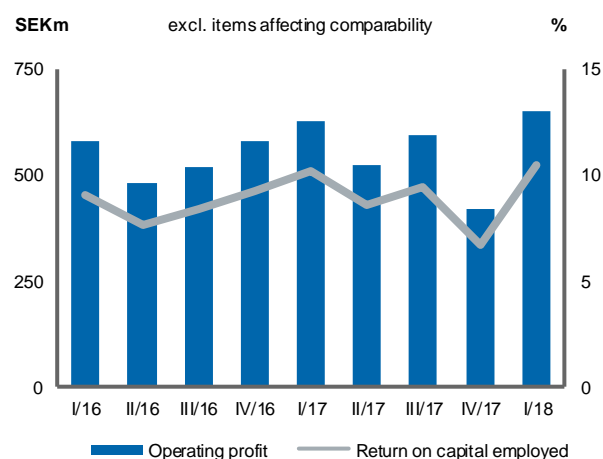
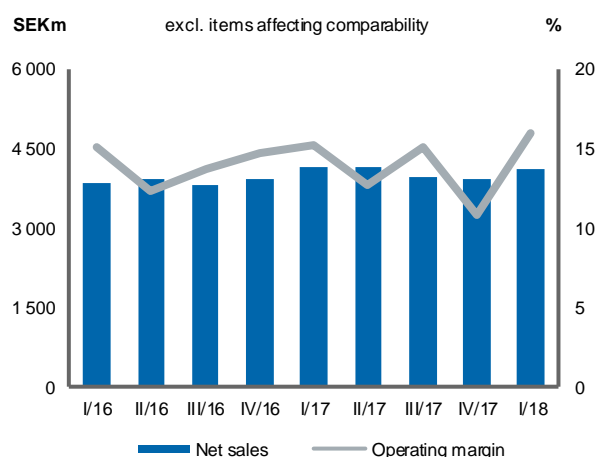


# Holmen's interim report January-March 2018

Mkr	1-18	Quarter 4-17	1-17	Full year 2017
Net sales	<b>4 099</b>	3 908	4 131	16 133
Operating profit	<b>653</b>	421	627	2 166
Profit after tax	<b>507</b>	332	485	1 668
Earnings per share, SEK	<b>6.0</b>	4.0	5.8	19.9
Operating margin, %	<b>15.9</b>	10.8	15.2	13.4
Return on capital employed, %	<b>10.5</b>	6.7	10.2	8.7
Return on equity, %	<b>9.1</b>	6.1	9.2	7.8
Cash flow before investments and working capital	<b>586</b>	588	742	2 310
Debt/equity ratio	<b>0.11</b>	0.13	0.16	0.13

- Operating profit for January–March was SEK 653 million (January–March 2017: SEK 627 million). Operating profit includes a forest property sale of SEK 70 million. Prices for paper and wood products increased, whereas costs for wood and other input goods rose.
- Compared with the fourth quarter of 2017, profit was SEK 232 million higher, mainly as a result of income from the forest property sale and due to that fourth-quarter earnings were affected by a maintenance shutdown.
- Profit after tax for January–March amounted to SEK 507 million (485), which corresponds to earnings per share of SEK 6.0 (5.8).
- Return on capital employed was 10.5 (10.2) per cent.
- Net debt decreased by SEK 368 million to SEK 2 568 million.
- The 2018 AGM approved a dividend of SEK 13 (12) per share and a 2:1 share split, whereby each share is divided into two shares.



## CEO comments

During the first quarter we were able to raise prices for most of our products. However, costs of key input goods are rising. Earnings were at a good level for the Holmen Group overall, but the performance of the Paperboard business area is disappointing.

We have a strong market position in Paperboard and over the past year we have established a volume that is 10 per cent higher than before. Despite this, profit decreased as a result of high costs due to rising commodity prices, high consumption of input goods and increased fixed costs. Focus for the new management of the business area is to reduce costs yet developing sales. An opportunity to increase paperboard production by another 20 per cent through investments at Iggesund Mill has been identified. This potential is currently being verified and the goal is to make an investment decision within a year.

Difficult winter conditions this year resulted in major challenges in both harvesting and transporting wood from the forest to our mills. Through significant efforts, we have to a large extent been able to achieve full production at our mills. The cost of purchasing pulpwood has however increased by SEK 60 million compared with the fourth quarter as a result of large volumes being acquired from far away and increasing prices. The cost increase for saw logs in the quarter was limited. Our own forests were also affected by the winter weather, resulting in somewhat higher costs and lower harvesting.

Within Paper, we have been working for a long time on reducing costs and increasing deliveries of magazine and book paper. During the first quarter we have continued to improve the product mix and the share of magazine and book paper is now almost up to 90 per cent. Prices increased but this was offset by higher raw material costs.

When it comes to Wood Products, we have gradually increased the level of value added. During the quarter a wood treatment plant at Braviken entered service, which will increase deliveries to Swedish builders' merchants. Prices have increased over the past two years, more than making up for higher costs for logs.

The cold winter periodically resulted in high electricity prices. In order to benefit from this, we produced more hydro power than usual, realising the potential of balancing rising energy costs in our industry.

The demand for forest land is illustrated by the transaction we completed in the quarter, as we received SEK 70 million more than the land's book value. The property is located far from our production facilities and we intend to reinvest in forest land closer to our own mills.

Demand for forest and forest products is continuing to increase, which is positive for a forest-owning company like Holmen. The challenge for our own industries is to develop operations to maintain competitiveness and remain profitable amid rising prices for wood and other input goods. We intend to do this both by developing products that increase the level of value added and by reducing cost per unit produced through higher volumes and lower fixed costs.

