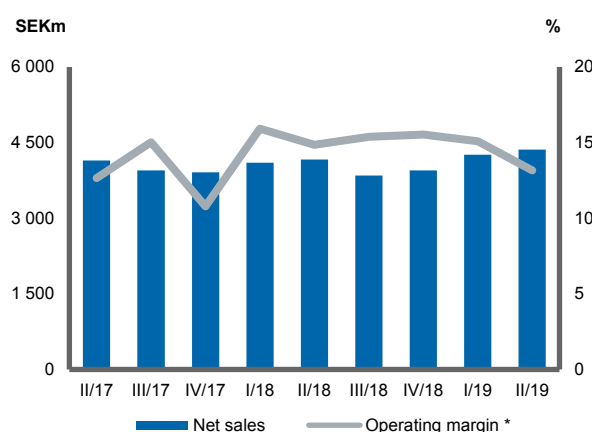


Holmen Interim Report January–June 2019

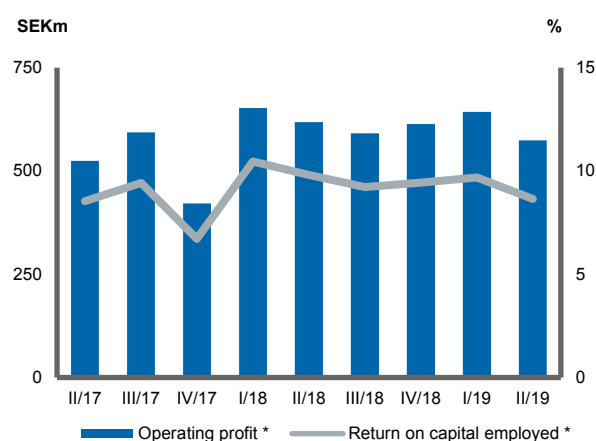
SEKm	Quarter			January-June		Full Year
	2-19	1-19	2-18	2019	2018	
Net sales	4 361	4 260	4 164	8 621	8 264	16 055
Operating profit excl. item affecting comparability	574	643	618	1 217	1 271	2 476
Operating profit	574	643	618	1 217	1 271	2 382
Profit after tax	451	503	759	954	1 266	2 268
Earnings per share, SEK	2.7	3.0	4.5	5.7	7.5	13.5
Operating margin, %*	13.2	15.1	14.9	14.1	15.4	15.4
Return on capital employed, %*	8.6	9.7	9.8	9.2	10.1	9.7
Return on equity, %	7.7	8.5	13.6	8.1	11.4	10.1
Cash flow before investments and working capital	884	655	662	1 539	1 248	2 500
Debt/equity ratio	0.14	0.12	0.15	0.14	0.15	0.12

*Excluding an item affecting comparability of SEK -94 million in the fourth quarter of 2018.

- Operating profit for January–June was SEK 1 217 million (January–June 2018: SEK 1 271 million). Higher prices for paper had a positive effect on earnings, while rising wood costs and a maintenance shutdown in paperboard had a negative impact. The profit includes SEK +80 million from sale of a permit to build a wind farm on Holmen property. In the same period last year, the profit included SEK +70 million from the divestment of a forest property.
- Operating profit in the second quarter totalled SEK 574 million, compared with SEK 643 million in the first quarter. Profit in the quarter was boosted by the sale of a wind farm permit but was negatively affected by a maintenance shutdown in paperboard and seasonally lower hydropower production.
- Profit after tax for January–June amounted to SEK 954 million (1 266), which corresponds to earnings per share of SEK 5.7 (7.5). Profit in the preceding year was positively affected by SEK 300 million as a result of a lower tax rate in Sweden.
- To make the capital structure more efficient, the Board of Directors has made the decision to initiate repurchase of own shares.



*Excl. items affecting comparability



*Excl. items affecting comparability

CEO comments

Operating profit in the second quarter totalled SEK 574 million and the return on capital employed was 9 per cent. The profit includes SEK 80 million from the sale of a permit to build a wind farm on Holmen's property. A planned maintenance shutdown in paperboard reduced profit by a similar amount.

