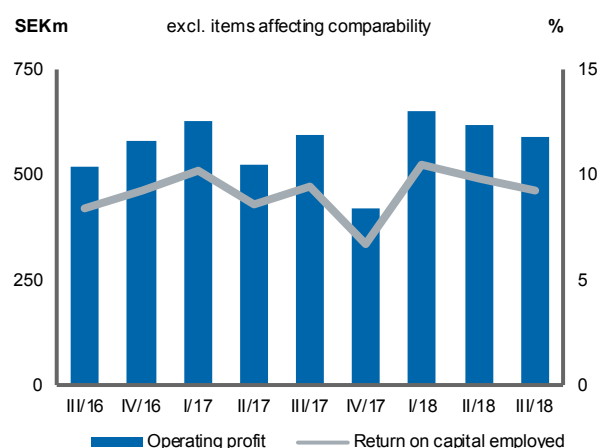
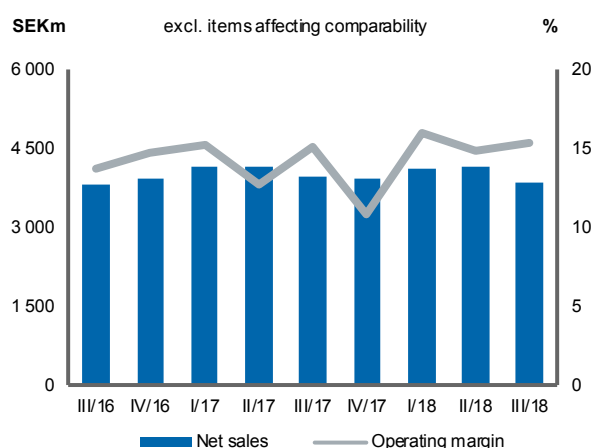


Holmen's interim report January–September 2018

SEKm	3-18	Quarter 2-18	3-17	January–September 2018	January–September 2017	Full Year 2017
Net sales	3 844	4 164	3 947	12 108	12 225	16 133
Operating profit	591	618	593	1 862	1 745	2 166
Profit after tax	458	759	456	1 724	1 336	1 668
Earnings per share, SEK	2.7	4.5	2.7	10.3	8.0	9.9
Operating margin, %	15.4	14.9	15.0	15.4	14.3	13.4
Return on capital employed, %	9.2	9.8	9.4	9.8	9.4	8.7
Return on equity, %	8.1	13.6	8.5	10.3	8.4	7.8
Cash flow before investments and working capital	581	662	498	1 829	1 722	2 310
Debt/equity ratio	0.13	0.15	0.17	0.13	0.17	0.13

- Operating profit for January–September totalled SEK 1 862 million, an increase of SEK 117 million compared with the same period last year. The improvement in profit was due to higher earnings from wood products and renewable energy.
- Compared with the second quarter, operating profit decreased by SEK 27 million to SEK 591 million. Earnings for the third quarter were impacted by a significant maintenance shutdown and costs relating to forest fires. Personnel costs were seasonally low and selling prices for paper and wood products increased slightly.
- Profit after tax for January–September was SEK 1 724 million (January–September 2017: SEK 1 336 million), which corresponds to earnings per share of SEK 10.3 (8.0).
- Return on capital employed increased to 9.8 per cent (9.4).



CEO comments

Performance was stable in the third quarter, with operating profit of SEK 591 million and a return on capital employed of just over 9 per cent. Our financial position has been further strengthened and indebtedness is now below SEK 3 billion.

Earnings from forests is strong, despite SEK 30 million in costs attributable to forest fires this summer. Demand for forest raw material is high and the effect of rising prices is gradually being seen in earnings. During the quarter, we signed an agreement to purchase a large forest holding near our production facilities in Iggesund. As well as providing steady cash flow, this also strengthens our supply of wood.

Earnings from hydro power decreased in the third quarter as a result of low water flow. The levels in our water storage reservoirs remain low, which is expected to hamper production over the next half year.

A significant maintenance shutdown at Iggesund Mill impacted paperboard earnings, but we are also starting to see the effect of our efforts to reduce costs in the business. Negotiations on reduced staffing are ongoing and are expected to be completed in the fourth quarter. The pre-project to validate possibilities for increasing production of solid bleached board by 100 000 tonnes through increased investment is continuing. As an alternative, we are evaluating possibilities of making targeted investments to remove bottlenecks and boost production of both pulp and paperboard.

Earnings from paper improved slightly owing to higher prices. Strong demand has helped us make further progress towards better-paying segments.

To take advantage of the strong market conditions and historically high margins for wood products, our sawmills have been running at full capacity, despite the summer holiday period. The new wood treatment plant at Braviken Sawmill has strengthened our position towards builders' merchants in Sweden. We are now taking the next step in developing the sawmill by investing SEK 170 million to boost production by at least 150 000 m³.

We are also establishing a transportation solution by train to cost-effectively transport raw material from our own forest in the north to our production facilities. Initially, expensive imported pulpwood will be replaced. In 2020, when we raise production at Braviken Sawmill, the increased need for logs will be supplied using the train-based solution.

The advantage of being a forest-owning industrial company is becoming increasingly clear and I am pleased that we are able to expand our business operations while maintaining good control over the raw material.

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 m³.