## 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.

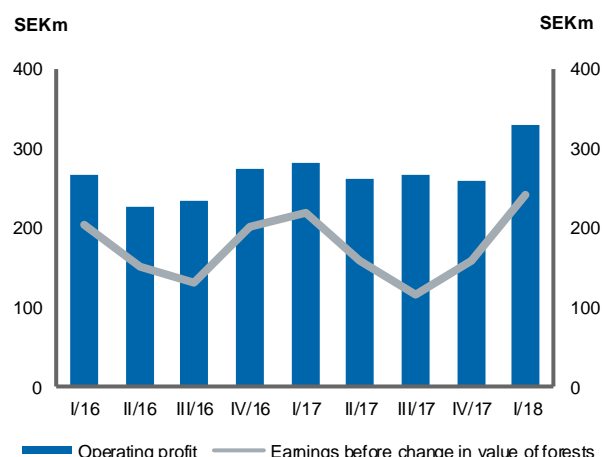
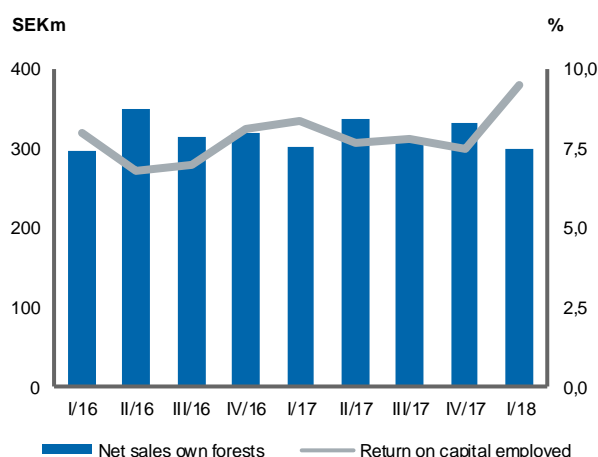
SEKm	Quarter			Full year 2017
	1-18	4-17	1-17	
Net sales	<b>1 465</b>	1 391	1 451	5 535
<i>of which from own forests</i>	<b>299</b>	331	302	1 275
Operating costs	<b>-1 216</b>	-1 224	-1 226	-4 852
Depreciation and amortisation according to plan	<b>-7</b>	-9	-7	-30
<b>Earnings before change in value of forests</b>	<b>242</b>	158	219	654
Change in value of forests	<b>87</b>	100	64	415
<b>Operating profit</b>	<b>329</b>	258	283	1 069
Investments	<b>18</b>	21	10	49
Capital employed	<b>13 974</b>	13 824	13 540	13 824
Return on capital employed, %	<b>7.5</b>	7.8	8.1	7.4
Harvesting own forests, '000 m <sup>3</sup>	<b>666</b>	734	713	2 904

Demand for saw logs and pulpwood was high in the first quarter and prices increased somewhat.

Holmen's harvest from its own forests amounted to 666 000 cubic metres, which is 7 per cent lower than in January–March 2017 because of difficult winter weather conditions.

Operating profit for January–March was SEK 329 million (283). This includes SEK 70 million in profit from the sale of a forest property with 2 000 hectares actively managed forest land. Profit was positively affected by rising wood prices, but costs were also slightly higher than normal because of the difficult winter weather conditions.

Compared with the fourth quarter, operating profit increased by SEK 71 million owing to the completed forest property sale.



## Paperboard

Holmen supplies paperboard to the premium consumer packaging segment. Production, which takes place at one Swedish and one UK mill, amounts to 550 000 tonnes per year.

SEKm	Quarter			Full year
	1-18	4-17	1-17	
Net sales	1 473	1 354	1 403	5 526
Operating costs	-1 179	-1 129	-1 033	-4 270
<b>EBITDA</b>	<b>294</b>	<b>226</b>	<b>370</b>	<b>1 257</b>
Depreciation and amortisation according to plan	-128	-120	-124	-492
<b>Operating profit</b>	<b>166</b>	<b>106</b>	<b>246</b>	<b>764</b>
Investments	133	173	94	375
Capital employed	5 592	5 433	5 571	5 433
EBITDA margin, %	20	17	26	23
Operating margin, %	11	8	18	14
Return on capital employed, %	12	8	18	14
Production, paperboard, '000 tonnes	137	129	134	530
Deliveries, paperboard, '000 tonnes	138	129	131	526

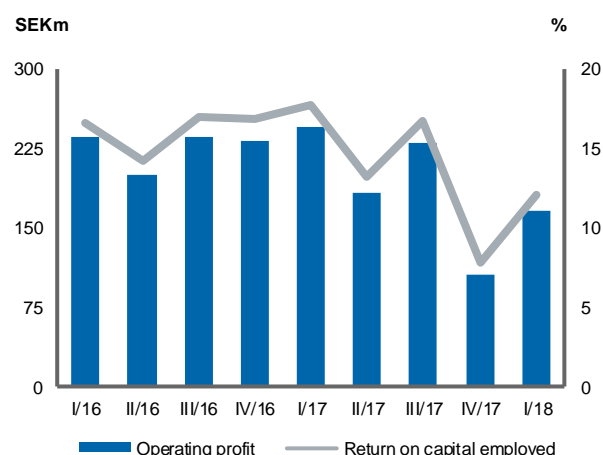
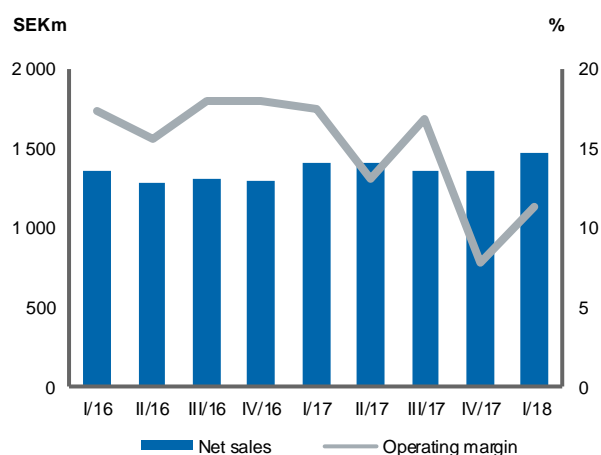
Demand for paperboard in Europe was good in the first quarter. Prices increased slightly in some market segments.