Demand for forest raw material remains good, driven by major expansion in production capacity in the Nordic region. In southern Sweden, log prices declined as a result of a high supply due to mandatory felling to combat spruce bark beetle infestation. Profit from forest was stable at SEK 298 million. In light of the major forest transactions carried out in the course of the year, we will during the autumn review the assumptions in our forest valuation under the IAS 41 accounting standard.

Consumption of paperboard for consumer packaging developed satisfactorily in Europe, but supply was high, due to capacity expansion and activity remaining low in Asia. Our production stabilised during the second quarter, but also this quarter was affected by some disruptions. As a result of this, along with costs from the maintenance shutdown in Workington (SEK 80 million) and downgrading of paperboard, profit in the quarter was low, at SEK 36 million. During the autumn maintenance shutdown at Iggesund Mill bottlenecks in production will be eliminated, which will enable increased sales of pulp. In August Johan Nellbeck, an experienced industry professional, took over responsibility for the business area, with the task to develop our leading position in the premium segment.

As a result of previous capacity reductions, price increases for paper were implemented at year-end. Since then, demand has fallen and the market balance has deteriorated. Despite some production downtime, profit for the quarter was satisfactory, at SEK 133 million. Even during more difficult market conditions we see good opportunities to develop our paper business towards niches in books, magazines and advertising.

Consumption of wood products in Europe is good. However, prices are under pressure primarily due to high production rate at sawmills in central Europe, where the supply of raw materials is temporarily high. As a result of the lower prices, profit in the second quarter fell to SEK 29 million. Expansion of Braviken Sawmill to 600 km³ is proceeding according to plan, with start-up scheduled for spring 2020.

Holmen has good opportunities for developing wind power projects on our own land. In the second quarter, a permitted project was sold for SEK 80 million, which contributed to an increase in energy's profit, to SEK 126 million. Technological developments in wind power are advancing rapidly, with falling production costs and better prospects for profitability. We are considering whether certain future projects should be conducted under our own management rather than being sold.

Our financial position has gradually strengthened, while the risk in the business has been reduced via the repositioning of paper and major reinvestments in paperboard. To make the Group's capital structure more efficient, the Board of Directors has decided to initiate repurchase of own shares.

The major transactions in forest land this last illustrates an increased interest in the forest, not least from long-term financial investors. The forest holdings form the basis of our business. An investment in Holmen shares is an investment in forest land with own industry, where the raw material is converted into renewable products with energy that to a large extent is generated by own hydro- and wind power.

Forest

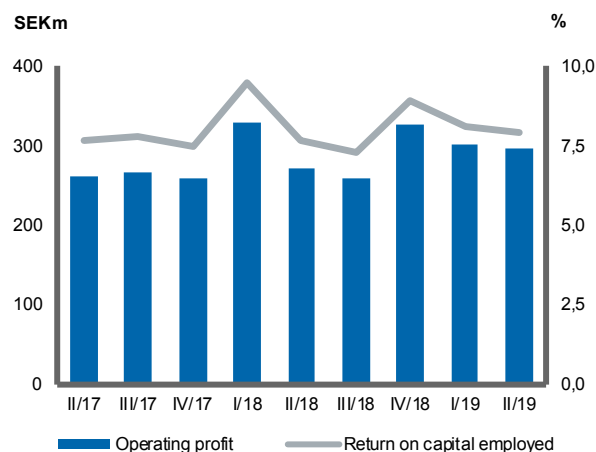
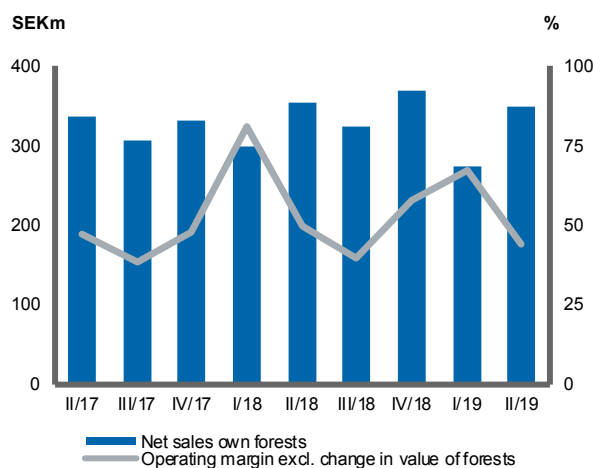
Holmen carries out active and sustainable forestry on over a million hectares of its own productive forest land. The annual harvest is 3 million m³.

