehensive income					
Revaluations of defined benefit pension plans	79	-193	283	-159	208
Tax attributable to items that will not be reclassified to profit for the period	-14	34	-59	29	-44
Items that will not be reclassified to profit for the period	65	-158	225	-130	165
Cash flow hedging	252	5	43	190	-31
Translation difference on foreign operation	-11	-17	-99	-165	8
Hedging of currency risk in foreign operation	9	-15	45	1	22
Tax attributable to items that will be reclassified to profit for the period	-57	0	-16	-52	3
Items that will be reclassified to profit for the period	194	-27	-26	-26	1
Total other comprehensive income after tax	259	-185	198	-157	166
Total comprehensive income	701	209	-240	1 267	724

Change in equity, SEKm	Full year	
	2016	2015
Opening equity	20 853	20 969
Profit for the period	1 424	559
Other comprehensive income	-157	166
Total comprehensive income	1 267	724
Dividends paid	-882	-840
Share saving program	5	-
Closing equity	21 243	20 853

Share structure					
	Votes	No. of shares	No. of votes	Quota value	SEKm
A-share	10	22 623 234	226 232 340	50	1 131.2
B-share	1	62 132 928	62 132 928	50	3 106.6
Total number of shares		84 756 162	288 365 268		4 237.8
Holding of own B-shares bought back		-760 000	-760 000		
Total number of shares in issue		83 996 162	287 605 268		

Group

Balance sheet, SEKm	2016	2016	2015
	31 December	30 September	31 December
Non-current assets			
Intangible non-current assets	87	88	107
Property, plant and equipment	9 387	9 492	10 321
Biological assets	17 448	17 399	17 173
Investments in associates and joint ventures	1 773	1 768	1 914
Other shares and participating interests	2	3	4
Non-current financial receivables	39	39	43
Deferred tax assets	4	5	6
Total non-current assets	28 740	28 795	29 567
Current assets			
Inventories	2 981	2 820	3 089
Trade receivables	2 174	2 220	1 987
Current tax receivable	132	73	12
Other operating receivables	564	447	519
Current financial receivables	89	56	61
Cash and cash equivalents	210	193	221
Asset held for sale	-	54	-
Total current assets	6 151	5 862	5 889
Total assets	34 891	34 657	35 456
Equity	21 243	20 537	20 853
Non-current liabilities			
Non-current financial liabilities	882	900	2 295
Pension provisions	201	280	130
Other provisions	673	709	585
Deferred tax liabilities	5 613	5 510	5 508
Total non-current liabilities	7 368	7 399	8 519
Current liabilities			
Current financial liabilities	3 200	3 428	2 698
Trade payables	1 766	1 743	1 916
Current tax liability	6	1	53
Provisions	228	242	157
Other operating liabilities	1 079	1 307	1 259
Total current liabilities	6 279	6 721	6 085
Total liabilities	13 648	14 120	14 603
Total equity and liabilities	34 891	34 657	35 456
Debt/equity ratio, times	00.19	0.21	0.23
Equity/assets ratio, %	60.9	59.3	58.8
Operating capital	30 799	30 364	31 155
Capital employed	25 190	24 858	25 653
Net financial debt	3 945	4 320	4 799

Financial instruments, SEKm	Carrying amount		Fair value	
	2016	2015	2016	2015
	31 December	31 December	31 December	31 December
Assets at fair value	213	138	213	138
Assets at acquisition cost	2 459	2 278	2 459	2 275
Liabilities at fair value	385	467	385	467
Liabilities at acquisition cost	5 721	6 820	5 721	6 820

Holmen measures financial instruments at fair value or acquisition cost in the balance sheet depending on classification. In addition to items in net financial debt, with the exception of the pension liability, financial instruments cover trade receivables and trade payables. Financial instruments measured at fair value in the balance sheet belong to measurement level 2 pursuant to IFRS 7.

Group

Cash flow statement, SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Operating activities					
Profit before tax	564	507	-572	1 859	679
Adjustments for non-cash items *	92	218	1 049	965	1 802
Paid income taxes	-129	-165	7	-504	-398
Cash flow from operating activities before changes in working capital	527	560	485	2 320	2 083
Cash flow from changes in working capital					
Change in inventories	-167	8	-73	-62	123
Change in trade receivables and other operating receivables	16	111	353	-189	275
Change in trade payables and other operating liabilities	-79	-126	10	-109	45
Cash flow from operating activities	297	553	775	1 961	2 526
Investing activities					
Acquisition of non-current assets	-150	-152	-302	-785	-874
Disposal of non-current assets	154	10	35	662	50
Change in non-current financial receivables	-	-	-7	-	-8
Cash flow from investing activities	3	-142	-275	-123	-832
Financing activities					
Change in financial liabilities and current financial receivables	-282	-832	-523	-966	-819
Dividends paid to the shareholders of the parent company	-	-	-	-882	-840
Cash flow from financing activities	-282	-832	-523	-1 848	-1 659
Cash flow for the period	19	-422	-23	-10	35
Opening cash and cash equivalents	193	613	245	221	187
Exchange difference in cash and cash equivalents	-2	2	-1	-1	0
Closing cash and cash equivalents	210	193	221	210	221

