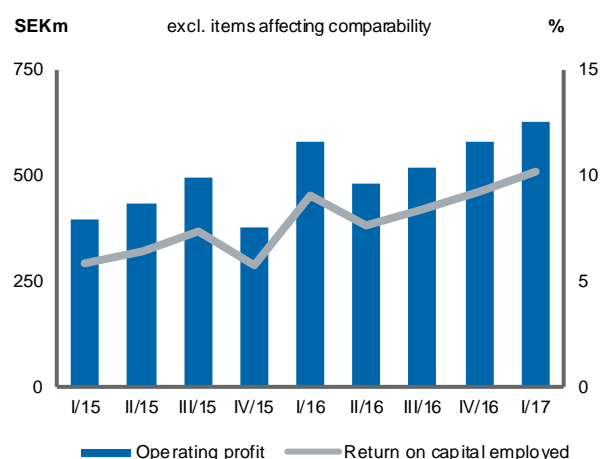
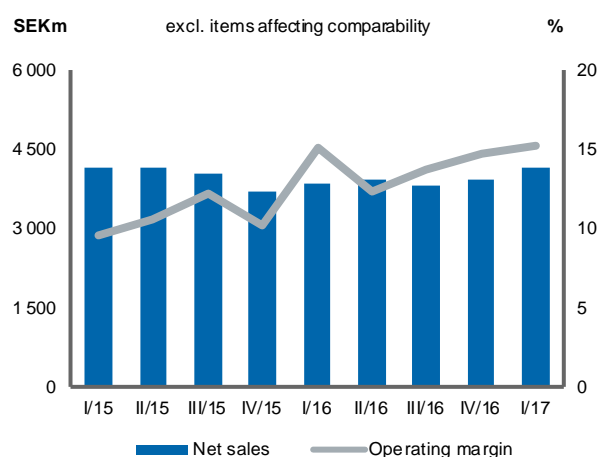


Holmen's interim report January–March 2017

| SEKm | 1-17 | Quarter 4-16 | 1-16 | Full Year 2016 |
|--|--------------|-----------------|-------|-------------------|
| Net sales | 4 131 | 3 937 | 3 828 | 15 513 |
| Operating profit excl. items affecting comparability | 627 | 579 | 580 | 2 162 |
| Operating profit | 627 | 579 | 348 | 1 930 |
| Profit after tax | 485 | 442 | 222 | 1 424 |
| Earnings per share, SEK | 5.8 | 5.3 | 2.6 | 16.9 |
| Operating margin, % * | 15.2 | 14.7 | 15.1 | 13.9 |
| Return on capital employed, % * | 10.2 | 9.3 | 9.1 | 8.6 |
| Return on equity, % | 9.2 | 8.5 | 4.3 | 6.9 |
| Cash flow before investments and working capital | 742 | 527 | 754 | 2 320 |
| Debt/equity ratio | 0.16 | 0.19 | 0.21 | 0.19 |

*Excluding items affecting comparability of SEK -232 million in 2016. See also page 14.

- Operating profit for January–March 2017 was SEK 627 million (January–March 2016: SEK 580 million excluding items affecting comparability). The improvement in profit was mainly due to higher earnings from paper and wood products.
- Compared with the fourth quarter of 2016, operating profit increased by SEK 48 million due to higher paperboard deliveries, better prices and a better product mix for wood products, as well as seasonally higher hydro power production.
- Profit after tax for January–March amounted to SEK 485 million (222), which corresponds to earnings per share of SEK 5.8 (2.6).
- Return on capital employed increased to 10.2 (9.1) per cent.
- Sales performance was good, with an improved product and market mix. Paperboard production has stabilised at a higher level following investments. In April, Lingham Sawmill was acquired to strengthen the raw material supply for Braviken Sawmill and expand the product offering. The cash-flow yield on own forests was seasonally high, at 5.0 per cent.



Forest

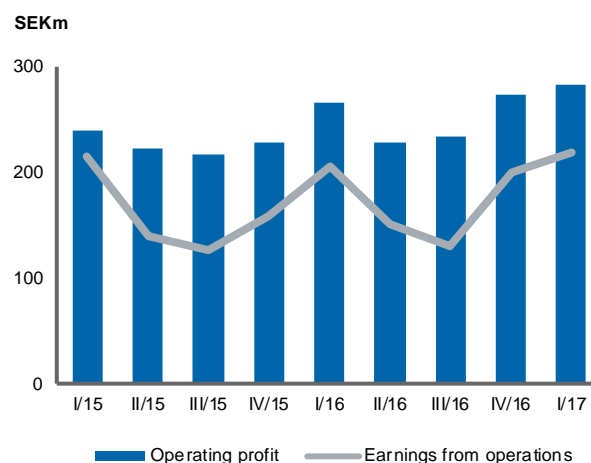
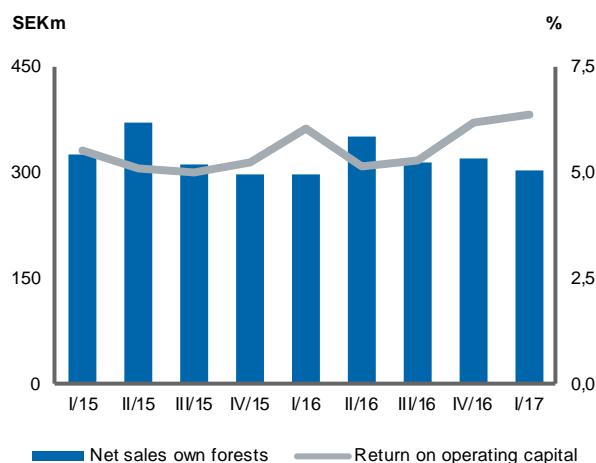
Holmen carries out active and sustainable forestry on over a million hectares of its own productive forest land. The annual harvest amounts to 3 million cubic metres.