Holmen's paperboard deliveries in January–March amounted to 138 000 tonnes, which is an increase of 5 per cent on January–March 2017.

Operating profit for January–March was SEK 166 million (246). The decrease in profit is due to price increases for wood and chemicals, high energy consumption and increased consumption rates. Fixed costs also increased.

Operating profit increased by SEK 60 million compared with the fourth quarter. Costs for input goods increased significantly. The fourth quarter was impacted by a net amount of SEK -130 million from a maintenance shutdown, and extra income from renewable energy.

A maintenance shutdown is planned for the third quarter at Iggesund Mill, with an expected negative earnings impact of around SEK 50 million.



## Paper

Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production amounts to 1.1 million tonnes a year at two Swedish mills.

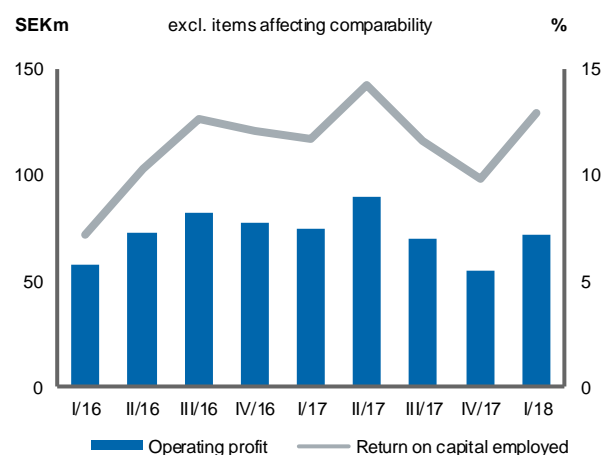
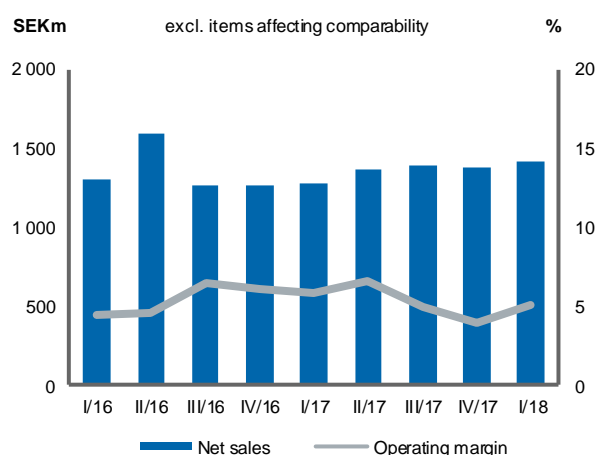
SEKm	1-18	Quarter		Full year
		4-17	1-17	2017
Net sales	1 418	1 376	1 277	5 408
Operating costs	-1 262	-1 238	-1 117	-4 781
<b>EBITDA</b>	<b>156</b>	138	159	627
Depreciation and amortisation according to plan	-84	-83	-85	-339
<b>Operating profit*</b>	<b>72</b>	55	74	288
Investments	13	59	19	141
Capital employed	2 238	2 193	2 581	2 193
EBITDA margin, %*	11	10	12	12
Operating margin, %*	5	4	6	5
Return on capital employed, % *	13	10	12	12
Production, '000 tonnes	271	279	269	1 088
Deliveries, '000 tonnes	278	282	265	1 117

Demand for magazine and book paper in Europe was stable in the first quarter. The market balance has improved considerably as a result of production capacity shutdowns and prices have been raised.

Holmen's deliveries totalled 278 000 tonnes for January–March, which was 5 per cent higher than the same period last year. The increase occurred in magazine and book papers, which now account for almost 90 per cent of deliveries.

Operating profit for January–March was SEK 72 million (74). Selling prices were on average 4 per cent higher but the effect was offset by considerable cost increases, mainly for wood.

Operating profit was up by SEK 17 million compared with the fourth quarter. The effect of higher selling prices was largely offset by increased raw material costs.



## 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. Annual production volume is just over 800 000 cubic metres.

SEKm	1-18	Quarter		Full year
		4-17	1-17	2017
Net sales	426	385	373	1 562
Operating costs	-365	-347	-335	-1 397
<b>EBITDA</b>	<b>61</b>	<b>38</b>	<b>38</b>	<b>165</b>
Depreciation and amortisation according to plan	-23	-22	-21	-86
<b>Operating profit</b>	<b>38</b>	<b>16</b>	<b>17</b>	<b>80</b>
Investments	40	30	7	100
Capital employed	900	862	858	862
EBITDA margin, %	14	10	10	11
Operating margin, %	9	4	5	5
Return on capital employed, %	17	7	8	9
Production, '000 m <sup>3</sup>	212	214	202	827
Deliveries, '000 m <sup>3</sup>	215	206	208	852