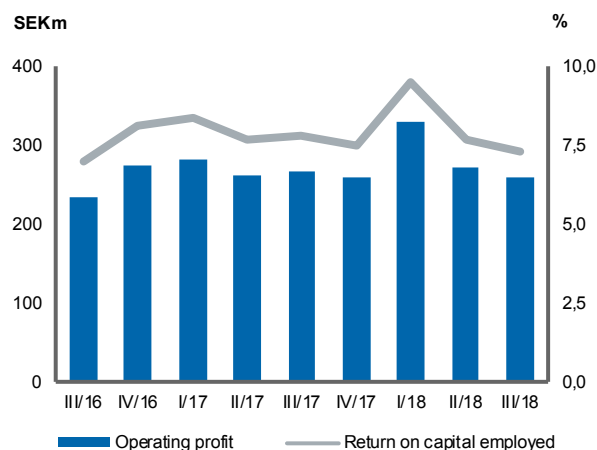
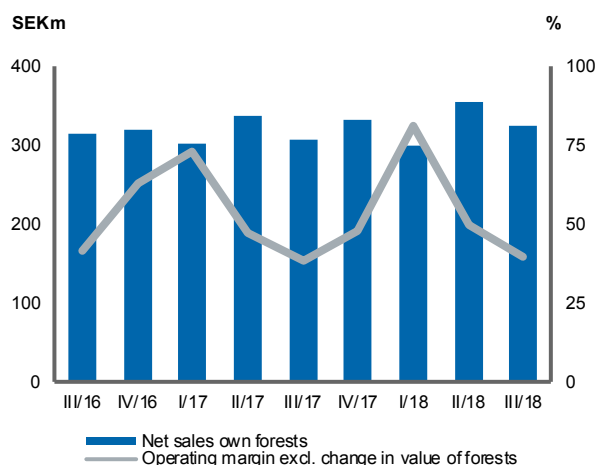
SEKm	Quarter			January–September		Full year
	3-18	2-18	3-17	2018	2017	
Net sales	1 345	1 543	1 286	4 353	4 144	5 535
of which from own forests	325	355	307	980	944	1 275
Operating costs	-1 209	-1 361	-1 162	-3 785	-3 628	-4 852
Depreciation and amortisation according to plan	-8	-7	-7	-22	-21	-30
Earnings before change in value of forests	128	175	117	546	495	654
Change in value of forests	131	95	150	313	315	415
Operating profit	260	271	267	859	810	1 069
Investments	5	32	5	55	28	49
Capital employed	14 333	14 241	13 823	14 333	13 823	13 824
Return on capital employed, %	7.3	7.7	7.8	8.1	7.9	7.8
Harvesting own forests, '000 m ³	671	761	697	2 099	2 170	2 904

Demand for logs and pulpwood has been high in 2018 and pulpwood prices in particular have increased. Holmen's harvest of its own forests amounted to 2.1 million m³ for January–September, which is 3 per cent lower than the same period last year as a result of difficult weather conditions.

Operating profit for January–September was SEK 859 million (810). Profit was boosted by wood prices that were 8 per cent higher on average. Harvesting costs, however, were higher than normal as a result of difficult weather conditions. Earnings include SEK +70 million from the sale of a forest holding and SEK -30 million from forest fires.

Compared with the second quarter, profit decreased by SEK 11 million to SEK 260 million. The third quarter was impacted by SEK 30 million in costs for forest fires. Wood prices increased slightly.

In the third quarter Holmen entered into an agreement to purchase a large cohesive holding in Hälsingland of 5 700 hectares of productive forest land for SEK 285 million. The property is 30 kilometres from Holmen's sawmill and paperboard mill at Iggesund. Ownership of the property is expected to transfer to Holmen in the fourth quarter.



Paperboard

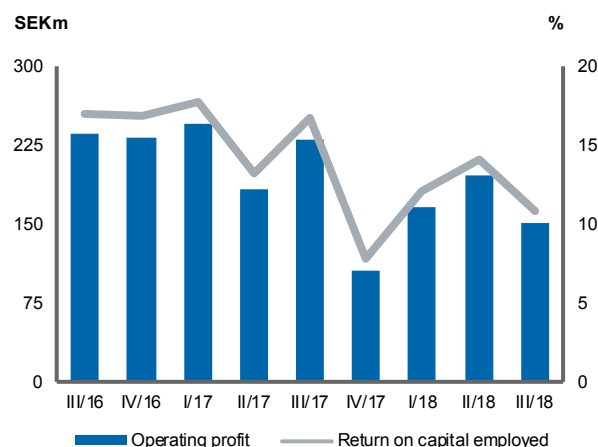
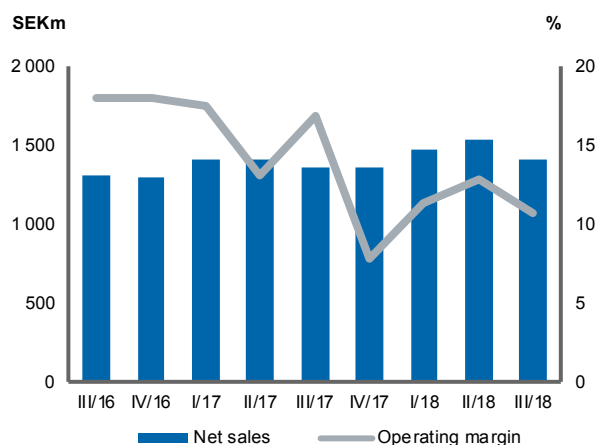
Holmen supplies paperboard to the premium consumer packaging segment. Production, which takes place at one Swedish and one UK mill, amounts to 550 000 tonnes a year.