| SEKm | Quarter | | | Full year 2016 |
|---|------------|------------|------------|-------------------|
| | 1-17 | 4-16 | 1-16 | |
| Net sales | 1 451 | 1 387 | 1 368 | 5 302 |
| <i>of which from own forests</i> | 302 | 318 | 297 | 1 278 |
| Operating costs | -1 226 | -1 178 | -1 157 | -4 586 |
| Depreciation and amortisation according to plan | -7 | -8 | -7 | -29 |
| Earnings before change in value of forests | 219 | 201 | 205 | 686 |
| Change in value of forests | 64 | 72 | 62 | 315 |
| Operating profit | 283 | 273 | 267 | 1 001 |
| Investments | 10 | 5 | 3 | 30 |
| Book value of company forests | 17 493 | 17 448 | 17 224 | 17 448 |
| Return on operating capital, % | 6.3 | 6.2 | 6.1 | 5.7 |
| Cash flow yield, % | 5.0 | 4.6 | 4.8 | 4.0 |
| Harvesting own forests, '000 m ³ | 713 | 729 | 715 | 2 986 |

Demand for logs and pulpwood in Sweden was normal in the first quarter. Selling prices were largely unchanged.

Profit for January–March, before changes in value, in relation to book value for forests corresponds to a yield of 5.0 per cent.

Profit for January–March before changes in value was SEK 219 million (205). Harvesting was at a normal level, while silviculture costs were seasonally low. Operating profit, which includes changes in value of SEK 64 million, increased by SEK 16 million to SEK 283 million. Operating profit includes revenue from the sale of a minor property. Operating profit was SEK 10 million higher than in the previous quarter.



Paperboard

Holmen is a market leader in the highest quality segments for consumer packaging and board for advanced graphics printing. Production amounts to 500 000 tonnes a year at one Swedish mill and one UK mill.

| SEKm | Quarter | | | Full year |
|---|------------|------------|------------|--------------|
| | 1-17 | 4-16 | 1-16 | 2016 |
| Net sales | 1 403 | 1 296 | 1 364 | 5 252 |
| Operating costs | -1 033 | -948 | -1 005 | -3 870 |
| EBITDA | 370 | 348 | 358 | 1 382 |
| Depreciation and amortisation according to plan | -124 | -116 | -122 | -479 |
| Operating profit | 246 | 232 | 236 | 903 |
| Investments | 94 | 48 | 166 | 413 |
| Operating capital | 6 461 | 6 426 | 6 587 | 6 426 |
| EBITDA margin, % | 26 | 27 | 26 | 26 |
| Operating margin, % | 18 | 18 | 17 | 17 |
| Return on operating capital, % | 15 | 15 | 14 | 14 |
| Production, paperboard, '000 tonnes | 134 | 132 | 117 | 503 |
| Deliveries, paperboard, '000 tonnes | 131 | 120 | 129 | 497 |

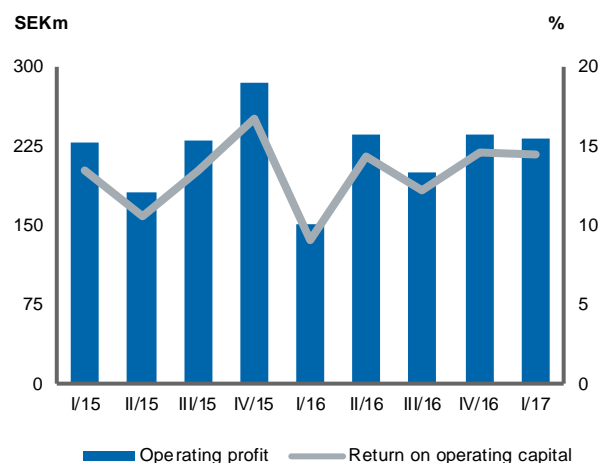
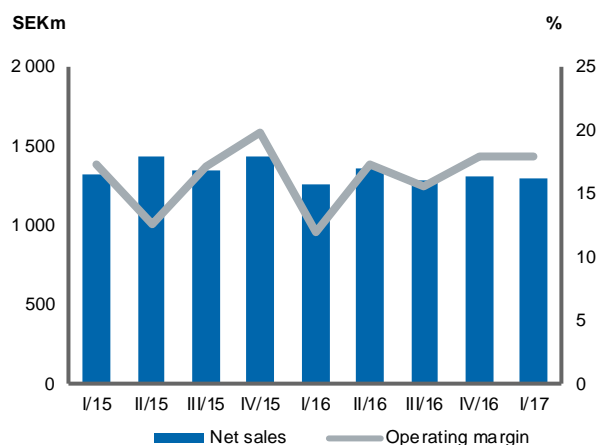
The market for virgin fibre paperboard was stable in the first quarter and prices were largely unchanged.

Holmen's paperboard deliveries totalled 131 000 tonnes for January–March, which was 2 per cent higher than the same period last year.

Operating profit for January–March was SEK 246 million (236). Production has stabilised at a higher level following investments. Earnings for the first quarter last year were affected negatively by SEK 60 million from a rebuilding shutdown and positively by SEK 60 million relating to the outcome of a dispute over water charges.