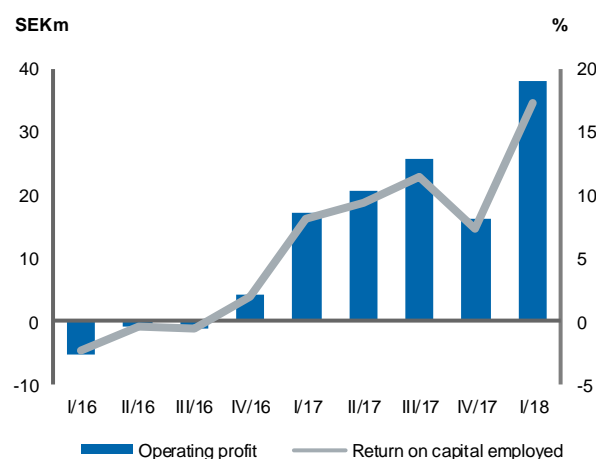
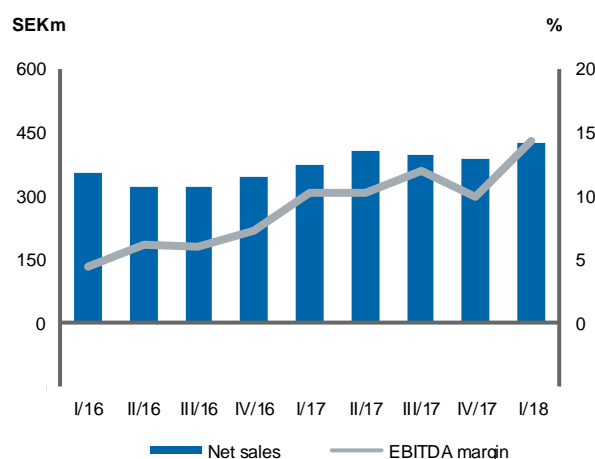
Demand for wood products was strong in the first quarter and selling prices increased.

Holmen's deliveries of wood products for January–March 2018 were 215 000 cubic metres. This was an increase of 3 per cent compared with the same period last year as a result of the acquisition of Linghem Sawmill.

Operating profit for January–March was SEK 38 million (17). The improvement in profit was due to higher prices, which was partly offset by higher costs for logs.

Compared with the fourth quarter, operating profit increased by SEK 22 million as a result of higher selling prices and lower maintenance costs.

At the end of the first quarter, the new wood treatment plant at Braviken Sawmill entered service. The aim is to increase deliveries to builders' merchants in Sweden.



## Renewable Energy

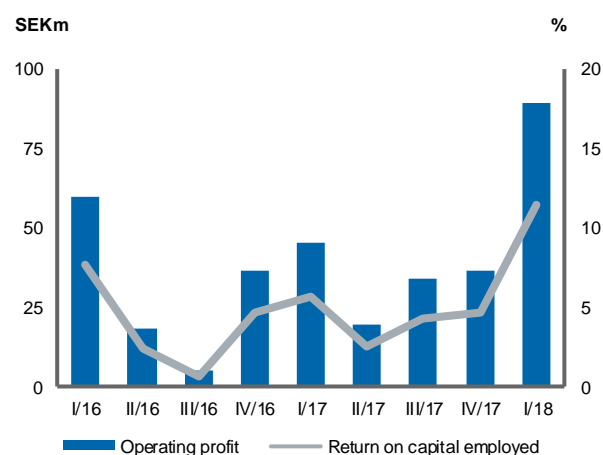
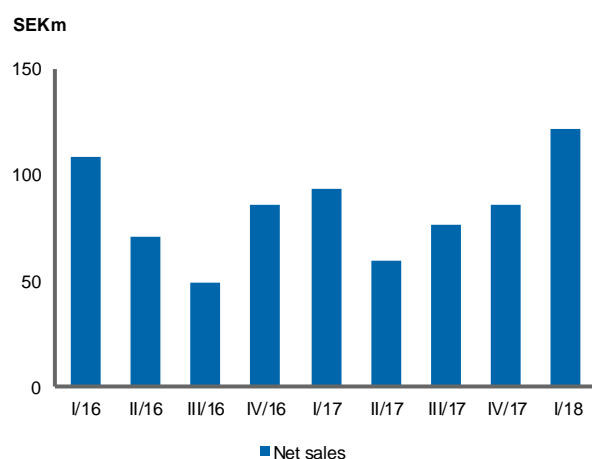
In a normal year Holmen produces over 1.2 TWh of renewable hydro and wind power.

SEKm	1-18	Quarter		Full year
		4-17	1-17	2017
Net sales	122	86	94	315
Operating costs	-27	-43	-43	-157
Depreciation and amortisation according to plan	-6	-6	-6	-24
<b>Operating profit</b>	<b>89</b>	36	45	135
Investments	5	10	12	26
Capital employed	3 095	3 115	3 156	3 115
Operating margin, %	73	42	48	43
Return on capital employed, %	11	5	6	4
Production hydro and wind power, GWh	385	318	335	1 169

Operating profit for January–March was SEK 89 million (45). Electricity prices were high in the quarter, which together with a high production level and reduced property tax, was the reason for the improvement in earnings.

Compared with the fourth quarter, operating profit increased by SEK 53 million as a result of seasonally higher production and higher electricity prices.

By the end of the first quarter, the levels in Holmen's water storage reservoirs were slightly lower than normal.



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

Cash flow from operating activities for the first quarter totalled SEK 523 million. Investment payments totalled SEK 208 million.

Partly owned wind power company Varsvik AB has loans amounting to just over SEK 450 million. In the first quarter, Holmen acquired the loan from the lending bank at nominal value, which increased the Group's non-current financial receivables.

The Group's net financial debt decreased by SEK 368 million to SEK 2 568 million in the first quarter. At 31 March, the debt/equity ratio was 0.11. Financial liabilities including pension provisions totalled SEK 3 374 million, SEK 2 237 million of which were current liabilities. Cash, cash equivalents and financial receivables totalled SEK 806 million. The Group has unused contractually agreed credit facilities of SEK 4 120 million, maturing in 2020–2021.