SEKm	Quarter			January–September		Full year
	3-18	2-18	3-17	2018	2017	
Net sales	1 413	1 538	1 361	4 424	4 172	5 526
Operating costs	-1 136	-1 211	-1 008	-3 526	-3 141	-4 270
EBITDA	277	327	352	898	1 031	1 257
Depreciation and amortisation according to plan	-127	-130	-123	-384	-372	-492
Operating profit	151	197	229	514	659	764
Investments	145	41	34	318	202	375
Capital employed	5 579	5 617	5 439	5 579	5 439	5 433
EBITDA margin, %	20	21	26	20	25	23
Operating margin, %	11	13	17	12	16	14
Return on capital employed, %	11	14	17	12	16	14
Production, paperboard, '000 tonnes	128	141	137	407	401	530
Deliveries, paperboard, '000 tonnes	127	141	133	405	397	526

Demand for paperboard in Europe has been good in 2018. Prices have been stable. Holmen's paperboard deliveries in January–September amounted to 405 000 tonnes, which is an increase of 2 per cent on the same period last year.

Operating profit for January–September was SEK 514 million (659). The decrease in profit was due to higher prices for wood and chemicals and high costs, including maintenance costs.

Compared with the second quarter, profit decreased by SEK 46 million to SEK 151 million. A significant maintenance shutdown was carried out in the third quarter, which resulted in production losses and direct costs of SEK 60 million. The impact was partly offset by seasonally lower costs.



Paper

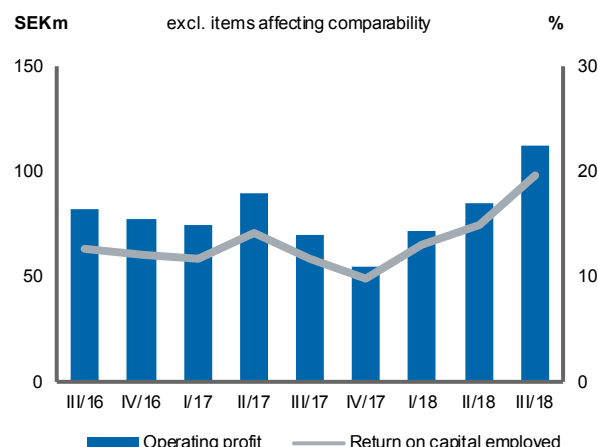
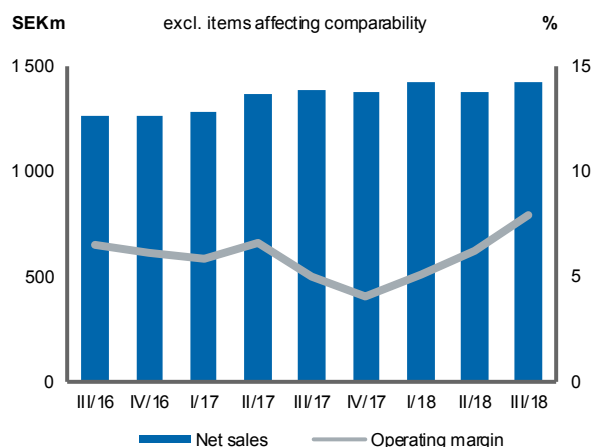
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production amounts to 1.1 million tonnes a year at two Swedish mills.

SEKm	3-18	Quarter 2-18	3-17	January-September 2018	2017	Full year 2017
Net sales	1 419	1 376	1 387	4 214	4 032	5 408
Operating costs	-1 222	-1 207	-1 231	-3 692	-3 542	-4 781
EBITDA	197	169	156	522	490	627
Depreciation and amortisation according to plan	-84	-85	-86	-253	-257	-339
Operating profit*	112	85	69	269	233	288
Investments	41	40	52	92	94	141
Capital employed	2 299	2 285	2 306	2 299	2 306	2 193
EBITDA margin, %	14	12	11	12	12	12
Operating margin, %	8	6	5	6	6	5
Return on capital employed, %	20	15	12	16	13	12
Production, '000 tonnes	258	270	261	799	808	1 088
Deliveries, '000 tonnes	256	256	287	790	835	1 117

Demand for magazine and book paper in Europe has been good in 2018 and price increases have been gradually implemented. Holmen's deliveries for January–September totalled 790 000 tonnes. This is 5 per cent lower than the same period last year primarily as a result of destocking last year. The product mix has been further improved through increased deliveries of better-paid magazine and book products.

Operating profit for January–September totalled SEK 269 million (233). Selling prices increased by an average of 10 per cent, but the impact was offset by cost increases for wood, chemicals and electricity.

Compared with the second quarter, profit increased by SEK 27 million to SEK 112 million. Selling prices increased slightly. Personnel costs were seasonally low, although wood and electricity costs increased.



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 m³.