Compared with the previous quarter, profit increased by SEK 14 million as a result of higher deliveries.

Maintenance shutdowns are expected to have a negative impact of around SEK 50 million on earnings in the second quarter and of slightly more than SEK 100 million in the fourth quarter.



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 | 1-17 | Quarter 4-16 | 1-16 | Full year 2016 |
|---|------------|-----------------|--------|-------------------|
| Net sales | 1 277 | 1 265 | 1 308 | 5 431 |
| Operating costs | -1 117 | -1 095 | -1 143 | -4 761 |
| EBITDA | 159 | 169 | 165 | 669 |
| Depreciation and amortisation according to plan | -85 | -92 | -108 | -380 |
| Operating profit* | 74 | 77 | 57 | 289 |
| Investments | 19 | 60 | 96 | 259 |
| Operating capital | 2 897 | 2 815 | 3 406 | 2 815 |
| EBITDA margin, %* | 12 | 13 | 13 | 12 |
| Operating margin, %* | 6 | 6 | 4 | 5 |
| Return on operating capital, %* | 10 | 11 | 7 | 9 |
| Production, '000 tonnes | 269 | 275 | 293 | 1 176 |
| Deliveries, '000 tonnes | 265 | 260 | 273 | 1 134 |

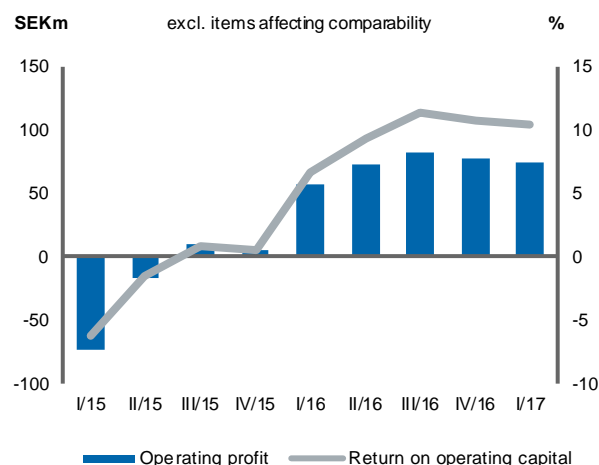
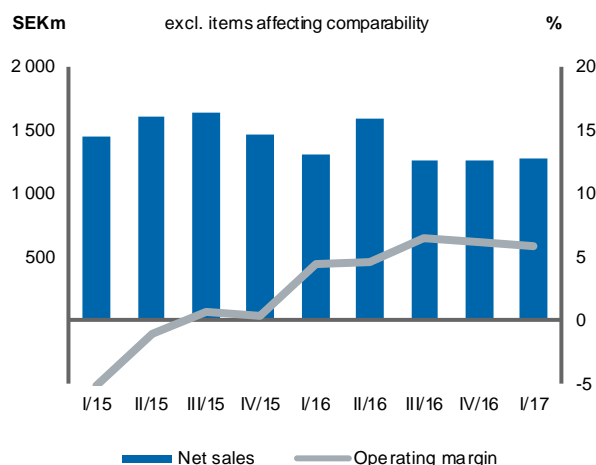
* Excluding items affecting comparability in 2016

Demand for printing paper in Europe decreased by 4 per cent during the January–February period compared with the same period last year. Selling prices were largely unchanged in the first quarter.

Holmen's deliveries for January–March totalled SEK 265 000 tonnes. The product mix has improved through increased sales of magazine and book paper and divestiture of the Spanish newsprint mill. The proportion of magazine and book paper was just over 85 per cent.

Operating profit for January–March was SEK 74 million (57), excluding a 2016 item affecting comparability. The earnings improvement was due to the sale of the Spanish newsprint mill, which was carried out on 30 June 2016.

Compared with the fourth quarter, profit decreased by SEK 3 million.



Wood products

Holmen produces wood products for use in joinery and construction at three sawmills, whose by-products are used at the Group's paper and paperboard mills. The annual production volume is 900 000 cubic metres following the acquisition of Lingham Sawmill.

| SEKm | Quarter | | | Full year 2016 |
|---|-----------|-----------|-----------|-------------------|
| | 1-17 | 4-16 | 1-16 | |
| Net sales | 373 | 344 | 353 | 1 342 |
| Operating costs | -335 | -319 | -337 | -1 262 |
| EBITDA | 38 | 25 | 16 | 80 |
| Depreciation and amortisation according to plan | -21 | -20 | -21 | -82 |
| Operating profit | 17 | 4 | -5 | -3 |
| Investments | 7 | 22 | 4 | 52 |
| Operating capital | 895 | 892 | 953 | 892 |
| EBITDA margin, % | 10 | 7 | 4 | 6 |
| Operating margin, % | 5 | 1 | -1 | 0 |
| Return on operating capital, % | 8 | 2 | neg | neg |
| Production, '000 m ³ | 202 | 214 | 185 | 776 |
| Deliveries, '000 m ³ | 208 | 196 | 209 | 776 |