Net financial items for the first quarter were SEK -8 million (-14).

Standard & Poor's long-term credit rating on Holmen is BBB+.

**Tax**

Recognised tax for January–March was SEK -137 million (-127). Recognised tax as a proportion of profit before tax was 21 (21) per cent.

**Equity**

In January–March, the Group's equity increased by SEK 352 million to SEK 22 387 million. Profit for the period totalled SEK 507 million. Other comprehensive income amounted to SEK -150 million.

**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 -100 million (-5). The fair value of currency hedges not yet recognised as income amounted to SEK -476 million at 31 March.

Currency had no impact on Holmen's operating profit in the first quarter of 2018 compared with the same period of 2017. For just over the next two years, expected flows in EUR/SEK are hedged at an average of 9.74. For EUR/GBP, 10 months of expected flows are hedged at 0.89. For other currencies, 4 months of flows are hedged.

Prices for the Group's estimated net consumption of electricity in Sweden are 80–90 per cent hedged for 2018–2020 and 65 per cent for 2021.

**Personnel**

The average number of employees (full-time equivalents) in the Group was 2 880 (2 874).

**Dividend**

At the 2018 AGM, the dividend was set at SEK 13 (12) per share. A dividend totalling SEK 1 092 million was paid on 17 April.

**Share split**

The 2018 AGM approved a share split, meaning that each share, irrespective of series, will be divided into two shares (2:1 split) of the same series. The record date for the share split was set at 2 May 2018.

**Share buy-backs**

At the 2018 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 Holmen's annual report for 2017, pages 32–35 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 Group's accounting policies are unchanged from the most recently published annual accounts, with the exception of new accounting standards IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers,' which came into force on 1 January 2018. Under IFRS 9, impairments of financial assets should be based on a model based on expected future losses. Hedge accounting rules have changed, with requirements for hedging relations to be the same as the Group's risk management targets. Under IFRS 15, income should be recognised when the customer gains control over the goods in question. Other changes in IFRS 15 include the accounting of rights of return and discounts. The new policies have only a marginal effect on Holmen's accounting and no effects have been recognised in equity as a result of their introduction. The figures in tables are rounded off.

Stockholm, 25 April 2018  
Holmen AB (publ)

Henrik Sjölund  
President and CEO

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

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Stina Sandell, Senior Vice President Sustainability and Communications,  
tel. +46 73 986 51 12

## Group

Income statement, SEKm	Quarter			Full year 2017
	1-18	4-17	1-17	
Net sales	4 099	3 908	4 131	16 133
Other operating income	328	327	267	1 136
Change in inventories	-18	-23	19	-128
Raw materials and consumables	-2 238	-2 134	-2 372	-8 945
Personnel costs	-574	-598	-548	-2 252
Other operating costs	-776	-914	-682	-3 189
Profit from investments in associates and joint ventures	-2	1	-6	-12
Depreciation and amortisation according to plan	-254	-246	-247	-991
Change in value of biological assets	87	100	64	415
<b>Operating profit</b>	<b>653</b>	<b>421</b>	<b>627</b>	<b>2 166</b>
Finance income	2	0	0	2
Finance costs	-11	-14	-14	-55
<b>Profit before tax</b>	<b>644</b>	<b>407</b>	<b>613</b>	<b>2 113</b>
Tax	-137	-75	-127	-445
<b>Profit for the period</b>	<b>507</b>	<b>332</b>	<b>485</b>	<b>1 668</b>
Earnings per share, SEK				
basic	6.0	4.0	5.8	19.9
diluted	6.0	4.0	5.8	19.9
Operating margin, % *	15.9	10.8	15.2	13.4
Return on capital employed, % *	10.5	6.7	10.2	8.7
Return on equity, %	9.1	6.1	9.2	7.8

\* Excl. items affecting comparability.

Statement of comprehensive income, SEKm	Quarter			Full year 2017
	1-18	4-17	1-17	
<b>Profit for the period</b>	<b>507</b>	<b>332</b>	<b>485</b>	<b>1 668</b>
<b>Other comprehensive income</b>				
Revaluations of defined benefit pension plans	-57	53	58	121
Tax attributable to items that will not be reclassified to profit for the period	10	-12	-11	-24
<b>Items that will not be reclassified to profit for the period</b>	<b>-47</b>	<b>42</b>	<b>47</b>	<b>97</b>
Cash flow hedging	-262	-68	-22	31
Translation difference on foreign operation	112	70	-10	36
Hedging of currency risk in foreign operation	-10	-38	1	-49
Tax attributable to items that will be reclassified to profit for the period	57	22	6	3
<b>Items that will be reclassified to profit for the period</b>	<b>-103</b>	<b>-14</b>	<b>-26</b>	<b>21</b>
<b>Total other comprehensive income after tax</b>	<b>-150</b>	<b>28</b>	<b>22</b>	<b>119</b>
<b>Total comprehensive income</b>	<b>358</b>	<b>360</b>	<b>507</b>	<b>1 786</b>