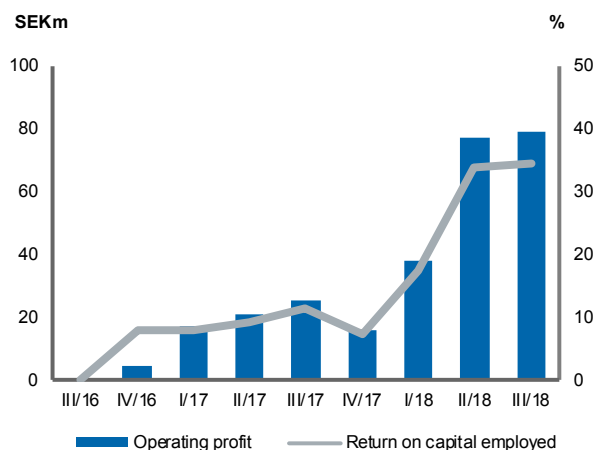
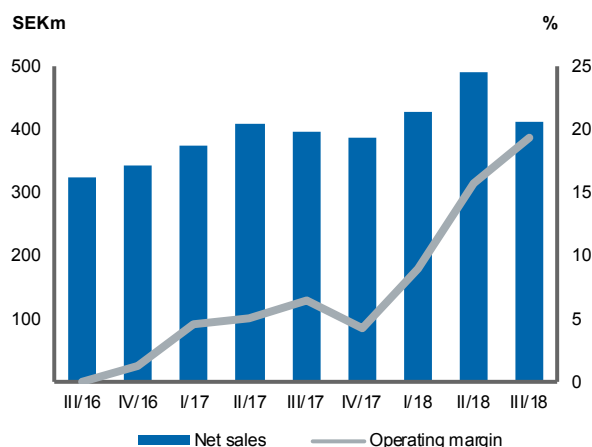
SEKm	Quarter			January–September		Full year
	3-18	2-18	3-17	2018	2017	
Net sales	412	491	397	1 328	1 177	1 562
Operating costs	-309	-390	-349	-1 064	-1 049	-1 397
EBITDA	102	101	48	264	127	165
Depreciation and amortisation according to plan	-23	-23	-22	-70	-64	-86
Operating profit	79	77	26	195	64	80
Investments*	13	12	15	65	70	100
Capital employed	902	931	891	902	891	862
EBITDA margin, %	25	21	12	20	11	11
Operating margin, %	19	16	6	15	5	5
Return on capital employed, %	35	34	11	29	10	9
Production, '000 m ³	212	215	202	639	613	827
Deliveries, '000 m ³	185	230	215	630	645	852

*Of which SEK 48 million for January–September 2017 and the full year 2017 relates to the acquisition of Lingham Sawmill.

Demand for wood products has been strong in 2018 and significant price increases have been implemented. Holmen's deliveries of wood products decreased from a high level last year and amounted to 630 000 m³ for January–September.

Operating profit for January–September was SEK 195 million (64). The improvement is due to selling prices being 15 per cent higher on average. The effect was partly offset by increased costs for logs.

Compared with the second quarter, profit increased by SEK 2 million to SEK 79 million. Selling prices increased slightly but deliveries decreased seasonally.



Renewable energy

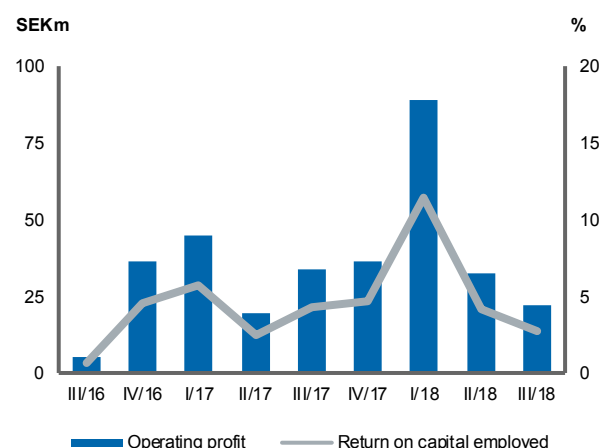
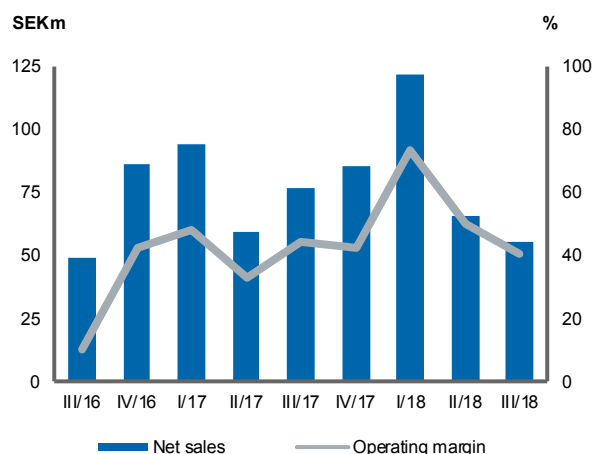
In a normal year Holmen produces 1.2 TWh of renewable hydro and wind power.

SEKm	Quarter			January–September		Full year
	3-18	2-18	3-17	2018	2017	
Net sales	55	66	76	242	230	315
Operating costs	-27	-27	-37	-81	-114	-157
Depreciation and amortisation according to plan	-6	-6	-6	-17	-17	-24
Operating profit	22	33	34	144	99	135
Investments	4	4	1	12	16	26
Capital employed	3 169	3 108	3 132	3 169	3 132	3 115
Operating margin, %	40	50	45	59	43	43
Return on capital employed, %	3	4	4	6	4	4
Production hydro and wind power, GWh	224	261	285	870	851	1 169

Operating profit for January–September was SEK 144 million (99). The improvement in profit was due to higher prices and lower property tax.