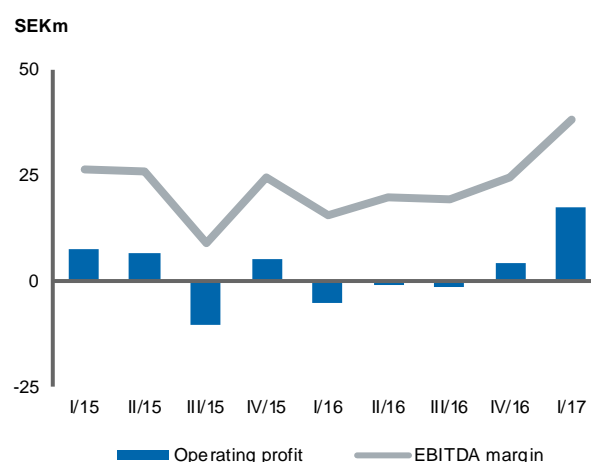
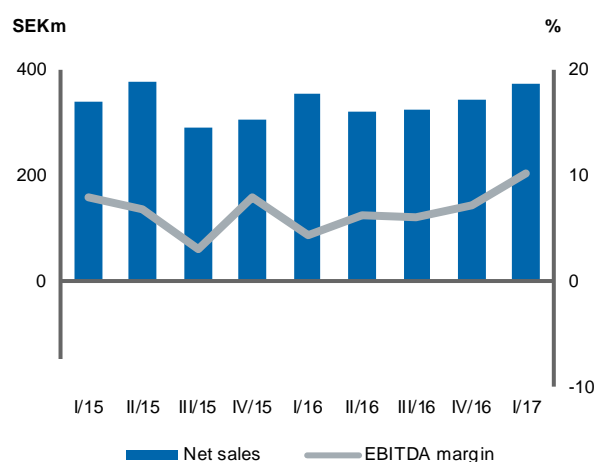
Market conditions for wood products in Europe were good in the first quarter and market prices increased slightly.

Holmen's deliveries of wood products for January–March totalled 208 000 cubic metres, which was the same level as the corresponding period last year.

Operating profit for January–March was SEK 17 million (-5). The improvement in earnings was due to higher production, a better product mix and higher prices, while costs were kept unchanged.

Compared with the fourth quarter, operating profit in the first quarter increased by SEK 13 million as a result of higher prices and a better product mix.

The nearby Lingham Sawmill has been acquired to strengthen the raw material supply for Braviken Sawmill and expand the product offering. Lingham Sawmill has a production capacity of 75 000 cubic metres. The acquisition took effect from 28 April 2017 and the purchase price was SEK 48 million.



Renewable energy

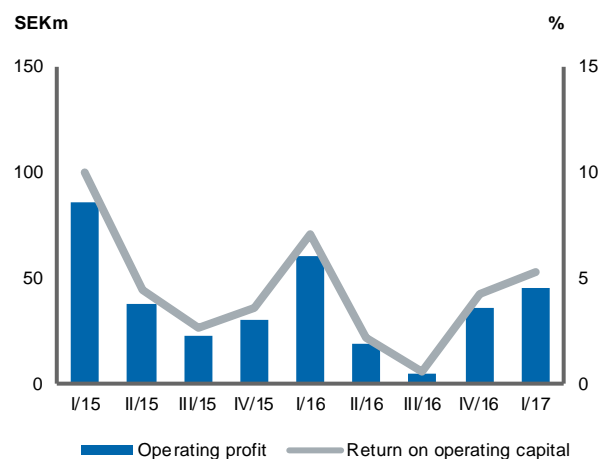
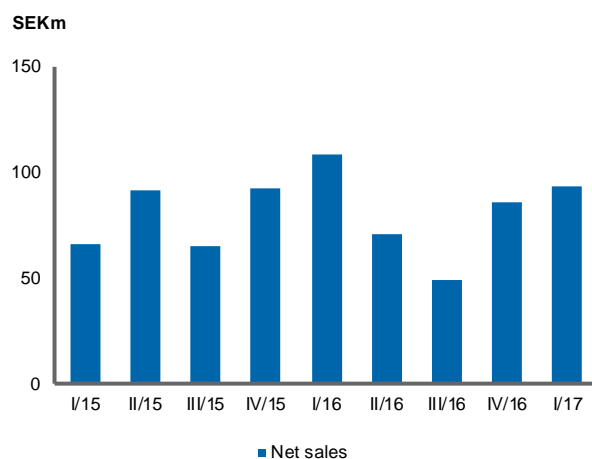
Holmen produces 1.2 TWh of renewable hydro and wind power in a normal year.

| SEKm | Quarter | | | Full year |
|---|-----------|-----------|-----------|------------|
| | 1-17 | 4-16 | 1-16 | 2016 |
| Net sales | 94 | 86 | 108 | 314 |
| Operating costs | -43 | -43 | -43 | -172 |
| Depreciation and amortisation according to plan | -6 | -6 | -6 | -23 |
| Operating profit | 45 | 36 | 60 | 120 |
| Investments | 1 | 12 | 4 | 23 |
| Operating capital | 3 410 | 3 412 | 3 428 | 3 412 |
| Operating margin, % | 48 | 42 | 55 | 38 |
| Return on operating capital, % | 5 | 4 | 7 | 4 |
| Production hydro and wind power, GWh | 335 | 270 | 373 | 1 080 |

Operating profit for January–March was SEK 45 million (60). The decrease in earnings was due to lower production.

Compared with the fourth quarter, operating profit rose by SEK 9 million as a result of seasonally higher production. Production was, however, 10 per cent lower than normal for the season.

The levels in Holmen's water storage reservoirs had returned to a normal level for the season by the end of the quarter.



Cash flow, financing and net financial items

Cash flow from operating activities for the first quarter totalled SEK 693 million. Cash flow from investing activities was SEK -107 million.