Change in equity, SEKm	Jan-March	
	2017	2017
<b>Opening equity</b>	<b>22 035</b>	<b>21 243</b>
Profit for the period	507	485
Other comprehensive income	-150	22
<b>Total comprehensive income</b>	<b>358</b>	<b>507</b>
Dividends paid	-	-1 008
Share saving program	-5	3
<b>Closing equity</b>	<b>22 387</b>	<b>20 745</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	2018	2017
	31 March	31 December
<b>Non-current assets</b>		
Intangible non-current assets	88	90
Property, plant and equipment	9 082	9 078
Biological assets	17 920	17 831
Investments in associates and joint ventures	1 731	1 749
Other shares and participating interests	2	2
Non-current financial receivables	524	42
Deferred tax assets	1	1
<b>Total non-current assets</b>	<b>29 349</b>	<b>28 793</b>
<b>Current assets</b>		
Inventories	2 941	2 905
Trade receivables	2 240	2 089
Current tax receivable	36	36
Other operating receivables	739	658
Current financial receivables	30	32
Cash and cash equivalents	252	356
Asset held for sale	-	23
<b>Total current assets</b>	<b>6 239</b>	<b>6 098</b>
<b>Total assets</b>	<b>35 588</b>	<b>34 891</b>
<b>Equity</b>	<b>22 387</b>	<b>22 035</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	1 049	552
Pension provisions	88	39
Other provisions	635	662
Deferred tax liabilities	5 638	5 650
<b>Total non-current liabilities</b>	<b>7 410</b>	<b>6 903</b>
<b>Current liabilities</b>		
Current financial liabilities	2 237	2 775
Trade payables	1 957	1 957
Current tax liability	61	21
Provisions	143	144
Other operating liabilities	1 392	1 056
<b>Total current liabilities</b>	<b>5 790</b>	<b>5 952</b>
<b>Total liabilities</b>	<b>13 200</b>	<b>12 856</b>
<b>Total equity and liabilities</b>	<b>35 588</b>	<b>34 891</b>
Debt/equity ratio, times	0.11	0.13
Equity/assets ratio, %	63	63
	<b>24 956</b>	<b>24 972</b>
Net financial debt	<b>2 568</b>	<b>2 936</b>

Financial instruments, SEKm	Carrying amount		Fair value	
	2018	2017	2018	2017
	31 March	31 December	31 March	31 December
Assets at fair value	257	200	257	200
Assets at acquisition cost	3 046	2 498	3 046	2 498
Liabilities at fair value	694	351	694	351
Liabilities at acquisition cost	5 482	5 234	5 482	5 234

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

<b>Cash flow statement, SEKm</b>	<b>1-18</b>	<b>Quarter 4-17</b>	<b>1-17</b>	<b>Full year 2017</b>
<b>Operating activities</b>				
Profit before tax	644	407	613	2 113
Adjustments for non-cash items *	40	135	119	418
Paid income taxes	-99	46	11	-221
<b>Cash flow from operating activities before changes in working capital</b>	<b>586</b>	<b>588</b>	<b>742</b>	<b>2 310</b>
<b>Cash flow from changes in working capital</b>				
Change in inventories	10	-47	19	73
Change in trade receivables and other operating receivables	-44	223	-52	22
Change in trade payables and other operating liabilities	-29	129	-15	104
<b>Cash flow from operating activities</b>	<b>523</b>	<b>893</b>	<b>693</b>	<b>2 509</b>
<b>Investing activities</b>				
Acquisition of non-current assets	-208	-297	-144	-702
Disposal of non-current assets	121	14	37	58
Change in non-current financial receivables	-456	-	-	-
<b>Cash flow from investing activities</b>	<b>-543</b>	<b>-283</b>	<b>-107</b>	<b>-644</b>
<b>Financing activities</b>				
Change in financial liabilities and current financial receivables	-87	-632	496	-710
Dividends paid to the shareholders of the parent company	-	-	-	-1 008
<b>Cash flow from financing activities</b>	<b>-87</b>	<b>-632</b>	<b>496</b>	<b>-1 718</b>
<b>Cash flow for the period</b>	<b>-107</b>	<b>-21</b>	<b>1 082</b>	<b>147</b>
Opening cash and cash equivalents	356	376	210	210
Exchange difference in cash and cash equivalents	3	1	-1	-1
<b>Closing cash and cash equivalents</b>	<b>252</b>	<b>356</b>	<b>1 292</b>	<b>356</b>

<b>Change in net financial debt, SEKm</b>	<b>1-18</b>	<b>Quarter 4-17</b>	<b>1-17</b>	<b>Full year 2017</b>
Opening net financial debt	-2 936	-3 585	-3 945	-3 945
Cash flow from operating activities	523	893	693	2 509
Cash flow from investing activities (excl financial receivables)	-87	-283	-107	-644
Dividends paid	-	-	-	-1 008
Revaluations of defined benefit pension plans	-56	54	57	120
Foreign exchange effects and changes in fair value	-35	-15	14	32
<b>Closing net financial debt</b>	<b>-2 592</b>	<b>-2 936</b>	<b>-3 288</b>	<b>-2 936</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	1-18	Quarter 4-17	1-17	Full year 2017
Operating income	3 728	3 617	3 814	14 910
Operating costs	-3 424	-3 575	-3 511	-14 069
<b>Operating profit</b>	<b>304</b>	<b>42</b>	<b>303</b>	<b>841</b>
Net financial items	116	301	-2	416
<b>Profit after net financial items</b>	<b>420</b>	<b>343</b>	<b>301</b>	<b>1 257</b>
Appropriations	38	141	108	787
<b>Profit before tax</b>	<b>458</b>	<b>483</b>	<b>409</b>	<b>2 044</b>
Tax	-73	-30	-89	-197
<b>Profit for the period</b>	<b>385</b>	<b>454</b>	<b>320</b>	<b>1 847</b>

Statement of comprehensive income, SEKm	1-18	Quarter 4-17	1-17	Full year 2017
<b>Profit for the period</b>	<b>385</b>	<b>454</b>	<b>320</b>	<b>1 847</b>
<b>Other comprehensive income</b>				
Cash flow hedging	-255	-63	-30	38
Tax attributable to other comprehensive income	56	14	7	-8
<b>Items that will be reclassified to profit for the period</b>	<b>-199</b>	<b>-49</b>	<b>-23</b>	<b>29</b>
<b>Total comprehensive income</b>	<b>187</b>	<b>405</b>	<b>297</b>	<b>1 876</b>

Balance sheet, SEKm	2017 31 March	2017 31 December
Non-current assets	17 079	16 658
Current assets	4 984	4 888
<b>Total assets</b>	<b>22 063</b>	<b>21 545</b>
Restricted equity	5 915	5 915
Non-restricted equity	5 984	5 803
Untaxed reserves	2 145	2 032
Provisions	1 339	1 392
Liabilities	6 681	6 403
<b>Total equity and liabilities</b>	<b>22 063</b>	<b>21 545</b>

Sales to Group companies accounted for SEK 33 million (27) of operating income for January–March.