Change in net financial debt, SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Opening net financial debt	-4 320	-4 564	-5 661	-4 799	-5 907
Cash flow from operating activities	297	553	775	1 961	2 526
Cash flow from investing activities (excl financial receivables)	3	-142	-268	-123	-824
Dividends paid	-	-	-	-882	-840
Revaluations of defined benefit pension plans	80	-194	281	-158	206
Foreign exchange effects and changes in fair value	-7	27	73	56	40
Closing net financial debt	-3 945	-4 320	-4 799	-3 945	-4 799

* The adjustments consist primarily of depreciation according to plan, impairment losses, change in value of biological 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.

Parent company

Income statement, SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Operating income	3 703	3 606	3 464	14 616	14 686
Operating costs	-4 183	-3 363	-3 736	-14 281	-14 361
Operating profit	- 480	243	- 272	335	324
Net financial items	1 075	-17	-245	759	-163
Profit after net financial items	595	227	-516	1 094	161
Appropriations	115	219	349	404	821
Profit before tax	710	445	-167	1 499	982
Tax	-60	-99	-25	-301	-244
Profit for the period	650	347	-192	1 197	738

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Profit for the period	650	347	-192	1 197	738
Other comprehensive income					
Cash flow hedging	238	18	26	211	-30
Tax attributable to other comprehensive income	-52	-4	-6	-46	7
Items that will be reclassified to profit for the period	185	14	20	164	-23
Total comprehensive income	835	361	-172	1 362	715

Balance sheet, SEKm	2016	2016	2015
	31 December	30 September	31 December
Non-current assets	17 653	17 756	18 163
Current assets	4 950	4 743	4 578
Total assets	22 602	22 499	22 741
Restricted equity	5 915	5 915	5 915
Non-restricted equity	4 921	4 080	4 436
Untaxed reserves	2 290	2 226	1 994
Provisions	1 503	1 483	1 512
Liabilities	7 974	8 795	8 884
Total equity and liabilities	22 602	22 499	22 741

Sales to Group companies accounted for SEK 99 million (115) of operating income in 2016.

Net financial items include SEK 1 million (22) in result from currency hedging equity in subsidiaries, SEK 1 243 million (8) in dividends from foreign subsidiaries and a SEK -508 million (-126) impairment loss on shares in subsidiaries.

Balance sheet appropriations include group contributions of SEK 700 million (486).

The parent company's investments in property, plant and equipment and intangible non-current assets totalled SEK 29 million (49)