Compared with the second quarter, profit decreased by SEK 11 million to SEK 22 million. Production decreased as a result of poor access to water.

At the end of the third quarter, the levels in Holmen's water storage reservoirs were low.



Cash flow, financing and net financial items

Cash flow from operating activities for January–September totalled SEK 1 554 million. Investment payments totalled SEK 582 million. A dividend of SEK 1 092 million was paid in the second quarter.

During January–September, the Group's net financial debt increased by SEK 27 million to SEK 2 963 million. At 30 September, the debt/equity ratio was 0.13. Financial liabilities including pension provisions totalled SEK 3 612 million, SEK 2 536 million of which were current liabilities. Cash and cash equivalents and financial receivables totalled SEK 649 million, of which SEK 471 million consisted of loans to a partly owned wind power company. The Group has unutilised committed credit facilities of SEK 4 124 million, maturing in 2020–2021.

Net financial items for January–September 2018 amounted to SEK -19 million (-39).

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

Tax

Recognised tax for January–September amounted to SEK -119 million (-370). The recognised tax expense was positively affected by SEK 300 million, arising from the decision by the Swedish Parliament to lower Sweden's corporation tax rate.

Equity

In January–September, the Group's equity increased by SEK 779 million to SEK 22 814 million. Profit for the period totalled SEK 1 724 million and the dividend paid totalled SEK 1 092 million. Other comprehensive income amounted to SEK 148 million.

Hedging of 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 -255 million (-15).

Exchange rates had a positive effect of SEK 100 million on the Group's profit for January–September, compared with the same period last year. For just over the next two years, expected flows in EUR/SEK are hedged at an average of 9.90. For EUR/GBP, 6 months of expected flows are hedged at 0.90. 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 2 968 (2 965).

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. IFRS 16 'Leases' comes into effect on 1 January 2019. Work is ongoing to establish the effect of this standard on the consolidated financial statements. The figures in tables are rounded off.

Stockholm, 24 October 2018
Holmen AB (publ)

Henrik Sjölund
President and CEO

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Review report

Introduction

We have reviewed the condensed interim financial information (interim report) for Holmen AB (publ) as per 30 September 2018 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 2018

KPMG AB

Joakim Thilstedt
Authorised public accountant

Group

Income statement, SEKm	Quarter			January-September		Full year
	3-18	2-18	3-17	2018	2017	2017
Net sales	3 844	4 164	3 947	12 108	12 225	16 133
Other operating income	268	314	259	910	808	1 136
Change in inventories	70	33	-82	85	-105	-128
Raw materials and consumables	-2 081	-2 255	-2 158	-6 573	-6 811	-8 945
Personnel costs	-528	-609	-517	-1 711	-1 654	-2 252
Other operating costs	-862	-869	-752	-2 506	-2 276	-3 189
Profit from investments in associates and joint ventures	1	0	-5	0	-13	-12
Depreciation and amortisation according to plan	-252	-256	-249	-763	-745	-991
Change in value of biological assets	131	95	150	313	315	415
Operating profit	591	618	593	1 862	1 745	2 166
Finance income	4	3	0	10	2	2
Finance costs	-10	-8	-13	-29	-41	-55
Profit before tax	585	614	580	1 843	1 706	2 113
Tax	-127	145	-124	-119	-370	-445
Profit for the period	458	759	456	1 724	1 336	1 668
Earnings per share, SEK						
basic	2.7	4.5	2.7	10.3	8.0	9.9
diluted	2.7	4.5	2.7	10.3	8.0	9.9
Operating margin, %	15.4	14.9	15.0	15.4	14.3	13.4
Return on capital employed, %	9.2	9.8	9.4	9.8	9.4	8.7
Return on equity, %	8.1	13.6	8.5	10.3	8.4	7.8

Statement of comprehensive income, SEKm	Quarter			January-September		Full year
	3-18	2-18	3-17	2018	2017	2017
Profit for the period	458	759	456	1 724	1 336	1 668
Other comprehensive income						
Revaluations of defined benefit pension plans	6	34	11	-17	68	121
Tax attributable to items that will not be reclassified to profit for the period	-1	-6	-2	3	-12	-24
Items that will not be reclassified to profit for the period	4	28	9	-15	55	97
Cash flow hedging	190	182	94	111	99	31
Translation difference on foreign operation	-41	16	-5	87	-34	36
Hedging of currency risk in foreign operation	5	-3	0	-8	-11	-49
Tax attributable to items that will be reclassified to profit for the period	-42	-43	-21	-27	-19	3
Items that will be reclassified to profit for the period	112	153	68	163	35	21
Total other comprehensive income after tax	117	181	77	148	90	119
Total comprehensive income	575	940	533	1 873	1 426	1 786

Change in equity, SEKm	January-September	
	2018	2017
Opening equity	22 035	21 243
Profit for the period	1 724	1 336
Other comprehensive income	148	90
Total comprehensive income	1 873	1 426
Dividends paid	-1 092	-1 008
Share saving program	-2	7
Closing equity	22 814	21 669