SEKm	Quarter			January–June		Full year
	2-19	1-19	2-18	2019	2018	2018
Net sales	1 647	1 642	1 543	3 289	3 009	5 944
<i>of which from own forests</i>	350	273	355	623	654	1 350
Operating costs	-1 482	-1 447	-1 361	-2 929	-2 577	-5 153
Depreciation and amortisation according to plan	-10	-11	-7	-21	-15	-31
Earnings before change in value of forests	155	184	175	339	417	760
Change in value of forests	143	118	95	260	182	425
Operating profit	298	302	271	600	599	1 185
Investments	16	12	32	29	50	357
Capital employed	15 007	14 992	14 241	15 007	14 241	14 830
Return on capital employed, %	8	8	8	8	9	8
Harvesting own forests, '000 m ³	688	551	761	1 239	1 428	2 831

Demand for logs and pulpwood was good in the first half-year. During the spring, log prices in southern Sweden declined slightly as a result of high supply.

Operating profit for January–June was SEK 600 million (599). Profit was boosted by selling prices being 10 per cent higher. Earnings for the first half-year last year included a positive effect of SEK 70 million from the divestment of a forest property.

Compared with the first quarter, profit decreased by SEK 4 million to SEK 298 million.



Paperboard

Holmen supplies paperboard to the premium consumer packaging segment. Production, which takes place at one Swedish and one UK mill, amounts to just over 0.5 million tonnes a year.

SEKm	Quarter			January-June		Full year
	2-19	1-19	2-18	2019	2018	2018
Net sales	1 573	1 578	1 538	3 152	3 011	5 785
Operating costs	-1 400	-1 320	-1 211	-2 719	-2 390	-4 590
EBITDA	174	259	327	433	621	1 196
Depreciation and amortisation according to plan	-138	-146	-130	-285	-258	-507
Operating profit*	36	112	197	148	363	689
Investments	113	84	41	197	174	471
Capital employed	5 625	5 740	5 617	5 625	5 617	5 316
EBITDA margin, %	11	16	21	14	21	21
Operating margin, %	2	7	13	5	12	12
Return on capital employed, %	2	8	14	5	13	12
Production, paperboard, '000 tonnes	135	131	141	266	279	538
Deliveries, paperboard, '000 tonnes	138	136	141	274	279	525

*Excl. item affecting comparability in the fourth quarter of 2018

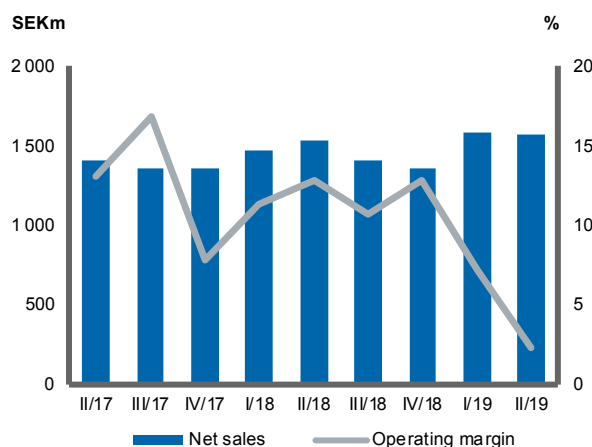
Demand for paperboard in Europe during the first half-year was at the same level as a year ago. Prices were largely unchanged.

Operating profit for January–June was SEK 148 million (363). The decrease in profit was due to a maintenance shutdown, higher wood costs and production disruptions above all during the first quarter.

