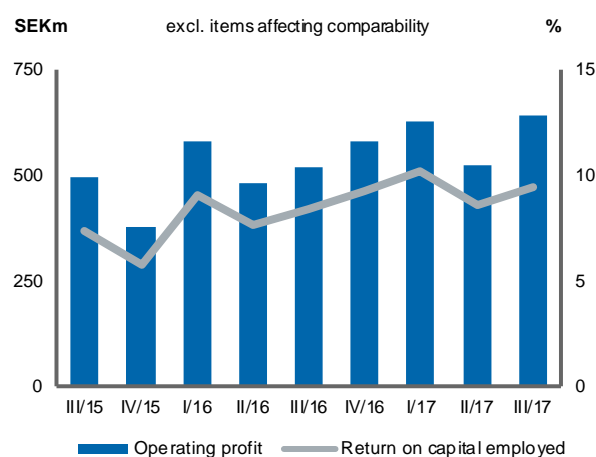
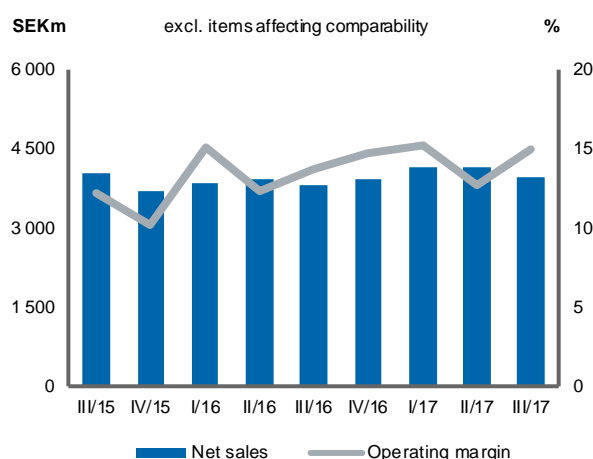


# Holmen's interim report January–September 2017

SEKm	3-17	Quarter 2-17	3-16	January–September 2017	January–September 2016	Full Year 2016
Net sales	<b>3 947</b>	4 148	3 810	<b>12 225</b>	11 575	15 513
Operating profit excl. items affecting comparability	<b>593</b>	525	520	<b>1 745</b>	1 583	2 162
Operating profit	<b>593</b>	525	520	<b>1 745</b>	1 352	1 930
Profit after tax	<b>456</b>	394	395	<b>1 336</b>	982	1 424
Earnings per share, SEK	<b>5.4</b>	4.7	4.7	<b>15.9</b>	11.7	16.9
Operating margin, % *	<b>15.0</b>	12.7	13.7	<b>14.3</b>	13.7	13.9
Return on capital employed, % *	<b>9.4</b>	8.5	8.4	<b>9.4</b>	8.4	8.6
Return on equity, %	<b>8.5</b>	7.5	7.7	<b>8.4</b>	6.3	6.9
Cash flow before investments and working capital	<b>498</b>	482	560	<b>1 722</b>	1 792	2 320
Debt/equity ratio	<b>0.17</b>	0.19	0.21	<b>0.17</b>	0.21	0.19

\*Excluding items affecting comparability of SEK -232 million in 2016. See also page 15.

- Operating profit for January–September 2017 was SEK 1 745 million (January–September 2016: SEK 1 583 million excluding items affecting comparability). The improvement in earnings was due to higher wood product prices and better earnings from forests.
- Compared with the second quarter, operating profit increased by SEK 68 million to SEK 593 million, mainly because second-quarter earnings were negatively affected by a maintenance shutdown.
- Profit after tax for January–September amounted to SEK 1 336 million (982), which corresponds to earnings per share of SEK 15.9 (11.7).
- Return on capital employed increased to 9.4 (8.4) per cent.
- Cash flow was strong during the year. A dividend of SEK 1 008 million has been paid while net financial debt decreased by SEK 360 million.



## 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			January–September		Full year
	3-17	2-17	3-16	2017	2016	
Net sales	1 286	1 407	1 192	4 144	3 915	5 302
of which from own forests	307	336	313	944	960	1 278
Operating costs	-1 162	-1 240	-1 054	-3 628	-3 408	-4 586
Depreciation and amortisation according to plan	-7	-7	-7	-21	-21	-29
<b>Earnings before change in value of forests</b>	<b>117</b>	<b>159</b>	<b>131</b>	<b>495</b>	<b>485</b>	<b>686</b>
Change in value of forests	150	102	103	315	242	315
<b>Operating profit</b>	<b>267</b>	<b>261</b>	<b>234</b>	<b>810</b>	<b>728</b>	<b>1 001</b>
Investments	5	14	9	28	24	30
Book value of company forests	17 744	17 594	17 399	17 744	17 399	17 448
Return on capital employed, % *	7.8	7.7	7.0	7.9	7.2	7.4
Cash flow yield, % **	2.7	3.6	3.0	3.8	3.7	4.0
Harvesting own forests, '000 m <sup>3</sup>	697	760	724	2 170	2 257	2 986