Share structure					
	Votes	No. of shares	No. of votes	Quotient value	SEKm
A share	10	45 246 468	452 464 680	25	1 131.2
B share	1	124 265 856	124 265 856	25	3 106.6
Total number of shares		169 512 324	576 730 536		4 237.8
Holding of own B shares bought back		-1 520 000	-1 520 000		
Total number of shares issued		167 992 324	575 210 536		

Group

Balance sheet, SEKm	2018	2018	2017
	30 September	30 June	31 December
Non-current assets			
Intangible non-current assets	89	88	90
Property, plant and equipment	8 921	9 034	9 078
Biological assets	18 159	18 030	17 831
Investments in associates and joint ventures	1 750	1 718	1 749
Other shares and participating interests	1	1	2
Non-current financial receivables	486	523	42
Deferred tax assets	1	1	1
Total non-current assets	29 408	29 396	28 793
Current assets			
Inventories	3 184	3 059	2 905
Trade receivables	2 179	2 259	2 089
Current tax receivable	54	41	36
Other operating receivables	975	1 054	658
Current financial receivables	37	27	32
Cash and cash equivalents	126	289	356
Asset held for sale	-	-	23
Total current assets	6 556	6 730	6 098
Total assets	35 964	36 126	34 891
Equity	22 814	22 237	22 035
Non-current liabilities			
Non-current financial liabilities	1 043	1 045	552
Pension provisions	33	42	39
Other provisions	637	652	662
Deferred tax liabilities	5 490	5 413	5 650
Total non-current liabilities	7 204	7 151	6 903
Current liabilities			
Current financial liabilities	2 536	3 039	2 775
Trade payables	2 068	2 079	1 957
Current tax liability	35	50	21
Provisions	127	132	144
Other operating liabilities	1 180	1 437	1 056
Total current liabilities	5 946	6 738	5 952
Total liabilities	13 150	13 889	12 856
Total equity and liabilities	35 964	36 126	34 891
Debt/equity ratio, times	0.13	0.15	0.13
Equity/assets ratio, %	63	62	63
Net financial debt	25 778	25 524	24 972
	2 963	3 286	2 936

Financial instruments, SEKm	Carrying amount		Fair value	
	2018	2017	2018	2017
	30 September	31 December	30 September	31 December
Assets at fair value	470	200	470	200
Assets at acquisition cost	2 821	2 498	2 821	2 498
Liabilities at fair value	480	351	480	351
Liabilities at acquisition cost	5 611	5 234	5 611	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

Cash flow statement, SEKm	Quarter			January–September		Full year
	3-18	2-18	3-17	2018	2017	2017
Operating activities						
Profit before tax	585	614	580	1 843	1 706	2 113
Adjustments for non-cash items*	112	165	70	317	283	418
Paid income taxes	-116	-117	-152	-331	-267	-221
Cash flow from operating activities before changes in working capital	581	662	498	1 829	1 722	2 310
Cash flow from changes in working capital						
Change in inventories	-139	-119	72	-248	120	73
Change in trade receivables and other operating receivables	98	-162	-13	-107	-202	22
Change in trade payables and other operating liabilities	-4	113	-79	80	-25	104
Cash flow from operating activities	536	495	478	1 554	1 616	2 509
Investing activities						
Acquisition of non-current assets	-205	-169	-100	-582	-405	-702
Disposal of non-current assets	1	4	4	126	44	58
Change in non-current financial receivables	0	9	-	-447	-	-
Cash flow from investing activities	-204	-156	-96	-903	-361	-644
Financing activities						
Change in financial liabilities and current financial receivables	-493	789	-95	209	-79	-710
Dividends paid to the shareholders of the parent company	-	-1 092	-	-1 092	-1 008	-1 008
Cash flow from financing activities	-493	-303	-95	-883	-1 086	-1 718
Cash flow for the period	-162	36	287	-233	168	147
Opening cash and cash equivalents	289	252	91	356	210	210
Exchange difference in cash and cash equivalents	-1	1	-1	3	-2	-1
Closing cash and cash equivalents	126	289	376	126	376	356

Change in net financial debt, SEKm	Quarter			January–September		Full year
	3-18	2-18	3-17	2018	2017	2017
Opening net financial debt	-3 286	-2 592	-3 991	-2 936	-3 945	-3 945
Cash flow from operating activities	536	495	478	1 554	1 616	2 509
Cash flow from investing activities (excl financial receivables)	-204	-165	-96	-456	-361	-644
Dividends paid	-	-1 092	-	-1 092	-1 008	-1 008
Revaluations of defined benefit pension plans	4	34	11	-19	66	120
Foreign exchange effects and changes in fair value	-13	34	13	-14	47	32
Closing net financial debt	-2 963	-3 286	-3 585	-2 963	-3 585	-2 936

* 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	3-18	Quarter 2-18	3-17	January-September 2018	2017	Full year 2017
Operating income	3 477	3 800	3 644	11 005	11 293	14 910
Operating costs	-3 132	-3 416	-3 410	-9 972	-10 495	-14 069
Operating profit	345	385	234	1 034	798	841
Net financial items	11	2	-17	129	115	416
Profit after net financial items	356	387	216	1 163	914	1 257
Appropriations	58	39	350	135	647	787
Profit before tax	414	426	566	1 298	1 561	2 044
Tax	-88	-52	13	-213	-168	-197
Profit for the period	325	374	579	1 085	1 393	1 847