Group

Quarterly figures, SEKm	2016				2015				Full year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2016	2015
Income statement										
Net sales	3 937	3 810	3 937	3 828	3 689	4 032	4 139	4 154	15 513	16 014
Operating costs	-3 176	-3 139	-3 275	-3 036	-3 078	-3 323	-3 475	-3 472	-12 626	-13 348
Profit from investments in associates and joint ventures	-6	-7	-5	-5	7	4	-2	-2	-22	7
Depreciation and amortisation according to plan	-249	-247	-252	-269	-313	-311	-309	-308	-1 018	-1 240
Change in value of forests	72	103	77	62	71	91	82	23	315	267
Operating profit excl. items affecting comparability	579	520	483	580	376	493	435	396	2 162	1 700
Items affecting comparability*	-	-	-	-232	-931	-	-	-	-232	-931
Operating profit	579	520	483	348	-555	493	435	396	1 930	769
Net financial items	-15	-14	-28	-15	-17	-20	-25	-28	-71	-90
Profit before tax	564	507	455	333	-572	473	410	368	1 859	679
Tax	-122	-112	-91	-111	134	-95	-88	-70	-436	-120
Profit for the period	442	395	364	222	-438	377	322	298	1 424	559
Earnings per share, SEK	5.3	4.7	4.3	2.6	-5.2	4.5	3.8	3.5	16.9	6.7
Net sales										
Forest	1 387	1 192	1 355	1 368	1 335	1 240	1 403	1 503	5 302	5 481
Paperboard	1 296	1 308	1 285	1 364	1 255	1 439	1 348	1 431	5 252	5 472
Paper	1 265	1 266	1 592	1 308	1 463	1 636	1 602	1 447	5 431	6 148
Wood products	344	324	322	353	306	291	378	339	1 342	1 314
Renewable energy	86	49	71	108	93	65	83	117	314	359
Elimination of intra-group net sales	-440	-328	-688	-672	-764	-639	-675	-682	-2 128	-2 760
Group	3 937	3 810	3 937	3 828	3 689	4 032	4 139	4 154	15 513	16 014
Operating profit/loss by business area**										
Forest	273	234	227	267	228	217	222	239	1 001	905
Paperboard	232	235	200	236	151	285	231	180	903	847
Paper	77	82	73	57	6	10	-17	-73	289	-74
Wood products	4	-1	-1	-5	5	-10	7	7	-3	9
Renewable energy	36	5	19	60	30	22	38	86	120	176
Group-wide	-44	-34	-35	-35	-45	-31	-45	-43	-148	-163
Group	579	520	483	580	376	493	435	396	2 162	1 700
Operating margin, % **										
Paperboard	17.9	18.0	15.6	17.3	12.0	19.8	17.1	12.6	17.2	15.5
Paper	6.1	6.5	4.6	4.4	0.4	0.6	-1.1	-5.1	5.3	-1.2
Wood products	1.3	-0.4	-0.2	-1.4	1.8	-3.6	1.7	2.2	-0.2	0.7
Group	14.7	13.7	12.3	15.1	10.2	12.2	10.5	9.5	13.9	10.6
EBITDA by business area**										
Forest	209	138	157	211	167	133	146	222	716	668
Paperboard	348	354	321	358	276	410	355	304	1 382	1 346
Paper	169	170	164	165	153	158	130	74	669	514
Wood products	25	19	20	16	24	9	26	27	80	86
Renewable energy	42	11	24	66	36	28	43	91	143	198
Group-wide	-38	-28	-29	-29	-39	-24	-38	-37	-124	-138
Group	756	665	658	787	618	713	662	681	2 865	2 673
Return on operating capital, % **										
Forest	6.2	5.3	5.2	6.1	5.2	5.0	5.1	5.5	5.7	5.2
Paperboard	14.5	14.6	12.2	14.3	9.0	16.7	13.5	10.6	13.9	12.5
Paper	10.8	11.3	9.3	6.6	0.6	0.9	neg	neg	9.4	neg
Wood products	1.9	neg	neg	neg	2.4	neg	2.9	3.3	neg	1.0
Renewable energy	4.3	0.6	2.2	7.1	3.6	2.6	4.4	10.0	3.5	5.2
Group	7.6	6.9	6.3	7.5	4.7	6.1	5.3	4.9	7.0	5.3
Key indicators										
Return on capital employed, % **	9.3	8.4	7.7	9.1	5.7	7.3	6.4	5.9	8.6	6.4
Return on equity, %	8.5	7.7	7.1	4.3	-8.4	7.2	6.1	5.6	6.9	2.6
Deliveries										
Harvesting own forests, '000 m³	729	724	818	715	686	789	917	820	2 986	3 213
Paperboard, '000 tonnes	120	126	121	129	116	132	122	129	497	499
Paper, '000 tonnes	260	260	341	273	317	356	346	306	1 134	1 325
Wood products, '000 m³	196	184	188	209	174	159	208	188	776	730
Own production of hydro and wind power, GWh	270	178	258	373	349	349	366	377	1 080	1 441

* Items affecting comparability in operating profit in Q1 2016 and Q4 2015 refers to the sale of the mill in Spain impairment losses on non-current assets, provisions for costs and the effects of a fire.

** Excl. items affecting comparability.

***Income and costs from the sale of newsprint from the divested Spanish mill are recognised under the 'Group-wide' segment from Q3 2016.