\* Operating profit in relation to capital employed

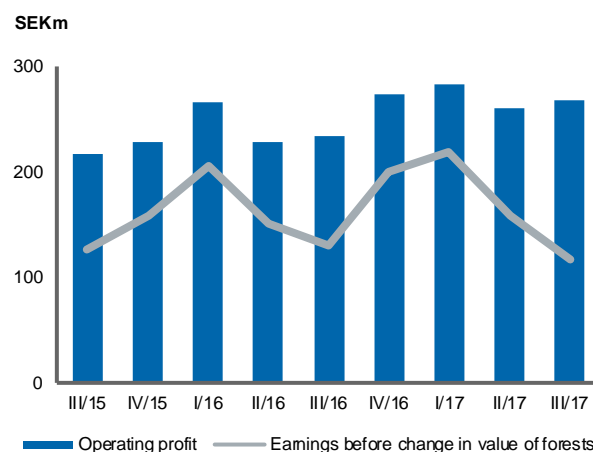
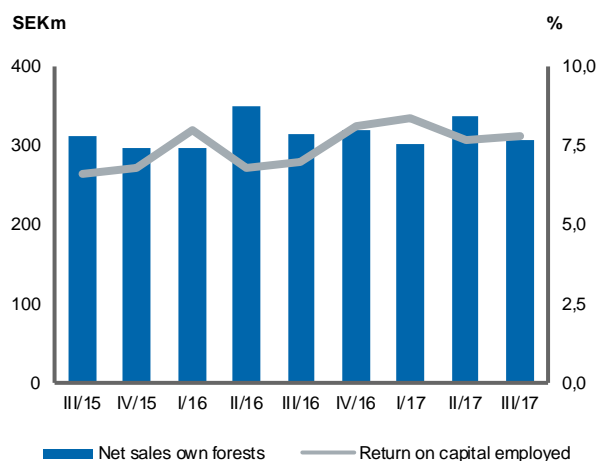
\*\* Profit before changes in value in relation to book value of biological assets.

Demand for logs and pulpwood has been good during the year and prices have increased slightly.

Profit for January–September before changes in value was SEK 495 million (485). Prices increased and costs decreased slightly, but the harvesting was lower than the same period last year. Operating profit, which includes a change in value of SEK 315 million, totalled SEK 810 million (728).

Compared with the second quarter, operating profit increased by SEK 6 million to SEK 267 million.

Profit for January–September, before changes in value, in relation to book value of company forests corresponds to a yield of 3.8 per cent.



## Paperboard

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

SEKm	Quarter			January–September		Full year
	3-17	2-17	3-16	2017	2016	
Net sales	1 361	1 408	1 308	4 172	3 956	5 252
Operating costs	-1 008	-1 100	-954	-3 141	-2 923	-3 870
<b>EBITDA</b>	<b>352</b>	<b>309</b>	<b>354</b>	<b>1 031</b>	<b>1 033</b>	<b>1 382</b>
Depreciation and amortisation according to plan	-123	-125	-119	-372	-363	-479
<b>Operating profit</b>	<b>229</b>	<b>184</b>	<b>235</b>	<b>659</b>	<b>671</b>	<b>903</b>
Investments	34	74	61	202	365	413
Operating capital	5 439	5 549	5 491	5 439	5 491	5 540
EBITDA margin, %	26	22	27	25	26	26
Operating margin, %	17	13	18	16	17	17
Return on capital employed, %	17	13	17	16	16	16
Production, paperboard, '000 tonnes	137	130	128	401	371	503
Deliveries, paperboard, '000 tonnes	133	133	126	397	376	497

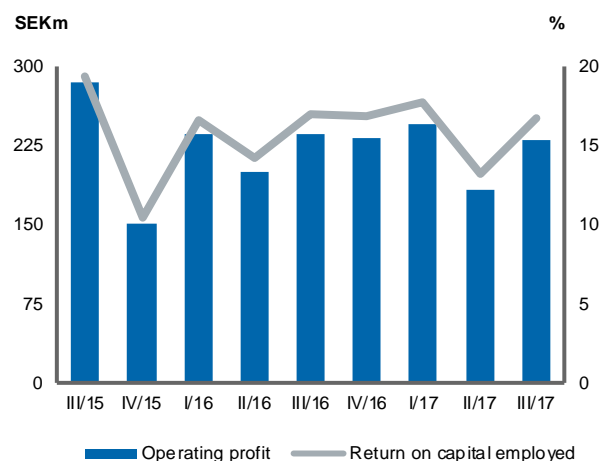
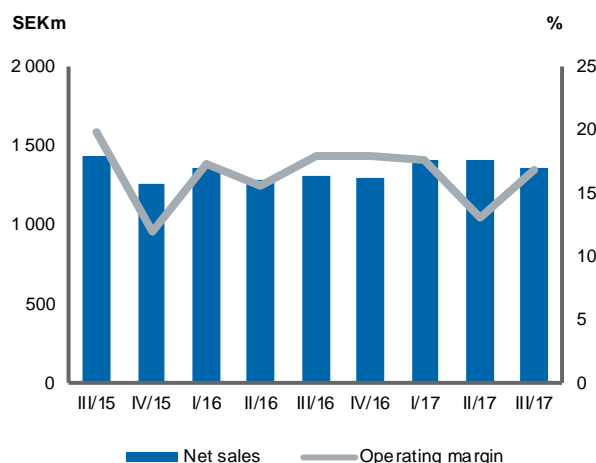
Deliveries to Europe from European producers increased by 3 per cent in the first nine months of the year compared with the same period last year. Prices were largely unchanged.

Holmen's paperboard deliveries amounted to 397 000 tonnes in January–September, which was 6 per cent higher than the same period of 2016 as a result of investments enabling increased production.

Operating profit for January–September totalled SEK 659 million (671). Higher production and deliveries made a positive contribution but were offset by higher shipping and input goods costs and slightly lower income from green electricity certificates. Operating profit was impacted by SEK 50 million as a result of costs and production losses from a maintenance shutdown at Workington. Earnings for January–September 2016 included a net amount of SEK -40 million from a rebuilding shutdown and a successful outcome in a dispute over water charges.

Compared with the previous quarter, profit increased by SEK 45 million to SEK 229 million. Personnel costs decreased seasonally but this was offset by increased costs for shipping and wood and negative currency effects. The second quarter was affected by a maintenance shutdown.

Profit in the fourth quarter is expected to be negatively impacted by just over SEK 100 million as a result of a maintenance shutdown at Iggesund Mill.