For January–March, the Group's net financial debt decreased by SEK 657 million to SEK 3 288 million. At 31 March, the debt/equity ratio was 0.16. Financial liabilities including pension provisions totalled SEK 4 661 million, SEK 3 955 million of which were current liabilities. Cash and cash equivalents and financial receivables totalled SEK 1 372 million, which was higher than normal as a result of a dividend of SEK 1 008 million being paid immediately after the end of the quarter. The Group has unused long-term contractually agreed credit facilities of SEK 3 815 million, maturing in 2020–2021.

Net financial items for the first quarter were SEK -14 million (-15). The cost of borrowing averaged 1.4 per cent (1.3).

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

Tax

Recognised tax for January–March was SEK -127 million (-111). Recognised tax as a proportion of profit before tax was 21 per cent (33).

Equity

In January–March, the Group's equity decreased by SEK 498 million to SEK 20 745 million. Profit for the period totalled SEK 485 million and the dividend, recognised but not yet paid, was SEK 1 008 million. In addition to this, there is other comprehensive income of SEK 22 million, mainly as a result of an actuarial revaluation of the pension liability.

Hedging exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for the first quarter includes currency hedges of SEK -5 million (36). The fair value of currency hedges not yet recognised as income amounted to SEK 9 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 9.52. For EUR/GBP, 90 per cent of one year's expected flows are hedged at 0.87. For other currencies, 4 months of flows are hedged. Currency effects on Group earnings were limited compared with both the previous quarter and the first quarter of 2016.

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 2 874 (3 193). The decrease is largely due to the sale of the newsprint mill in Spain and implemented rationalisations.

Share buy-backs

At the 2017 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 2017 AGM approved a dividend of SEK 12 (10.5) per share. The dividend, totalling SEK 1 008 million, was paid on 3 April.

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 2016, pages 36–39 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 interim report.

Stockholm, 3 May 2017
Holmen AB (publ)

Henrik Sjölund
President and CEO

The report has not been reviewed by the company's auditors.

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 |
|--|------------|------------|------------|--------------|
| | 1-17 | 4-16 | 1-16 | 2016 |
| Net sales | 4 131 | 3 937 | 3 828 | 15 513 |
| Other operating income | 267 | 354 | 536 | 1 559 |
| Change in inventories | 19 | 169 | -8 | 203 |
| Raw materials and consumables | -2 372 | -2 379 | -2 136 | -8 801 |
| Personnel costs | -548 | -574 | -583 | -2 268 |
| Other operating costs | -682 | -747 | -953 | -3 432 |
| Profit from investments in associates and joint ventures | -6 | -6 | -5 | -18 |
| Depreciation and amortisation according to plan | -247 | -249 | -269 | -1 018 |
| Impairment losses | - | - | -123 | -122 |
| Change in value of biological assets | 64 | 72 | 62 | 315 |
| Operating profit | 627 | 579 | 348 | 1 930 |
| Finance income | 0 | 0 | 0 | 13 |
| Finance costs | -14 | -15 | -15 | -84 |
| Profit before tax | 613 | 564 | 333 | 1 859 |
| Tax | -127 | -122 | -111 | -436 |
| Profit for the period | 485 | 442 | 222 | 1 424 |
| Earnings per share, SEK | 5.8 | 5.3 | 2.6 | 16.9 |
| Operating margin, % * | 15.2 | 14.7 | 15.1 | 13.9 |
| Return on capital employed, % * | 10.2 | 9.3 | 9.1 | 8.6 |
| Return on equity, % | 9.2 | 8.5 | 4.3 | 6.9 |

* Excl. items affecting comparability.

| Statement of comprehensive income, SEKm | Quarter | | | Full year |
|--|------------|------------|-------------|--------------|
| | 1-17 | 4-16 | 1-16 | 2016 |
| Profit for the period | 485 | 442 | 222 | 1 424 |
| Other comprehensive income | | | | |
| Revaluations of defined benefit pension plans | 58 | 79 | 33 | -159 |
| Tax attributable to items that will not be reclassified to profit for the period | -11 | -14 | -6 | 29 |
| Items that will not be reclassified to profit for the period | 47 | 65 | 27 | - 130 |
| Cash flow hedging | -22 | 252 | -58 | 190 |
| Translation difference on foreign operation | -10 | -11 | -146 | -165 |
| Hedging of currency risk in foreign operation | 1 | 9 | 29 | 1 |
| Tax attributable to items that will be reclassified to profit for the period | 6 | -57 | 6 | -52 |
| Items that will be reclassified to profit for the period | -26 | 194 | -170 | - 26 |
| Total other comprehensive income after tax | 22 | 259 | -142 | - 157 |
| Total comprehensive income | 507 | 701 | 80 | 1 267 |

| Change in equity, SEKm | Jan-March | |
|-----------------------------------|---------------|---------------|
| | 2017 | 2016 |
| Opening equity | 21 243 | 20 853 |
| Profit for the period | 485 | 222 |
| Other comprehensive income | 22 | -142 |
| Total comprehensive income | 507 | 80 |
| Dividends paid * | -1 008 | - |
| Share saving program | 3 | - |
| Closing equity | 20 745 | 20 933 |

* Approved by the 2017 AGM but not paid out at the end of the quarter.

| Share structure | | | | | |
|--------------------------------------|-------|-------------------|--------------------|----------------|----------------|
| | Votes | No. of shares | No. of votes | Quotient 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 issued | | 83 996 162 | 287 605 268 | | |