Balance sheet appropriations include group contributions of SEK 150 million (110).

The parent company's investments in property, plant and equipment and intangible non-current assets totalled SEK 13 million (9).

## Group

Quarterly figures, SEKm	2018 Q1	Q4	2017 Q3	Q2	Q1	Full year 2017
<b>Income statement</b>						
Net sales	4 099	3 908	3 947	4 148	4 131	16 133
Operating costs	-3 278	-3 342	-3 250	-3 472	-3 315	-13 379
Profit from investments in associates and joint ventures	-2	1	-5	-3	-6	-12
<b>Earnings before depreciation and change in value</b>	<b>820</b>	567	692	672	810	2 742
Depreciation and amortisation according to plan	-254	-246	-249	-249	-247	-991
Change in value of forests	87	100	150	102	64	415
<b>Operating profit</b>	<b>653</b>	421	593	525	627	2 166
Net financial items	-8	-15	-13	-12	-14	-53
<b>Profit before tax</b>	<b>644</b>	407	580	513	613	2 113
Tax	-137	-75	-124	-119	-127	-445
<b>Profit for the period</b>	<b>507</b>	332	456	394	485	1 668
Earnings per share, SEK	6.0	4.0	5.4	4.7	5.8	19.9
<b>Net sales *</b>						
Forest	1 465	1 391	1 286	1 407	1 451	5 535
Paperboard	1 473	1 354	1 361	1 408	1 403	5 526
Paper	1 418	1 376	1 387	1 369	1 277	5 408
Wood Products	426	385	397	407	373	1 562
Renew able Energy	122	86	76	60	94	315
Elimination of intra-group net sales	-805	-684	-560	-503	-467	-2 214
<b>Group</b>	<b>4 099</b>	3 908	3 947	4 148	4 131	16 133
<b>EBITDA by business area</b>						
Forest	249	167	124	166	226	683
Paperboard	294	226	352	309	370	1 257
Paper	156	138	156	175	159	627
Wood Products	61	38	48	42	38	165
Renew able Energy	95	43	40	25	51	159
Group-wide	-35	-45	-27	-44	-33	-149
<b>Group</b>	<b>820</b>	567	692	672	810	2 742
<b>Operating profit/loss by business area</b>						
Forest	329	258	267	261	283	1 069
Paperboard	166	106	229	184	246	764
Paper	72	55	69	90	74	288
Wood Products	38	16	26	21	17	80
Renew able Energy	89	36	34	20	45	135
Group-wide	-41	-50	-32	-50	-38	-170
<b>Group</b>	<b>653</b>	421	593	525	627	2 166
<b>Operating margin, %</b>						
Paperboard	11.3	7.8	16.9	13.0	17.5	13.8
Paper	5.1	4.0	5.0	6.5	5.8	5.3
Wood Products	9.0	4.2	6.5	5.1	4.6	5.1
Group	15.9	10.8	15.0	12.7	15.2	13.4
<b>Return on capital employed, %</b>						
Forest	9.5	7.5	7.8	7.7	8.4	7.8
Paperboard	12.1	7.8	16.7	13.2	17.7	13.9
Paper	13.0	9.8	11.6	14.2	11.7	11.9
Wood Products	17.3	7.4	11.4	9.4	8.1	9.1
Renew able Energy	11.5	4.7	4.3	2.5	5.7	4.3
Group	10.5	6.7	9.4	8.5	10.2	8.7
<b>Key indicators</b>						
Return on equity, %	9.1	6.1	8.5	7.5	9.2	7.8
<b>Deliveries</b>						
Harvesting own forests, '000 m³	666	734	697	760	713	2 904
Paperboard, '000 tonnes	138	129	133	133	131	526
Paper, '000 tonnes	278	282	287	283	265	1 117
Wood products, '000 m³	215	206	215	222	208	852
Own production of hydro and wind power, GWh	385	318	285	231	335	1 169

\*Sales in the Forest and Renewable Energy business areas take place in Sweden only. For the Paperboard business area, 75 per cent of sales in the first quarter were to Europe, while 20 per cent went to Asia and 5 per cent to the rest of the world. For the Paper business area, sales to Europe accounted for 90 per cent while sales to Asia accounting for 10 per cent. For the Wood Products business area, sales to Europe accounted for 70 per cent, while other sales were mainly to North Africa and the Middle East.