## 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			January–September		Full year
	3-17	2-17	3-16	2017	2016	
Net sales	1 387	1 369	1 266	4 032	4 166	5 431
Operating costs	-1 231	-1 194	-1 095	-3 542	-3 666	-4 761
<b>EBITDA</b>	<b>156</b>	<b>175</b>	<b>170</b>	<b>490</b>	<b>500</b>	<b>669</b>
Depreciation and amortisation according to plan	-86	-85	-89	-257	-288	-380
<b>Operating profit*</b>	<b>69</b>	<b>90</b>	<b>82</b>	<b>233</b>	<b>212</b>	<b>289</b>
Investments	52	23	48	93	198	259
Operating capital	2 306	2 460	2 626	2 306	2 626	2 505
EBITDA margin, %*	11	13	13	12	12	12
Operating margin, %*	5	7	6	6	5	5
Return on capital employed, % *	12	14	13	13	10	10
Production, '000 tonnes	261	278	260	808	900	1 176
Deliveries, '000 tonnes	287	283	260	835	874	1 134

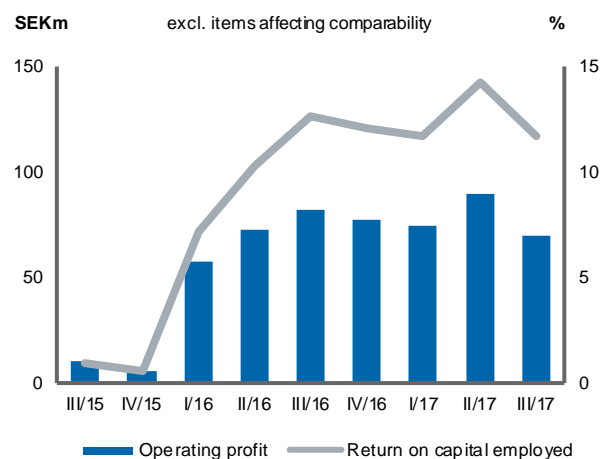
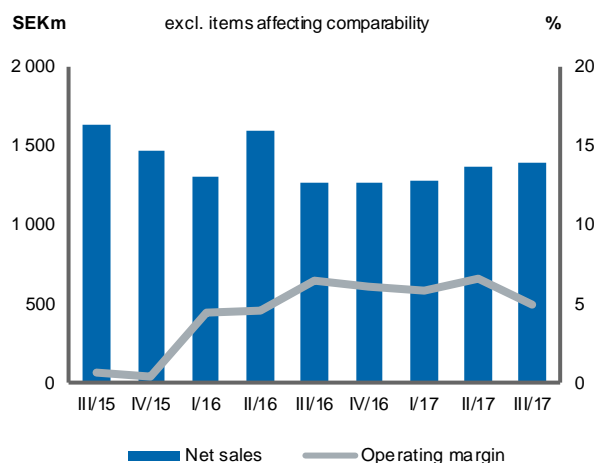
\* Excluding items affecting comparability in 2016

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

Holmen's deliveries for January–September amounted to 835 000 tonnes, which was 6 per cent higher than the same period last year, adjusted for the sale of the Spanish newsprint mill and the effects of a fire in 2016. The increase occurred in magazine and book paper, which now accounts for slightly more than 85 per cent of deliveries.

Operating profit for January–September totalled SEK 233 million (January–September 2016: SEK 212 million excluding items affecting comparability). The earnings improvement was mainly due to the sale of the Spanish newsprint mill, which was carried out on 30 June 2016.

Compared with the second quarter, profit decreased by SEK 21 million to SEK 69 million. Personnel costs were seasonally low but this was offset by increased wood costs and a decrease in production from the high level of the second quarter.



## 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.

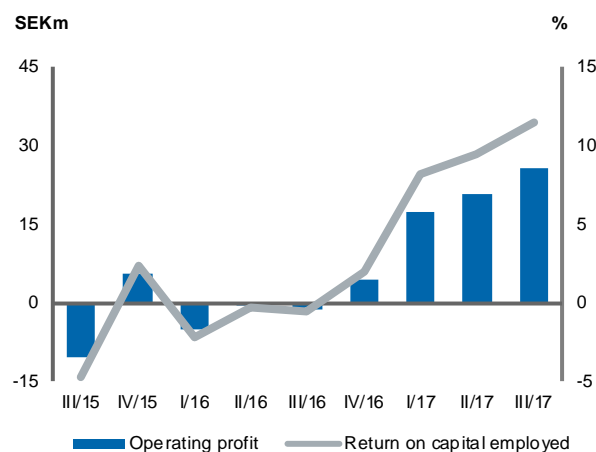
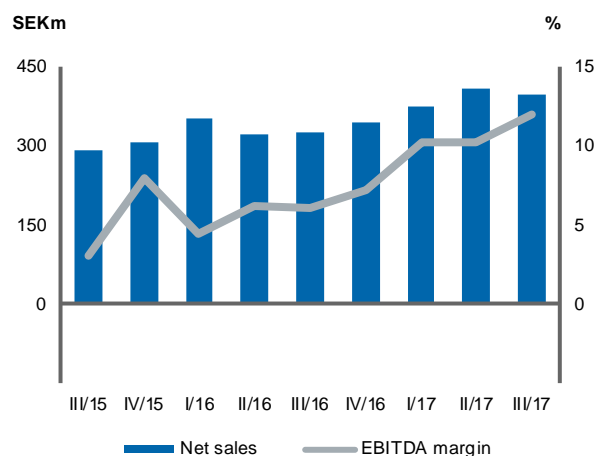
SEKm	Quarter			January–September		Full year
	3-17	2-17	3-16	2017	2016	
Net sales	397	407	324	1 177	998	1 342
Operating costs	-349	-365	-304	-1 049	-943	-1 262
<b>EBITDA</b>	<b>48</b>	<b>42</b>	<b>19</b>	<b>127</b>	<b>55</b>	<b>80</b>
Depreciation and amortisation according to plan	-22	-21	-21	-64	-62	-82
<b>Operating profit</b>	<b>26</b>	<b>21</b>	<b>-1</b>	<b>64</b>	<b>-7</b>	<b>-3</b>
Investments	15	48	25	70	31	52
Operating capital	891	906	882	891	882	859
EBITDA margin, %	12	10	6	11	6	6
Operating margin, %	6	5	0	5	-1	0
Return on capital employed, %	11	9	neg	10	neg	neg
Production, '000 m <sup>3</sup>	202	209	177	613	561	776
Deliveries, '000 m <sup>3</sup>	215	222	184	645	580	776

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

Holmen's deliveries of wood products for January–September totalled 645 000 cubic metres, which was 11 per cent higher than the same period last year as a result of better production, a stronger market and the acquisition of Lingham Sawmill.