Group

| Balance sheet, SEKm | 2017 | | 2016 | |
|--|---------------|---------------|----------|-------------|
| | 31 March | 31 December | 31 March | 31 December |
| Non-current assets | | | | |
| Intangible non-current assets | 94 | 87 | | |
| Property, plant and equipment | 9 225 | 9 387 | | |
| Biological assets | 17 493 | 17 448 | | |
| Investments in associates and joint ventures | 1 772 | 1 773 | | |
| Other shares and participating interests | 2 | 2 | | |
| Non-current financial receivables | 39 | 39 | | |
| Deferred tax assets | 3 | 4 | | |
| Total non-current assets | 28 629 | 28 740 | | |
| Current assets | | | | |
| Inventories | 2 974 | 2 981 | | |
| Trade receivables | 2 179 | 2 174 | | |
| Current tax receivable | 21 | 132 | | |
| Other operating receivables | 610 | 564 | | |
| Current financial receivables | 41 | 89 | | |
| Cash and cash equivalents | 1 292 | 210 | | |
| Total current assets | 7 116 | 6 151 | | |
| Total assets | 35 745 | 34 891 | | |
| Equity | 20 745 | 21 243 | | |
| Non-current liabilities | | | | |
| Non-current financial liabilities | 574 | 882 | | |
| Pension provisions | 132 | 201 | | |
| Other provisions | 649 | 673 | | |
| Deferred tax liabilities | 5 631 | 5 613 | | |
| Total non-current liabilities | 6 985 | 7 368 | | |
| Current liabilities | | | | |
| Current financial liabilities | 3 955 | 3 200 | | |
| Trade payables | 1 753 | 1 766 | | |
| Current tax liability | 55 | 6 | | |
| Provisions | 191 | 228 | | |
| Other operating liabilities * | 2 061 | 1 079 | | |
| Total current liabilities | 8 015 | 6 279 | | |
| Total liabilities | 15 000 | 13 648 | | |
| Total equity and liabilities | 35 745 | 34 891 | | |
| Debt/equity ratio, times | 0.16 | 0.19 | | |
| Equity/assets ratio, % | 58.0 | 60.9 | | |
| Operating capital | 29 662 | 30 799 | | |
| Capital employed | 24 034 | 25 190 | | |
| Net financial debt | 3 288 | 3 945 | | |

* Includes SEK 1 008 million in liabilities relating to an approved but as yet unpaid dividend at 31 March 2017

| Financial instruments, SEKm | Carrying amount | | Fair value | |
|---------------------------------|------------------|---------------------|------------------|---------------------|
| | 2017 31 March | 2016 31 December | 2017 31 March | 2016 31 December |
| Assets at fair value | 136 | 213 | 136 | 213 |
| Assets at acquisition cost | 3 545 | 2 459 | 3 545 | 2 459 |
| Liabilities at fair value | 333 | 385 | 333 | 385 |
| Liabilities at acquisition cost | 6 205 | 5 721 | 6 205 | 5 721 |

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 2016 |
|---|--------------|-------------|-------------|-------------------|
| | 1-17 | 4-16 | 1-16 | |
| Operating activities | | | | |
| Profit before tax | 613 | 564 | 333 | 1 859 |
| Adjustments for non-cash items * | 119 | 92 | 517 | 965 |
| Paid income taxes | 11 | -129 | -95 | -504 |
| Cash flow from operating activities | | | | |
| before changes in working capital | 742 | 527 | 754 | 2 320 |
| Cash flow from changes in working capital | | | | |
| Change in inventories | 19 | -167 | 131 | -62 |
| Change in trade receivables and other operating receivables | -52 | 16 | -133 | -189 |
| Change in trade payables and other operating liabilities | -15 | -79 | -211 | -109 |
| Cash flow from operating activities | 693 | 297 | 542 | 1 961 |
| Investing activities | | | | |
| Acquisition of non-current assets | -144 | -150 | -276 | -785 |
| Disposal of non-current assets | 37 | 154 | 15 | 662 |
| Change in non-current financial receivables | - | - | - | - |
| Cash flow from investing activities | -107 | 3 | -262 | -123 |
| Financing activities | | | | |
| Change in financial liabilities and current financial receivables | 496 | -282 | -331 | -966 |
| Dividends paid to the shareholders of the parent company | - | - | - | -882 |
| Cash flow from financing activities | 496 | -282 | -331 | -1 848 |
| Cash flow for the period | 1 082 | 19 | -51 | -10 |
| Opening cash and cash equivalents | 210 | 193 | 221 | 221 |
| Exchange difference in cash and cash equivalents | -1 | -2 | -1 | -1 |
| Closing cash and cash equivalents | 1 292 | 210 | 169 | 210 |

| Change in net financial debt, SEKm | Quarter | | | Full year 2016 |
|--|---------------|---------------|---------------|-------------------|
| | 1-17 | 4-16 | 1-16 | |
| Opening net financial debt | -3 945 | -4 320 | -4 799 | -4 799 |
| Cash flow from operating activities | 693 | 297 | 542 | 1 961 |
| Cash flow from investing activities (excl financial receivables) | -107 | 3 | -262 | -123 |
| Dividends paid | - | - | - | -882 |
| Revaluations of defined benefit pension plans | 57 | 80 | 33 | -158 |
| Foreign exchange effects and changes in fair value | 14 | -7 | 10 | 56 |
| Closing net financial debt | -3 288 | -3 945 | -4 476 | -3 945 |