Statement of comprehensive income, SEKm	3-18	Quarter 2-18	3-17	January-September 2018	2017	Full year 2017
Profit for the period	325	374	579	1 085	1 393	1 847
Other comprehensive income						
Cash flow hedging	192	190	98	128	101	38
Tax attributable to other comprehensive income	-41	-43	-22	-28	-22	-8
Items that will be reclassified to profit for the period	151	147	76	100	78	29
Total comprehensive income	476	521	656	1 184	1 471	1 876

Balance sheet, SEKm	2018 30 September	2018 30 June	2017 31 December
Non-current assets	17 111	17 131	16 658
Current assets	5 392	5 385	4 888
Total assets	22 503	22 516	21 545
Restricted equity	5 915	5 915	5 915
Non-restricted equity	5 893	5 415	5 803
Untaxed reserves	2 386	2 266	2 032
Provisions	1 309	1 317	1 392
Liabilities	7 000	7 603	6 403
Total equity and liabilities	22 503	22 516	21 545

Of operating revenue for January–September, SEK 113 million (82) relates to sales to Group companies.

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 57 million (24).

Balance sheet appropriations include group contributions of SEK 489 million (480).

Group

Quarterly figures, SEKm	2018			2017			January-September Full year			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2018	2017	2017
Income statement										
Net sales	3 844	4 164	4 099	3 908	3 947	4 148	4 131	12 108	12 225	16 133
Operating costs	-3 133	-3 385	-3 278	-3 342	-3 250	-3 472	-3 315	-9 795	-10 037	-13 379
Profit from investments in associates and joint ventures	1	0	-2	1	-5	-3	-6	0	-13	-12
Earnings before depreciation and change in value	712	780	820	567	692	672	810	2 312	2 175	2 742
Depreciation and amortisation according to plan	-252	-256	-254	-246	-249	-249	-247	-763	-745	-991
Change in value of forests	131	95	87	100	150	102	64	313	315	415
Operating profit	591	618	653	421	593	525	627	1 862	1 745	2 166
Net financial items	-6	-5	-8	-15	-13	-12	-14	-19	-39	-53
Profit before tax	585	614	644	407	580	513	613	1 843	1 706	2 113
Tax	-127	145	-137	-75	-124	-119	-127	-119	-370	-445
Profit for the period	458	759	507	332	456	394	485	1 724	1 336	1 668
Earnings per share, SEK	2.7	4.5	3.0	2.0	2.7	2.4	2.9	10.3	8.0	9.9
Net sales*										
Forest	1 345	1 543	1 465	1 391	1 286	1 407	1 451	4 353	4 144	5 535
Paperboard	1 413	1 538	1 473	1 354	1 361	1 408	1 403	4 424	4 172	5 526
Paper	1 419	1 376	1 418	1 376	1 387	1 369	1 277	4 214	4 032	5 408
Wood Products	412	491	426	385	397	407	373	1 328	1 177	1 562
Renew able Energy	55	66	122	86	76	60	94	242	230	315
Elimination of intra-group net sales	-799	-849	-805	-684	-560	-503	-467	-2 454	-1 529	-2 214
Group	3 844	4 164	4 099	3 908	3 947	4 148	4 131	12 108	12 225	16 133
EBITDA by business area										
Forest	136	183	249	167	124	166	226	568	516	683
Paperboard	277	327	294	226	352	309	370	898	1 031	1 257
Paper	197	169	156	138	156	175	159	522	490	627
Wood Products	102	101	61	38	48	42	38	264	127	165
Renew able Energy	28	39	95	43	40	25	51	161	116	159
Group-wide	-28	-38	-35	-45	-27	-44	-33	-101	-105	-149
Group	712	780	820	567	692	672	810	2 312	2 175	2 742
Operating profit/loss by business area										
Forest	260	271	329	258	267	261	283	859	810	1 069
Paperboard	151	197	166	106	229	184	246	514	659	764
Paper	112	85	72	55	69	90	74	269	233	288
Wood Products	79	77	38	16	26	21	17	195	64	80
Renew able Energy	22	33	89	36	34	20	45	144	99	135
Group-wide	-33	-44	-41	-50	-32	-50	-38	-117	-120	-170
Group	591	618	653	421	593	525	627	1 862	1 745	2 166
Operating margin, %										
Paperboard	10.7	12.8	11.3	7.8	16.9	13.0	17.5	11.6	15.8	13.8
Paper	7.9	6.1	5.1	4.0	5.0	6.5	5.8	6.4	5.8	5.3
Wood Products	19.3	15.8	9.0	4.2	6.5	5.1	4.6	14.7	5.4	5.1
Group	15.4	14.9	15.9	10.8	15.0	12.7	15.2	15.4	14.3	13.4
Return on capital employed, %										
Forest	7.3	7.7	9.5	7.5	7.8	7.7	8.4	8.1	7.9	7.8
Paperboard	10.8	14.0	12.1	7.8	16.7	13.2	17.7	12.3	15.9	13.9
Paper	19.6	15.0	13.0	9.8	11.6	14.2	11.7	15.9	12.5	11.9
Wood Products	34.6	33.8	17.3	7.4	11.4	9.4	8.1	28.7	9.6	9.1
Renew able Energy	2.8	4.2	11.5	4.7	4.3	2.5	5.7	6.2	4.2	4.3
Group	9.2	9.8	10.5	6.7	9.4	8.5	10.2	9.8	9.4	8.7
Key indicators										
Return on equity, %	8.1	13.6	9.1	6.1	8.5	7.5	9.2	10.3	8.4	7.8
Deliveries										
Harvesting ow n forests, '000 m³	671	761	666	734	697	760	713	2 099	2 170	2 904
Paperboard, '000 tonnes	127	141	138	129	133	133	131	405	397	526
Paper, '000 tonnes	256	256	278	282	287	283	265	790	835	1 117
Wood products, '000 m³	185	230	215	206	215	222	208	630	645	852
Own production of hydro and wind power, GWh	224	261	385	318	285	231	335	870	851	1 166