Operating profit for January–September was SEK 64 million (-7). The improvement in earnings was due to higher prices and increased production.

Compared with the second quarter, operating profit increased by SEK 5 million to SEK 26 million as a result of higher prices. Raw material costs increased slightly.



## Renewable energy

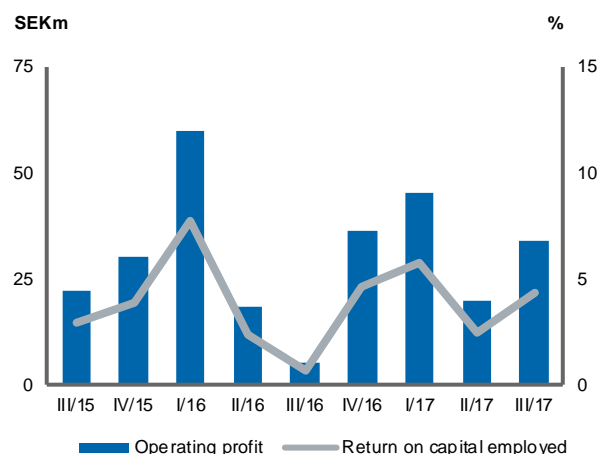
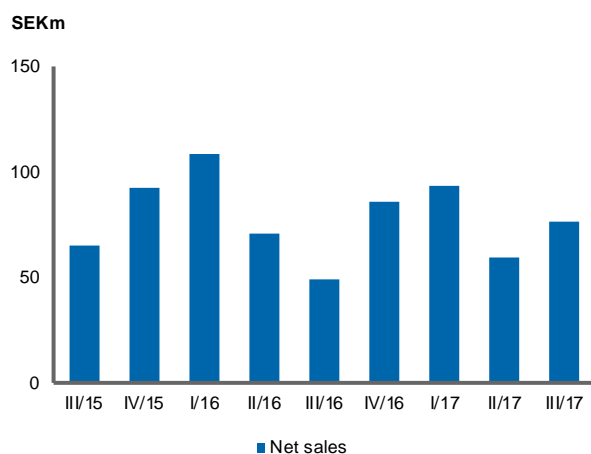
Holmen produces 1.2 TWh of renewable hydro and wind power in a normal year.

SEKm	Quarter			January-September		Full year
	3-17	2-17	3-16	2017	2016	
Net sales	76	60	49	230	228	314
Operating costs	-37	-34	-38	-114	-128	-172
Depreciation and amortisation according to plan	-6	-6	-6	-17	-17	-23
<b>Operating profit</b>	<b>34</b>	<b>20</b>	<b>5</b>	<b>99</b>	<b>84</b>	<b>120</b>
Investments	1	3	1	16	8	23
Operating capital	3 132	3 122	3 119	3 132	3 119	3 153
Operating margin, %	45	33	11	43	37	38
Return on capital employed, %	4	3	1	4	4	4
Production hydro and wind power, GWh	285	231	178	851	810	1 080

Operating profit for January–September was SEK 99 million (84). Reduced property tax had a positive effect on profit by SEK 15 million. Production was 5 per cent lower than in a normal year.

Compared with the second quarter, operating profit increased by SEK 14 million to SEK 34 million as a result of high production for the season.

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



**Cash flow, financing and net financial items**

Cash flow from operating activities for January–September totalled SEK 1 616 million. Cash flow from investing activities was SEK -361 million. A dividend of SEK 1 008 million was paid in the second quarter.

For January–September, the Group's net financial debt decreased by SEK 360 million to SEK 3 585 million. At 30 September, the debt/equity ratio was 0.17. Financial liabilities including pension provisions totalled SEK 4 042 million, SEK 3 374 million of which were current liabilities. Cash, cash equivalents and financial receivables totalled SEK 456 million. The Group has unused contractually agreed credit facilities of SEK 3 850 million, maturing in 2020–2021.

Net financial items for January–September amounted to SEK -39 million (-56). The cost of borrowing averaged 1.3 (1.3) per cent.

In the third quarter, Standard & Poor's raised its long-term credit rating on Holmen to BBB+ (BBB).

**Tax**

Recognised tax for January–September amounted to SEK -370 million (-314). Recognised tax as a proportion of profit before tax was 22 per cent (24).

Holmen has requested an advance ruling on the entitlement to group relief in the parent company for tax losses that have arisen in the Group's Spanish operations. The Swedish tax authority has opposed the entitlement to group relief. The Supreme Administrative Court, which is judging the case, will obtain an interpretation from the Court of Justice of the European Union in order to determine the issue. A ruling in Holmen's favour could enable deductions corresponding to approximately SEK 400 million in tax. No deferred tax asset has been recognised.

**Equity**

In January–September, the Group's equity increased by SEK 425 million to SEK 21 669 million. Profit for the period totalled SEK 1 336 million and the dividend paid was SEK 1 008 million. Other comprehensive income amounted to SEK 90 million.

**Hedging exchange rates and electricity prices**

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for January–September includes currency hedges of SEK -15 million (-12). The fair value of currency hedges not yet recognised as income amounted to SEK -29 million at 30 September.

For the next two years, 90 per cent of expected flows in EUR/SEK are hedged at an average of 9.60. For EUR/GBP, 90 per cent of one year's expected flows are hedged at 0.88. For other currencies, 4 months of flows are hedged. The weaker dollar in the third quarter had a negative impact of approximately SEK 10 million

on consolidated profits compared with the second quarter. At current exchange rates, the fourth quarter is expected to be negatively affected by approximately SEK 30 million compared with the third quarter.

Prices for the Group's estimated net consumption of electricity in Sweden are 80–90 per cent hedged for 2017–2020 and 65 per cent for 2021.