* 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 2016 |
|---|------------|-------------|------------|-------------------|
| | 1-17 | 4-16 | 1-16 | |
| Operating income | 3 814 | 3 703 | 3 628 | 14 616 |
| Operating costs | -3 511 | -4 183 | -3 297 | -14 281 |
| Operating profit | 303 | -480 | 330 | 335 |
| Net financial items | -2 | 1 075 | -285 | 759 |
| Profit after net financial items | 301 | 595 | 45 | 1 094 |
| Appropriations | 108 | 115 | 86 | 404 |
| Profit before tax | 409 | 710 | 131 | 1 499 |
| Tax | -89 | -60 | -97 | -301 |
| Profit for the period | 320 | 650 | 34 | 1 197 |

| Statement of comprehensive income, SEKm | Quarter | | | Full year 2016 |
|---|------------|------------|------------|-------------------|
| | 1-17 | 4-16 | 1-16 | |
| Profit for the period | 320 | 650 | 34 | 1 197 |
| Other comprehensive income | | | | |
| Cash flow hedging | -30 | 238 | -49 | 211 |
| Tax attributable to other comprehensive income | 7 | -52 | 11 | -46 |
| Items that will be reclassified to profit for the period | -23 | 185 | -38 | 164 |
| Total comprehensive income | 297 | 835 | -4 | 1 362 |

| Balance sheet, SEKm | 2017 | | 2016 |
|-------------------------------------|---------------|---------------|------|
| | 31 March | 31 December | |
| Non-current assets | 17 451 | 17 653 | |
| Current assets | 5 980 | 4 950 | |
| Total assets | 23 431 | 22 602 | |
| Restricted equity | 5 915 | 5 915 | |
| Non-restricted equity | 4 213 | 4 921 | |
| Untaxed reserves | 2 292 | 2 290 | |
| Provisions | 1 489 | 1 503 | |
| Liabilities | 9 523 | 7 974 | |
| Total equity and liabilities | 23 431 | 22 602 | |

Sales to Group companies accounted for SEK 27 million (18) of operating income for January–March.

The parent company's investments in property, plant and equipment and intangible non-current assets totalled SEK 9 million (8).

Balance sheet appropriations include group contributions of SEK 110 million (200).

Group

| Quarterly figures, SEKm | 2017 Q1 | Q4 | 2016 Q3 | Q2 | Q1 | Full year 2016 |
|---|--------------|--------------|--------------|--------------|--------------|-------------------|
| Income statement | | | | | | |
| Net sales | 4 131 | 3 937 | 3 810 | 3 937 | 3 828 | 15 513 |
| Operating costs | -3 315 | -3 176 | -3 139 | -3 275 | -3 036 | -12 626 |
| Profit from investments in associates and joint ventures | -6 | -6 | -7 | -5 | -5 | -22 |
| Earnings before depreciation and change in value | 810 | 756 | 665 | 658 | 787 | 2 865 |
| Depreciation and amortisation according to plan | -247 | -249 | -247 | -252 | -269 | -1 018 |
| Change in value of forests | 64 | 72 | 103 | 77 | 62 | 315 |
| Operating profit excl. items affecting comparability | 627 | 579 | 520 | 483 | 580 | 2 162 |
| Items affecting comparability* | - | - | - | - | -232 | -232 |
| Operating profit | 627 | 579 | 520 | 483 | 348 | 1 930 |
| Net financial items | -14 | -15 | -14 | -28 | -15 | -71 |
| Profit before tax | 613 | 564 | 507 | 455 | 333 | 1 859 |
| Tax | -127 | -122 | -112 | -91 | -111 | -436 |
| Profit for the period | 485 | 442 | 395 | 364 | 222 | 1 424 |
| Earnings per share, SEK | 5.8 | 5.3 | 4.7 | 4.3 | 2.6 | 16.9 |
| Net sales | | | | | | |
| Forest | 1 451 | 1 387 | 1 192 | 1 355 | 1 368 | 5 302 |
| Paperboard | 1 403 | 1 296 | 1 308 | 1 285 | 1 364 | 5 252 |
| Paper | 1 277 | 1 265 | 1 266 | 1 592 | 1 308 | 5 431 |
| Wood products | 373 | 344 | 324 | 322 | 353 | 1 342 |
| Renew able energy | 94 | 86 | 49 | 71 | 108 | 314 |
| Elimination of intra-group net sales | -467 | -440 | -328 | -688 | -672 | -2 128 |
| Group | 4 131 | 3 937 | 3 810 | 3 937 | 3 828 | 15 513 |
| Operating profit/loss by business area** | | | | | | |
| Forest | 283 | 273 | 234 | 227 | 267 | 1 001 |
| Paperboard | 246 | 232 | 235 | 200 | 236 | 903 |
| Paper | 74 | 77 | 82 | 73 | 57 | 289 |
| Wood products | 17 | 4 | -1 | -1 | -5 | -3 |
| Renew able energy | 45 | 36 | 5 | 19 | 60 | 120 |
| Group-wide | -38 | -44 | -34 | -35 | -35 | -148 |
| Group | 627 | 579 | 520 | 483 | 580 | 2 162 |
| Operating margin, % ** | | | | | | |
| Paperboard | 17.5 | 17.9 | 18.0 | 15.6 | 17.3 | 17.2 |
| Paper | 5.8 | 6.1 | 6.5 | 4.6 | 4.4 | 5.3 |
| Wood products | 4.6 | 1.3 | -0.4 | -0.2 | -1.4 | -0.2 |
| Group | 15.2 | 14.7 | 13.7 | 12.3 | 15.1 | 13.9 |
| EBITDA by business area** | | | | | | |
| Forest | 226 | 209 | 138 | 157 | 211 | 716 |
| Paperboard | 370 | 348 | 354 | 321 | 358 | 1 382 |
| Paper | 159 | 169 | 170 | 164 | 165 | 669 |
| Wood products | 38 | 25 | 19 | 20 | 16 | 80 |
| Renew able energy | 51 | 42 | 11 | 24 | 66 | 143 |
| Group-wide | -33 | -38 | -28 | -29 | -29 | -124 |
| Group | 810 | 756 | 665 | 658 | 787 | 2 865 |
| Return on operating capital, % ** | | | | | | |
| Forest | 6.3 | 6.2 | 5.3 | 5.2 | 6.1 | 5.7 |
| Paperboard | 15.3 | 14.5 | 14.6 | 12.2 | 14.3 | 13.9 |
| Paper | 10.4 | 10.8 | 11.3 | 9.3 | 6.6 | 9.4 |
| Wood products | 7.7 | 1.9 | neg | neg | neg | neg |
| Renew able energy | 5.3 | 4.3 | 0.6 | 2.2 | 7.1 | 3.5 |
| Group | 8.3 | 7.6 | 6.9 | 6.3 | 7.5 | 7.0 |
| Key indicators | | | | | | |
| Return on capital employed, % ** | 10.2 | 9.3 | 8.4 | 7.7 | 9.1 | 8.6 |
| Return on equity, % | 9.2 | 8.5 | 7.7 | 7.1 | 4.3 | 6.9 |
| Deliveries | | | | | | |
| Harvesting own forests, '000 m³ | 713 | 729 | 724 | 818 | 715 | 2 986 |
| Paperboard, '000 tonnes | 131 | 120 | 126 | 121 | 129 | 497 |
| Paper, '000 tonnes | 265 | 260 | 260 | 341 | 273 | 1 134 |
| Wood products, '000 m³ | 208 | 196 | 184 | 188 | 209 | 776 |
| Own production of hydro and wind power, GWh | 335 | 270 | 178 | 258 | 373 | 1 080 |