*Sales in the Forest and Renewable Energy business areas take place in Sweden only. For the Paperboard business area, 75 per cent of sales during January–September were to Europe, while 2 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 accounted for 10 per cent. For the Wood Products business area, sales to Europe accounted for 70 per cent, to 10 per cent to Asia and 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
Income statement										
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
Earnings before depreciation and change in value	2 742	2 865	2 673	2 717	2 315	2 676	3 240	2 531	2 925	2 771
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
Operating profit excl. items affecting comparability	2 166	2 162	1 700	1 734	1 209	1 713	1 980	1 332	1 620	1 412
Items affecting comparability	-	-232	-931	-450	-140	-193	3 593	264	-	-361
Operating profit	2 166	1 930	769	1 284	1 069	1 520	5 573	1 596	1 620	1 051
Net financial items	-53	-71	-90	-147	-198	-227	-244	-208	-255	-311
Profit before tax	2 113	1 859	679	1 137	871	1 294	5 328	1 388	1 366	740
Tax	-445	-436	-120	-230	-160	559	-1 374	-684	-360	-98
Profit for the year	1 668	1 424	559	907	711	1 853	3 955	704	1 006	642
Diluted earnings per share, SEK	9.9	8.5	3.4	5.4	4.3	11.1	23.6	4.2	6.0	3.8
EBITDA by business area*										
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
Group	2 742	2 865	2 673	2 717	2 315	2 676	3 240	2 531	2 925	2 771
Operating profit by business area*										
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
Group	2 166	2 162	1 700	1 734	1 209	1 713	1 980	1 332	1 620	1 412
Deliveries										
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
Balance sheet										
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
Total assets	34 891	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176	34 602
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
Total equity and liabilities	34 891	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176	34 602
Cash flow										
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
Cash flow after investments	1 865	1 838	1 693	1 342	1 142	334	368	-74	2 054	536
Key indicators										
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
Dividend										
Dividend, SEK*	6.5	6	5.25	5	4.5	4.5	4	3.5	3.5	4.5

*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 'earnings before change in value of forests' 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. On page 74 of Holmen's 2017 annual report a description is given of the items that are reported as affecting comparability. No items are reported as affecting comparability in the January–September period 2018.

SEKm	Quarter			January–September		Full year
	3-18	2-18	3-17	2018	2017	
EBITDA	712	780	692	2 312	2 175	2 742
Depreciation and amortisation according to plan	-252	-256	-249	-763	-745	-991
Change in value of forests	131	95	150	313	315	415
Operating profit	591	618	593	1 862	1 745	2 166

SEKm	Quarter			January–September		Full year
	3-18	2-18	3-17	2018	2017	
Earnings before change in value of forests	128	175	117	546	495	654
Change in value of forests	131	95	150	313	315	415
Operating profit of forest	260	271	267	859	810	1 069

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. The performance measure 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	2018	2017
	30 September	30 June	31 December
Fixed capital*	28 921	28 872	28 751
Working capital**	2 345	2 063	1 870
Deferred tax assets	1	1	1
Deferred tax liabilities	-5 490	-5 413	-5 650
Capital employed	25 778	25 524	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	2018	2017
	30 September	30 June	31 December
Non-current financial liabilities	1 043	1 045	552
Current financial liabilities	2 536	3 039	2 775
Pension provisions	33	42	39
Non-current financial receivables	-486	-523	-42
Current financial receivables	-37	-27	-32
Cash and cash equivalents	-126	-289	-356
Net financial debt	2 963	3 286	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 production operations are run with a focus on profitability and greater value added.

Press and analyst conference

On the publication of the interim report, a webcast press and analyst conference will be held at 14.00 CET on Wednesday 24 October. Holmen President and CEO Henrik Sjölund will present and comment on the report. The presentation will be held in English.

This quarterly report will be webcast and may be followed via: www.holmen.com/rapporter. You may also participate in the conference by telephone, by calling no later than 13.55 on:

+46856642691 (within Sweden)

+442030089807 (from the rest of Europe)

+18557532235 (from the US).

Financial reports

31 January 2019	Year-end report 2018
8 May 2019	Interim report January–March 2019
15 August 2019	Interim report January–June 2019
18 October 2019	Interim report January–September 2019

This information is information that Holmen AB is obliged to make public pursuant to the Swedish Securities Market Act (Vpml). The information was submitted for publication, through the agency of the contact person set out below, on Wednesday, 24 October 2018 at 12.15.

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.