**Personnel**

The average number of employees (full-time equivalents) in the Group was 2 965 (2 994).

**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.

**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 pages 36–39 and note 26 in Holmen's 2016 Annual Report.

**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.

Stockholm, 24 October 2017  
Holmen AB (publ)

Henrik Sjölund  
President and CEO

For further information please contact:

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Stina Sandell, Sustainability and Communications Director, tel. +46 73 986 51 12

## Review report

### Introduction

We have reviewed the condensed interim financial information (interim report) for Holmen AB (publ) as per 30 September 2017 and the nine-month reporting period ending on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditors of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that could have been identified in an audit. Therefore, the conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report was not, in all material respects, prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and, for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm, 24 October 2017

KPMG AB

Joakim Thilstedt  
Authorised public accountant



## Group

Income statement, SEKm	Quarter			January–September		Full year
	3-17	2-17	3-16	2017	2016	2016
Net sales	3 947	4 148	3 810	12 225	11 575	15 513
Other operating income	259	282	370	808	1 205	1 559
Change in inventories	-82	-43	-3	-105	34	203
Raw materials and consumables	-2 158	-2 281	-2 120	-6 811	-6 423	-8 801
Personnel costs	-517	-589	-505	-1 654	-1 695	-2 268
Other operating costs	-752	-842	-881	-2 276	-2 685	-3 432
Profit from investments in associates and joint ventures	-5	-3	-7	-13	-12	-18
Depreciation and amortisation according to plan	-249	-249	-247	-745	-768	-1 018
Impairment losses	-	-	-	-	-122	-122
Change in value of biological assets	150	102	103	315	242	315
<b>Operating profit</b>	<b>593</b>	<b>525</b>	<b>520</b>	<b>1 745</b>	<b>1 352</b>	<b>1 930</b>
Finance income	0	2	0	2	12	13
Finance costs	-13	-13	-14	-41	-69	-84
<b>Profit before tax</b>	<b>580</b>	<b>513</b>	<b>507</b>	<b>1 706</b>	<b>1 295</b>	<b>1 859</b>
Tax	-124	-119	-112	-370	-314	-436
<b>Profit for the period</b>	<b>456</b>	<b>394</b>	<b>395</b>	<b>1 336</b>	<b>982</b>	<b>1 424</b>
Earnings per share, SEK	5.4	4.7	4.7	15.9	11.7	16.9
Operating margin, % *	15.0	12.7	13.7	14.3	13.7	13.9
Return on capital employed, % *	9.4	8.5	8.4	9.4	8.4	8.6
Return on equity, %	8.5	7.5	7.7	8.4	6.3	6.9

\* Excl. items affecting comparability.

Statement of comprehensive income, SEKm	Quarter			January–September		Full year
	3-17	2-17	3-16	2017	2016	2016
<b>Profit for the period</b>	<b>456</b>	<b>394</b>	<b>395</b>	<b>1 336</b>	<b>982</b>	<b>1 424</b>
<b>Other comprehensive income</b>						
Revaluations of defined benefit pension plans	11	-1	-193	68	-238	-159
Tax attributable to items that will not be reclassified to profit for the period	-2	0	34	-12	43	29
<b>Items that will not be reclassified to profit for the period</b>	<b>9</b>	<b>-1</b>	<b>-158</b>	<b>55</b>	<b>-195</b>	<b>-130</b>
Cash flow hedging	94	28	5	99	-62	190
Translation difference on foreign operation	-5	-18	-17	-34	-155	-165
Hedging of currency risk in foreign operation	0	-12	-15	-11	-8	1
Tax attributable to items that will be reclassified to profit for the period	-21	-4	0	-19	4	-52
<b>Items that will be reclassified to profit for the period</b>	<b>68</b>	<b>-7</b>	<b>-27</b>	<b>35</b>	<b>-220</b>	<b>-26</b>
<b>Total other comprehensive income after tax</b>	<b>77</b>	<b>-8</b>	<b>-185</b>	<b>90</b>	<b>-415</b>	<b>-157</b>
<b>Total comprehensive income</b>	<b>533</b>	<b>386</b>	<b>209</b>	<b>1 426</b>	<b>566</b>	<b>1 267</b>

Change in equity, SEKm	January–September	
	2017	2016
<b>Opening equity</b>	<b>21 243</b>	<b>20 853</b>
Profit for the period	1 336	982
Other comprehensive income	90	-415
<b>Total comprehensive income</b>	<b>1 426</b>	<b>566</b>
Dividends paid	-1 008	-882
Share saving program	7	-
<b>Closing equity</b>	<b>21 669</b>	<b>20 537</b>

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
<b>Total number of shares</b>		<b>84 756 162</b>	<b>288 365 268</b>		<b>4 237.8</b>
Holding of own B shares bought back		-760 000	-760 000		
<b>Total number of shares issued</b>		<b>83 996 162</b>	<b>287 605 268</b>		

## Group

Balance sheet, SEKm	2017	2017	2016
	30 September	30 June	31 December
<b>Non-current assets</b>			
Intangible non-current assets	87	91	87
Property, plant and equipment	8 987	9 112	9 387
Biological assets	17 744	17 594	17 448
Investments in associates and joint ventures	1 756	1 764	1 773
Other shares and participating interests	2	2	2
Non-current financial receivables	40	40	39
Deferred tax assets	1	1	4
<b>Total non-current assets</b>	<b>28 617</b>	<b>28 604</b>	<b>28 740</b>
<b>Current assets</b>			
Inventories	2 853	2 931	2 981
Trade receivables	2 310	2 325	2 174
Current tax receivable	151	21	132
Other operating receivables	643	622	564
Current financial receivables	40	67	89
Cash and cash equivalents	376	91	210
<b>Total current assets</b>	<b>6 373</b>	<b>6 057</b>	<b>6 151</b>
<b>Total assets</b>	<b>34 991</b>	<b>34 661</b>	<b>34 891</b>
<b>Equity</b>	<b>21 669</b>	<b>21 134</b>	<b>21 243</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	557	561	882
Pension provisions	111	128	201
Other provisions	686	627	673
Deferred tax liabilities	5 647	5 644	5 613
<b>Total non-current liabilities</b>	<b>7 001</b>	<b>6 961</b>	<b>7 368</b>
<b>Current liabilities</b>			
Current financial liabilities	3 374	3 500	3 200
Trade payables	1 847	1 785	1 766
Current tax liability	26	36	6
Provisions	177	163	228
Other operating liabilities	897	1 083	1 079
<b>Total current liabilities</b>	<b>6 321</b>	<b>6 567</b>	<b>6 279</b>
<b>Total liabilities</b>	<b>13 322</b>	<b>13 528</b>	<b>13 648</b>
<b>Total equity and liabilities</b>	<b>34 991</b>	<b>34 661</b>	<b>34 891</b>
Debt/equity ratio, times	0.17	0.19	0.19
Equity/assets ratio, %	62	61	61
Capital employed	25 255	25 126	25 190
Net financial debt	3 585	3 991	3 945