* Items affecting comparability in operating profit in Q1 2016 refers to the sale of the mill in Spain 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 |
| Earnings before depreciation and change in value | 2 865 | 2 673 | 2 717 | 2 315 | 2 676 | 3 240 | 2 531 | 2 925 | 2 771 | 3 534 |
| 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 | 1 980 | 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.

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 earnings 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 'profit before changes in value' is used, which summarises operating profit/loss excluding changes in the fair value of biological assets. To clarify how these earnings measures are affected by matters outside normal business operations, such as impairment, disposal, closure and fire, 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 an item affecting comparability.

| SEKm | Quarter | | | Full year |
|---|---------|------|------|-----------|
| | 1-17 | 4-16 | 1-16 | 2016 |
| EBITDA | 810 | 756 | 788 | 2 865 |
| Depreciation and amortisation according to plan | -247 | -249 | -269 | -1 018 |
| Change in value of forests | 64 | 72 | 62 | 315 |
| Operating profit excl. items affecting comp. | 627 | 579 | 580 | 2 162 |
| Items affecting comparability | - | - | -232 | -232 |
| Operating profit | 627 | 579 | 348 | 1 930 |

| SEKm | Quarter | | | Full year |
|--|---------|------|------|-----------|
| | 1-17 | 4-16 | 1-16 | 2016 |
| Earnings before change in value of forests | 219 | 201 | 205 | 686 |
| Change in value of forests | 64 | 72 | 62 | 315 |
| Operating profit of forest | 283 | 273 | 267 | 1 001 |

For 2016, earnings were negatively 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.

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 key figure of return on capital employed is used to measure operating profit, excluding items affecting comparability, as a proportion of capital employed. Capital employed is calculated as net financial debt plus equity. For the business areas, the key figure of return on operating capital is used to measure operating profit, excluding items affecting comparability, as a proportion of operating capital. Operating capital is calculated as capital employed plus the net sum of deferred tax liabilities and deferred tax assets, which corresponds to non-current assets plus working capital. For the Forest business area, the key figure of yield is used, which is calculated as profit before changes in value in relation to the carrying amount of biological assets.

| SEKm | 2017 | 2016 |
|--------------------------|----------|-------------|
| | 31 March | 31 December |
| Equity | 20 745 | 21 243 |
| Net financial debt | 3 288 | 3 945 |
| Capital employed | 24 034 | 25 190 |
| Deferred tax assets | -3 | -4 |
| Deferred tax liabilities | 5 631 | 5 613 |
| Operating capital | 29 662 | 30 799 |

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 | 2017 | 2016 |
|-----------------------------------|----------|-------------|
| | 31 March | 31 December |
| Non-current financial liabilities | 574 | 882 |
| Current financial liabilities | 3 955 | 3 200 |
| Pension provisions | 132 | 201 |
| Non-current financial receivables | -39 | -39 |
| Current financial receivables | -41 | -89 |
| Cash and cash equivalents | -1 292 | -210 |
| Net financial debt | 3 288 | 3 945 |

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 are intended to deliver stable revenue that grows over time. Large-scale industrial operations at efficient facilities aim to generate good profitability through the processing of forest raw material into high-performance paperboard, cost-effective printing paper and wood products for use in joinery and construction.

Press and analyst conference

Following publication of the interim report, a press and analyst conference will be held at 15.00 CET on Wednesday, 3 May. 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 14.55 CET.

Financial reports

| | |
|-----------------|---------------------------------------|
| 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 3 May 2017 at 12.45 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.