****Deliveries from own mills, i.e. not deliveries from the divested Spanish mill from Q3 2016.

Group

Full year review, SEKm	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Income statement										
Net sales	15 513	16 014	15 994	16 231	17 852	18 656	17 581	18 071	19 334	19 159
Operating costs	-12 626	-13 348	-13 270	-13 919	-15 224	-15 501	-15 077	-15 191	-16 614	-15 637
Profit from investments in associates and joint ventures	-22	7	-7	3	47	84	28	45	50	12
Depreciation and amortisation according to plan	-1 018	-1 240	-1 265	-1 370	-1 313	-1 260	-1 251	-1 320	-1 343	-1 337
Change in value of forests	315	267	282	264	350	-	52	16	-16	89
Operating profit excl. items affecting comparability	2 162	1 700	1 734	1 209	1 713	1 979	1 332	1 620	1 412	2 286
Items affecting comparability	-232	-931	-450	-140	-193	3 593	264	-	-361	557
Operating profit	1 930	769	1 284	1 069	1 520	5 573	1 596	1 620	1 051	2 843
Net financial items	-71	-90	-147	-198	-227	-244	-208	-255	-311	-261
Profit before tax	1 859	679	1 137	871	1 294	5 328	1 388	1 366	740	2 582
Tax	-436	-120	-230	-160	559	-1 374	-684	-360	-98	-1 077
Profit for the year	1 424	559	907	711	1 853	3 955	704	1 006	642	1 505
Diluted earnings per share, SEK	16.9	6.7	10.8	8.5	22.1	47.1	8.4	12.0	7.6	17.8
Operating profit by business area*										
Forest	1 001	905	817	924	931	739	818	605	632	702
Paperboard	903	847	674	433	596	863	817	419	320	599
Paper	289	-74	141	-309	94	228	-618	340	280	623
Wood products	-3	9	37	-75	-130	-136	20	21	13	146
Renewable energy	120	176	212	371	355	406	495	414	327	272
Group-wide	-148	-163	-146	-136	-132	-120	-200	-178	-159	-56
Group	2 162	1 700	1 734	1 209	1 713	1 980	1 332	1 620	1 412	2 286
EBITDA by business area*										
Forest	716	668	563	694	614	769	794	616	674	639
Paperboard	1 382	1 346	1 161	878	959	1 186	1 141	780	688	954
Paper	669	514	725	429	862	1 002	229	1 218	1 176	1 537
Wood products	80	86	160	45	-10	-26	49	52	47	169
Renewable energy	143	198	233	391	374	425	516	435	346	289
Group-wide	-124	-138	-126	-121	-123	-116	-198	-176	-160	-54
Group	2 865	2 673	2 717	2 315	2 676	3 240	2 531	2 925	2 771	3 534
Deliveries										
Harvesting own forests, '000 m³	2 986	3 213	3 297	3 465	3 211	2 988	2 999	2 897	2 649	2 575
Paperboard, '000 tonnes	497	499	493	469	485	474	464	477	494	516
Paper, '000 tonnes	1 134	1 325	1 305	1 574	1 651	1 668	1 732	1 745	2 044	2 025
Wood products, '000 m³	776	730	725	686	660	487	285	313	266	262
Own production of hydro and wind power, GWh	1 080	1 441	1 113	1 041	1 353	1 235	1 149	1 090	1 128	1 193
Balance sheet										
Non-current assets	28 701	29 524	30 221	30 652	30 664	30 334	26 028	25 694	26 506	26 153
Current assets	5 852	5 607	5 964	5 774	6 005	6 642	6 950	6 075	7 268	6 549
Financial receivables	338	325	249	327	377	240	454	407	828	541
Total assets	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176	34 602	33 243
Equity	21 243	20 853	20 969	20 854	20 813	19 773	16 913	16 504	15 641	16 932
Deferred tax liability	5 613	5 508	5 480	5 804	5 504	6 630	5 910	5 045	4 819	5 482
Financial liabilities and interest-bearing provisions	4 283	5 124	6 156	6 443	6 967	6 499	6 227	6 091	8 332	6 518
Operating liabilities	3 752	3 971	3 829	3 653	3 762	4 313	4 382	4 536	5 809	4 310
Total equity and liabilities	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176	34 602	33 243
Cash flow										
Operating activities	1 961	2 526	2 176	2 011	2 254	2 101	1 523	2 873	1 660	2 476
Investing activities	-123	-832	-834	-869	-1 920	-1 733	-1 597	-818	-1 124	-1 315
Cash flow after investments	1 838	1 693	1 342	1 142	334	368	-74	2 054	536	1 161
Key indicators										
Return on capital employed, % *	9	6	6	4	7	9	6	7	6	10
Return on equity, %	7	3	4	3	9	23	4	6	4	9
Return on equity, % *	8	7	6	4	6	8	4	6	4	9
Debt/equity ratio	0.19	0.23	0.28	0.29	0.32	0.32	0.34	0.34	0.48	0.35
Dividend										
Dividend, SEK	12**	10.5	10	9	9	8	7	7	9	12

* Excl. items affecting comparability

** Proposed by the Board

Use of performance measures

Holmen uses performance measures to supplement measures defined by IFRS or directly in the income statement and balance sheet in order to clarify the company's financial position and performance.