Financial instruments, SEKm	Carrying amount		Fair value	
	2017	2016	2017	2016
	30 September	31 December	30 September	31 December
Assets at fair value	184	213	184	213
Assets at acquisition cost	2 762	2 459	2 762	2 459
Liabilities at fair value	268	385	268	385
Liabilities at acquisition cost	5 701	5 721	5 701	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 13.

## Group

Cash flow statement, SEKm	Quarter			January-September		Full year
	3-17	2-17	3-16	2017	2016	2016
<b>Operating activities</b>						
Profit before tax	580	513	507	1 706	1 295	1 859
Adjustments for non-cash items *	70	94	218	283	872	965
Paid income taxes	-152	-125	-165	-267	-375	-504
<b>Cash flow from operating activities before changes in working capital</b>	<b>498</b>	<b>482</b>	<b>560</b>	<b>1 722</b>	<b>1 792</b>	<b>2 320</b>
<b>Cash flow from changes in working capital</b>						
Change in inventories	72	29	8	120	105	-62
Change in trade receivables and other operating receivables	-13	-137	111	-202	-205	-189
Change in trade payables and other operating liabilities	-79	69	-126	-25	-29	-109
<b>Cash flow from operating activities</b>	<b>478</b>	<b>444</b>	<b>553</b>	<b>1 616</b>	<b>1 663</b>	<b>1 961</b>
<b>Investing activities</b>						
Acquisition of non-current assets	-100	-162	-152	-405	-635	-785
Disposal of non-current assets	4	4	10	44	508	662
<b>Cash flow from investing activities</b>	<b>-96</b>	<b>-158</b>	<b>-142</b>	<b>-361</b>	<b>-127</b>	<b>-123</b>
<b>Financing activities</b>						
Change in financial liabilities and current financial receivables	-95	-480	-832	-79	-684	-966
Dividends paid to the shareholders of the parent company	-	-1 008	-	-1 008	-882	-882
<b>Cash flow from financing activities</b>	<b>-95</b>	<b>-1 487</b>	<b>-832</b>	<b>-1 086</b>	<b>-1 566</b>	<b>-1 848</b>
<b>Cash flow for the period</b>	<b>287</b>	<b>-1 201</b>	<b>-422</b>	<b>168</b>	<b>-29</b>	<b>-10</b>
Opening cash and cash equivalents	91	1 292	613	210	221	221
Exchange difference in cash and cash equivalents	-1	-	2	-2	1	-1
<b>Closing cash and cash equivalents</b>	<b>376</b>	<b>91</b>	<b>193</b>	<b>376</b>	<b>193</b>	<b>210</b>

Change in net financial debt, SEKm	Quarter			January-September		Full year
	3-17	2-17	3-16	2017	2016	2016
Opening net financial debt	-3 991	-3 288	-4 564	-3 945	-4 799	-4 799
Cash flow from operating activities	478	444	553	1 616	1 663	1 961
Cash flow from investing activities (excl financial receivables)	-96	-158	-142	-361	-127	-123
Dividends paid	-	-1 008	-	-1 008	-882	-882
Revaluations of defined benefit pension plans	11	-2	-194	66	-238	-158
Foreign exchange effects and changes in fair value	13	20	27	47	63	56
<b>Closing net financial debt</b>	<b>-3 585</b>	<b>-3 991</b>	<b>-4 320</b>	<b>-3 585</b>	<b>-4 320</b>	<b>-3 945</b>

\* 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			January–September		Full year
	3-17	2-17	3-16	2017	2016	2016
Operating income	3 644	3 835	3 606	11 293	10 913	14 616
Operating costs	-3 410	-3 572	-3 363	-10 495	-10 097	-14 281
<b>Operating profit</b>	<b>234</b>	<b>261</b>	<b>243</b>	<b>798</b>	<b>816</b>	<b>335</b>
Net financial items	-17	135	-17	115	-316	759
<b>Profit after net financial items</b>	<b>216</b>	<b>397</b>	<b>227</b>	<b>914</b>	<b>499</b>	<b>1 094</b>
Appropriations	350	189	219	647	289	404
<b>Profit before tax</b>	<b>566</b>	<b>586</b>	<b>445</b>	<b>1 561</b>	<b>788</b>	<b>1 499</b>
Tax	13	-92	-99	-168	-241	-301
<b>Profit for the period</b>	<b>579</b>	<b>494</b>	<b>347</b>	<b>1 393</b>	<b>548</b>	<b>1 197</b>

Statement of comprehensive income, SEKm	Quarter			January–September		Full year
	3-17	2-17	3-16	2017	2016	2016
<b>Profit for the period</b>	<b>579</b>	<b>494</b>	<b>347</b>	<b>1 393</b>	<b>548</b>	<b>1 197</b>
<b>Other comprehensive income</b>						
Cash flow hedging	98	32	18	101	-27	211
Tax attributable to other comprehensive income	-22	-7	-4	-22	6	-46
<b>Items that will be reclassified to profit for the period</b>	<b>76</b>	<b>25</b>	<b>14</b>	<b>78</b>	<b>-21</b>	<b>164</b>
<b>Total comprehensive income</b>	<b>656</b>	<b>519</b>	<b>361</b>	<b>1 471</b>	<b>526</b>	<b>1 362</b>