## Group

Full year review, SEKm	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Income statement</b>										
Net sales	16 133	15 513	16 014	15 994	16 231	17 852	18 656	17 581	18 071	19 334
Operating costs	-13 379	-12 626	-13 348	-13 270	-13 919	-15 224	-15 501	-15 077	-15 191	-16 614
Profit from investments in associates and joint ventures	-12	-22	7	-7	3	47	84	28	45	50
<b>Earnings before depreciation and change in value</b>	<b>2 742</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>
Depreciation and amortisation according to plan	-991	-1 018	-1 240	-1 265	-1 370	-1 313	-1 260	-1 251	-1 320	-1 343
Change in value of forests	415	315	267	282	264	350	-	52	16	-16
<b>Operating profit excl. items affecting comparability</b>	<b>2 166</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>
Items affecting comparability	-	-232	-931	-450	-140	-193	3 593	264	-	-361
<b>Operating profit</b>	<b>2 166</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>
Net financial items	-53	-71	-90	-147	-198	-227	-244	-208	-255	-311
<b>Profit before tax</b>	<b>2 113</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>
Tax	-445	-436	-120	-230	-160	559	-1 374	-684	-360	-98
<b>Profit for the year</b>	<b>1 668</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>
Diluted earnings per share, SEK	19.9	16.9	6.7	10.8	8.5	22.1	47.1	8.4	12.0	7.6
<b>EBITDA by business area*</b>										
Forest	683	716	668	563	694	614	769	794	616	674
Paperboard	1 257	1 382	1 346	1 161	878	959	1 186	1 141	780	688
Paper	627	669	514	725	429	862	1 002	229	1 218	1 176
Wood Products	165	80	86	160	45	-10	-26	49	52	47
Renewable Energy	159	143	198	233	391	374	425	516	435	346
Group-wide	-149	-124	-138	-126	-121	-123	-116	-198	-176	-160
<b>Group</b>	<b>2 742</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>Operating profit by business area*</b>										
Forest	1 069	1 001	905	817	924	931	739	818	605	632
Paperboard	764	903	847	674	433	596	863	817	419	320
Paper	288	289	-74	141	-309	94	228	-618	340	280
Wood Products	80	-3	9	37	-75	-130	-136	20	21	13
Renewable Energy	135	120	176	212	371	355	406	495	414	327
Group-wide	-170	-148	-163	-146	-136	-132	-120	-200	-178	-159
<b>Group</b>	<b>2 166</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>Deliveries</b>										
Harvesting own forests, '000 m³	2 904	2 986	3 213	3 297	3 465	3 211	2 988	2 999	2 897	2 649
Paperboard, '000 tonnes	526	497	499	493	469	485	474	464	477	494
Paper, '000 tonnes	1 117	1 134	1 325	1 305	1 574	1 651	1 668	1 732	1 745	2 044
Wood products, '000 m³	852	776	730	725	686	660	487	285	313	266
Own production of hydro and wind power, GWh	1 169	1 080	1 441	1 113	1 041	1 353	1 235	1 149	1 090	1 128
<b>Balance sheet</b>										
Non-current assets	28 751	28 701	29 524	30 221	30 652	30 664	30 334	26 028	25 694	26 506
Current assets	5 710	5 852	5 607	5 964	5 774	6 005	6 642	6 950	6 075	7 268
Financial receivables	430	338	325	249	327	377	240	454	407	828
<b>Total assets</b>	<b>34 891</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>
Equity	22 035	21 243	20 853	20 969	20 854	20 813	19 773	16 913	16 504	15 641
Deferred tax liability	5 650	5 613	5 508	5 480	5 804	5 504	6 630	5 910	5 045	4 819
Financial liabilities and interest-bearing provisions	3 366	4 283	5 124	6 156	6 443	6 967	6 499	6 227	6 091	8 332
Operating liabilities	3 840	3 752	3 971	3 829	3 653	3 762	4 313	4 382	4 536	5 809
<b>Total equity and liabilities</b>	<b>34 891</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>Cash flow</b>										
Operating activities	2 509	1 961	2 526	2 176	2 011	2 254	2 101	1 523	2 873	1 660
Investing activities	-644	-123	-832	-834	-869	-1 920	-1 733	-1 597	-818	-1 124
<b>Cash flow after investments</b>	<b>1 865</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>Key indicators</b>										
Return on capital employed, % *	9	9	6	6	4	7	9	6	7	6
Return on equity, %	8	7	3	4	3	9	23	4	6	4
Return on equity, % *	8	8	7	6	4	6	8	4	6	4
Debt/equity ratio	0.13	0.19	0.23	0.28	0.29	0.32	0.32	0.34	0.34	0.48
<b>Dividend</b>										
Dividend, SEK	13	12	10.5	10	9	9	8	7	7	9

\* 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 2017
	1-18	4-17	1-17	
EBITDA	820	567	810	2 742
Depreciation and amortisation according to plan	-254	-246	-247	-991
Change in value of forests	87	100	64	415
Operating profit	653	421	627	2 166

SEKm	Quarter			Full year 2017
	1-18	4-17	1-17	
Earnings before change in value of forests	242	158	219	654
Change in value of forests	87	100	64	415
Operating profit of forest	329	258	283	1 069

### Margin, return and debt measures

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. 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 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.

SEKm	2018 31 March	2017 31 December
Fixed capital *	28 823	28 751
Working capital **	1 769	1 870
Deferred tax assets	1	1
Deferred tax liabilities	-5 638	-5 650
Capital employed	24 956	24 972

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	2018 31 March	2017 31 December
Non-current financial liabilities	1 049	552
Current financial liabilities	2 237	2 775
Pension provisions	88	39
Non-current financial receivables	-524	-42
Current financial receivables	-30	-32
Cash and cash equivalents	-252	-356
Net financial debt	2 568	2 936

\*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 business concept is to own and add value to the forest. The forest holdings form the basis of the business – an ecocycle in which the raw material grows and is refined into everything from wood for climate-smart building to renewable packaging, magazines and books. The forest is managed to provide a good annual return and stable value growth while our industry operations are run with a focus on profitability and greater value added.

## Press and analyst conference

On the publication of the interim report, a press and analyst conference will be held at 14.30 CET on Wednesday 25 April. 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

15 August 2018	Interim report January–June 2018
24 October 2018	Interim report January–September 2018
31 January 2019	Year-end report 2018

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This information is information that Holmen AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on Wednesday 25 April 2018 at 13.00.