Earnings measures

Operating profit is the principal measure of results that is used to monitor financial performance. It includes all income and costs, as well as depreciation/amortisation of non-current assets. EBITDA is used as a supplementary measure to illustrate the cash flow that a business area generates before investments and changes in working capital, excluding items affecting comparability. For the Forest business area, the measure 'earnings from operations' is used, which summarises operating profit/loss excluding change in fair value of biological assets. To clarify how the earnings measures are affected by events outside normal operations, such as impairments, disposals, fire and restructuring, the term 'items affecting comparability' is used. The purpose is also to increase comparability between different periods. The effects of maintenance and rebuilding shutdowns are not treated as items affecting comparability.

SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
EBITDA	756	664	618	2 865	2 673
Depreciation and amortisation according to plan	-249	-247	-313	-1 018	-1 240
Change in value of forests	72	103	71	315	267
Operating profit excl. items affecting comp.	579	520	376	2 162	1 700
Items affecting comparability	-	-	-931	-232	-931
Operating profit	579	520	-555	1 930	769

SEKm	Quarter			Full year	
	4-16	3-16	4-15	2016	2015
Earnings from operations of forest	201	131	158	686	638
Change in value of forests	72	103	71	315	267
Operating profit of forest	273	234	228	1 001	905

Earnings in 2016 were impacted by SEK 232 million from the sale of the mill in Spain and insurance compensation for reconstruction following a fire at Hallsta Paper Mill, which were treated as items affecting comparability. In 2015, items affecting comparability negatively impacted earnings by SEK 931 million relating to impairments of non-current assets, provisions for costs and the effects of a fire.

Measure of margin, return and indebtedness

Operating profit, excluding items affecting comparability, as a proportion of sales is known as the operating margin. Profit before depreciation/amortisation as a proportion of sales is known as the EBITDA margin. For the Group, the performance measure return on capital employed is used to measure the operating profit, excluding items affecting comparability, in proportion to capital employed. Capital employed is calculated as net financial debt plus equity. For the business areas, the performance measure return on operating capital is used to measure the operating profit, excluding items affecting comparability, in proportion to operating capital. Operating capital is calculated as capital employed plus the net sum of deferred tax liability and deferred tax assets, which corresponds to non-current assets plus working capital. For the Forest business area, the performance measure of yield is used, which is calculated as earnings from operations in relation to the book value of biological assets.

SEKm	2016	2016	2015
	31 December	30 September	31 December
Equity	21 243	20 537	20 853
Net financial debt	3 945	4 320	4 799
Capital employed	25 190	24 858	25 653
Deferred tax assets	-4	-5	-6
Deferred tax liabilities	5 613	5 510	5 508
Operating capital	30 799	30 364	31 155

The debt/equity ratio is calculated as net financial debt divided by equity. The equity/assets ratio is calculated as equity divided by total assets. Net financial debt consists of the following components:

SEKm	2016	2016	2015
	31 December	30 September	31 December
Non-current financial liabilities	882	900	2 295
Current financial liabilities	3 200	3 428	2 698
Pension provisions	201	280	130
Non-current financial receivables	-39	-39	-43
Current financial receivables	-89	-56	-61
Cash and cash equivalents	-210	-193	-221
Net financial debt	3 945	4 320	4 799

Holmen in brief

Holmen's strategy is to own forest and energy assets and to develop industrial operations in paperboard, paper and wood products. The substantial forest and energy assets shall deliver stable revenue that grows over time. Large-scale industrial operations at efficient facilities shall provide good profitability through the refining of forest raw material into high-performance paperboard, cost-effective printing paper and wood products for the joinery and construction industries.

Press and analyst conference

Following publication of the year-end report, a press and analyst conference will be held at 14.30 CET on Wednesday, 8 February. Venue: Tändstickspalatset, Kreugersalen. Västra Trädgårdsgatan 15, Stockholm. Holmen President and CEO Henrik Sjölund will present and comment on the report. The presentation will be held in English.

The conference is also directly available as a webcast on Holmen's website, www.holmen.com. You may also participate in the conference by telephone, by calling 08 505 564 74 (within Sweden), +44 (0)203 364 53 74 (from the rest of Europe) or +1 855 753 22 30 (from the US) no later than 14.25 CET.

Financial reports

Week 10 2017	Annual report 2016 is published on the Group's website
3 May 2017	Interim report January–March 2017
17 August 2017	Interim report January–June 2017
24 October 2017	Interim report January–September 2017
30 January 2018	Year-end report 2017

This information is information that Holmen AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 8 February 2017 at 12.30 CET.

This is a translation of the Swedish interim report of Holmen Aktiebolag (publ.). In the event of inconsistency between the English and the Swedish versions, the Swedish version shall prevail.