Balance sheet, SEKm	2017	2017	2017
	30 September	30 June	31 December
Non-current assets	17 486	17 510	17 653
Current assets	5 177	4 929	4 950
<b>Total assets</b>	<b>22 663</b>	<b>22 440</b>	<b>22 602</b>
Restricted equity	5 915	5 915	5 915
Non-restricted equity	5 392	4 734	4 921
Untaxed reserves	2 123	2 293	2 290
Provisions	1 424	1 444	1 503
Liabilities	7 809	8 054	7 974
<b>Total equity and liabilities</b>	<b>22 663</b>	<b>22 440</b>	<b>22 602</b>

SEK 82 million (69) of operating revenue for January–September relates to sales to Group companies.

The parent company's investments in property, plant and equipment and intangible non-current assets totalled SEK 24 million (25).

Balance sheet appropriations include group contributions of SEK 480 million (520).

## Group

Quarterly figures, SEKm	2017			2016			January-September Full year			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2017	2016	2016
Income statement										
Net sales	3 947	4 148	4 131	3 937	3 810	3 937	3 828	12 225	11 575	15 513
Operating costs	-3 250	-3 472	-3 315	-3 176	-3 139	-3 275	-3 036	-10 037	-9 450	-12 626
Profit from investments in associates and joint ventures	-5	-3	-6	-6	-7	-5	-5	-13	-16	-22
Earnings before depreciation and change in value	692	672	810	756	665	658	787	2 175	2 109	2 865
Depreciation and amortisation according to plan	-249	-249	-247	-249	-247	-252	-269	-745	-768	-1 018
Change in value of forests	150	102	64	72	103	77	62	315	242	315
Operating profit excl. items affecting comparability	593	525	627	579	520	483	580	1 745	1 583	2 162
Items affecting comparability*	-	-	-	-	-	-	-232	-	-232	-232
Operating profit	593	525	627	579	520	483	348	1 745	1 352	1 930
Net financial items	-13	-12	-14	-15	-14	-28	-15	-39	-56	-71
Profit before tax	580	513	613	564	507	455	333	1 706	1 295	1 859
Tax	-124	-119	-127	-122	-112	-91	-111	-370	-314	-436
Profit for the period	456	394	485	442	395	364	222	1 336	982	1 424
Earnings per share, SEK	5.4	4.7	5.8	5.3	4.7	4.3	2.6	15.9	11.7	16.9
Net sales										
Forest	1 286	1 407	1 451	1 387	1 192	1 355	1 368	4 144	3 915	5 302
Paperboard	1 361	1 408	1 403	1 296	1 308	1 285	1 364	4 172	3 956	5 252
Paper	1 387	1 369	1 277	1 265	1 266	1 592	1 308	4 032	4 166	5 431
Wood products	397	407	373	344	324	322	353	1 177	998	1 342
Renew able energy	76	60	94	86	49	71	108	230	228	314
Elimination of intra-group net sales	-560	-503	-467	-440	-328	-688	-672	-1 529	-1 688	-2 128
Group	3 947	4 148	4 131	3 937	3 810	3 937	3 828	12 225	11 575	15 513
EBITDA by business area**										
Forest	124	166	226	209	138	157	211	516	507	716
Paperboard	352	309	370	348	354	321	358	1 031	1 033	1 382
Paper	156	175	159	169	170	164	165	490	500	669
Wood products	48	42	38	25	19	20	16	127	55	80
Renew able energy	40	25	51	42	11	24	66	116	100	143
Group-wide	-27	-44	-33	-38	-28	-29	-29	-105	-86	-124
Group	692	672	810	756	665	658	787	2 175	2 109	2 865
Operating profit/loss by business area**										
Forest	267	261	283	273	234	227	267	810	728	1 001
Paperboard	229	184	246	232	235	200	236	659	671	903
Paper	69	90	74	77	82	73	57	233	212	289
Wood products	26	21	17	4	-1	-1	-5	64	-7	-3
Renew able energy	34	20	45	36	5	19	60	99	84	120
Group-wide	-32	-50	-38	-44	-34	-35	-35	-120	-104	-148
Group	593	525	627	579	520	483	580	1 745	1 583	2 162
Operating margin, % **										
Paperboard	16.9	13.0	17.5	17.9	18.0	15.6	17.3	15.8	17.0	17.2
Paper	5.0	6.5	5.8	6.1	6.5	4.6	4.4	5.8	5.1	5.3
Wood products	6.5	5.1	4.6	1.3	-0.4	-0.2	-1.4	5.4	-0.7	-0.2
Group	15.0	12.7	15.2	14.7	13.7	12.3	15.1	14.3	13.7	13.9
Return on capital employed, % **										
Forest	7.8	7.7	8.4	8.1	7.0	6.8	7.9	7.9	7.2	7.4
Paperboard	16.7	13.2	17.7	16.8	16.9	14.2	16.6	15.9	15.9	16.2
Paper	11.6	14.2	11.7	12.0	12.6	10.3	7.2	12.5	9.9	10.4
Wood products	11.4	9.4	8.1	2.0	neg	neg	neg	9.6	neg	neg
Renew able energy	4.3	2.5	5.7	4.6	0.7	2.4	7.7	4.2	3.6	3.8
Group	9.4	8.5	10.2	9.3	8.4	7.7	9.1	9.4	8.4	8.6
Key indicators										
Return on equity, %	8.5	7.5	9.2	8.5	7.7	7.1	4.3	8.4	6.3	6.9
Deliveries										
Harvesting own forests, '000 m³	697	760	713	729	724	818	715	2 170	2 257	2 986
Paperboard, '000 tonnes	133	133	131	120	126	121	129	397	376	497
Paper, '000 tonnes	287	283	265	260	260	341	273	835	874	1 134
Wood products, '000 m³	215	222	208	196	184	188	209	645	580	776
Own production of hydro and wind power, GWh	285	231	335	270	178	258	373	851	810	1 080

\* Items affecting comparability in operating profit in Q1 2016 refer 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
<b>Income statement</b>										
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
<b>Earnings before depreciation and change in value</b>	<b>2 865</b>	<b>2 673</b>	<b>2 717</b>	<b>2 315</b>	<b>2 676</b>	<b>3 240</b>	<b>2 531</b>	<b>2 925</b>	<b>2 771</b>	<b>3 534</b>
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
<b>Operating profit excl. items affecting comparability</b>	<b>2 162</b>	<b>1 700</b>	<b>1 734</b>	<b>1 209</b>	<b>1 713</b>	<b>1 980</b>	<b>1 332</b>	<b>1 620</b>	<b>1 412</b>	<b>2 286</b>
Items affecting comparability	-232	-931	-450	-140	-193	3 593	264	-	-361	557
<b>Operating profit</b>	<b>1 930</b>	<b>769</b>	<b>1 284</b>	<b>1 069</b>	<b>1 520</b>	<b>5 573</b>	<b>1 596</b>	<b>1 620</b>	<b>1 051</b>	<b>2 843</b>
Net financial items	-71	-90	-147	-198	-227	-244	-208	-255	-311	-261
<b>Profit before tax</b>	<b>1 859</b>	<b>679</b>	<b>1 137</b>	<b>871</b>	<b>1 294</b>	<b>5 328</b>	<b>1 388</b>	<b>1 366</b>	<b>740</b>	<b>2 582</b>
Tax	-436	-120	-230	-160	559	-1 374	-684	-360	-98	-1 077
<b>Profit for the year</b>	<b>1 424</b>	<b>559</b>	<b>907</b>	<b>711</b>	<b>1 853</b>	<b>3 955</b>	<b>704</b>	<b>1 006</b>	<b>642</b>	<b>1 505</b>
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
<b>EBITDA by business area*</b>										
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
<b>Group</b>	<b>2 865</b>	<b>2 673</b>	<b>2 717</b>	<b>2 315</b>	<b>2 676</b>	<b>3 240</b>	<b>2 531</b>	<b>2 925</b>	<b>2 771</b>	<b>3 534</b>
<b>Operating profit by business area*</b>										
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
<b>Group</b>	<b>2 162</b>	<b>1 700</b>	<b>1 734</b>	<b>1 209</b>	<b>1 713</b>	<b>1 980</b>	<b>1 332</b>	<b>1 620</b>	<b>1 412</b>	<b>2 286</b>
<b>Deliveries</b>										
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
<b>Balance sheet</b>										
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
<b>Total assets</b>	<b>34 891</b>	<b>35 456</b>	<b>36 434</b>	<b>36 753</b>	<b>37 046</b>	<b>37 217</b>	<b>33 432</b>	<b>32 176</b>	<b>34 602</b>	<b>33 243</b>
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
<b>Total equity and liabilities</b>	<b>34 891</b>	<b>35 456</b>	<b>36 434</b>	<b>36 753</b>	<b>37 046</b>	<b>37 217</b>	<b>33 432</b>	<b>32 176</b>	<b>34 602</b>	<b>33 243</b>
<b>Cash flow</b>										
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
<b>Cash flow after investments</b>	<b>1 838</b>	<b>1 693</b>	<b>1 342</b>	<b>1 142</b>	<b>334</b>	<b>368</b>	<b>-74</b>	<b>2 054</b>	<b>536</b>	<b>1 161</b>
<b>Key indicators</b>										
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
<b>Dividend</b>										
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			January–September		Full year
	3-17	2-17	3-16	2017	2016	2016
EBITDA	692	672	665	2 175	2 109	2 865
Depreciation and amortisation according to plan	-249	-249	-247	-745	-768	-1 018
Change in value of forests	150	102	103	315	242	315
Operating profit excl. items affecting comp.	593	525	520	1 745	1 583	2 162
Items affecting comparability	-	-	-	-	-232	-232
Operating profit	593	525	520	1 745	1 352	1 930

SEKm	Quarter			January–September		Full year
	3-17	2-17	3-16	2017	2016	2016
Earnings before change in value of forests	117	159	131	495	485	686
Change in value of forests	150	102	103	315	242	315
Operating profit of forest	267	261	234	810	728	1 001

For 2016, earnings were impacted by a net amount of 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. For the business areas as well, as of this report return on capital employed is used as a return measure (return on operating capital was previously used). Capital employed is calculated as fixed capital plus working capital less the net sum of deferred tax liabilities and deferred tax assets; this corresponds to equity plus net financial debt. For the Forest business area, the key figure of yield is used, which is calculated as profit before changes in value in relation to book value of biological assets.

SEKm	2017	2017	2016
	30 September	30 June	31 December
Fixed capital *	28 576	28 563	28 697
Working capital **	2 325	2 204	2 100
Deferred tax assets	1	1	4
Deferred tax liabilities	-5 647	-5 644	-5 613
Capital employed	25 255	25 126	25 190

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	2017	2016
	30 September	30 June	31 December
Non-current financial liabilities	557	561	882
Current financial liabilities	3 374	3 500	3 200
Pension provisions	111	128	201
Non-current financial receivables	-40	-40	-39
Current financial receivables	-40	-67	-89
Cash and cash equivalents	-376	-91	-210
Net financial debt	3 585	3 991	3 945

\*Non-current intangible assets, property, plant and equipment, biological assets, investments in associates and joint ventures and other investments.

\*\*Inventories, trade receivables, current tax asset, other current operating receivables, trade payables, current tax liability, provisions, other provisions and operating liabilities.

## 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 14.30 CET on Tuesday, 24 October. 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](http://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

30 January 2018	Year-end report 2017
25 April 2018	Interim report January–March 2018
15 August 2018	Interim report January–June 2018
24 October 2018	Interim report January–September 2018

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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 24 October 2017 at 11.50 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.*