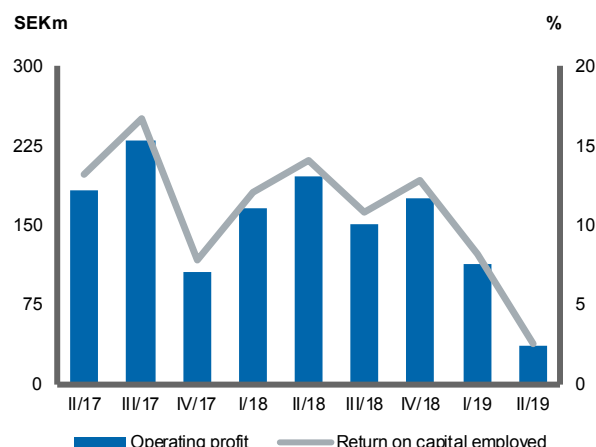
Compared with the first quarter, profit decreased by SEK 76 million to SEK 36 million. Profit was negatively affected by SEK 80 million in costs and production losses from a maintenance shutdown. The extent of production disruptions, which affected the first quarter, decreased, but profit for the second quarter was burdened by cost of downgraded paperboard.

A major maintenance shutdown is expected to negatively impact profit by SEK 150 million in the third quarter of 2019.

In August, Johan Nellbeck succeeded Daniel Peltonen as new Senior Vice President Paperboard. Johan most recently held a position as business area manager at BillerudKorsnäs.



*Excl. items affecting comparability



*Excl. items affecting comparability

Paper

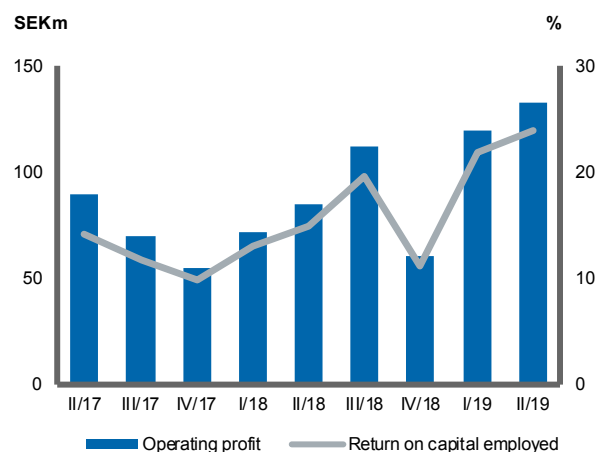
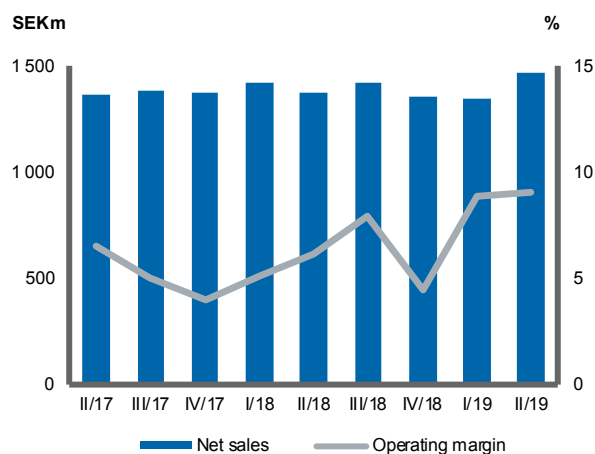
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production at two Swedish mills amounts to a little over 1 million tonnes per year.

SEKm	Quarter			January-June		Full year
	2-19	1-19	2-18	2019	2018	2018
Net sales	1 470	1 345	1 376	2 815	2 795	5 571
Operating costs	-1 239	-1 129	-1 207	-2 368	-2 469	-4 905
EBITDA	230	216	169	447	325	665
Depreciation and amortisation according to plan	-97	-97	-85	-194	-169	-336
Operating profit	133	119	85	253	156	329
Investments	23	48	40	72	51	173
Capital employed	2 153	2 316	2 285	2 153	2 285	2 072
EBITDA margin, %	16	16	12	16	12	12
Operating margin, %	9	9	6	9	6	6
Return on capital employed, %	24	22	15	23	14	15
Production, '000 tonnes	231	258	270	490	540	1 069
Deliveries, '000 tonnes	251	230	256	481	534	1 036

Demand for book paper in Europe was stable in the first half-year, while demand for magazine paper decreased. Prices rose at the beginning of the year.

Compared with the first quarter, profit increased by SEK 14 million to SEK 133 million.

Operating profit for January–June was SEK 253 million (156). Profit increased as a result of a just over 10 per cent higher selling prices but the effect was partly offset by higher wood costs and lower levels of deliveries.



Wood Products

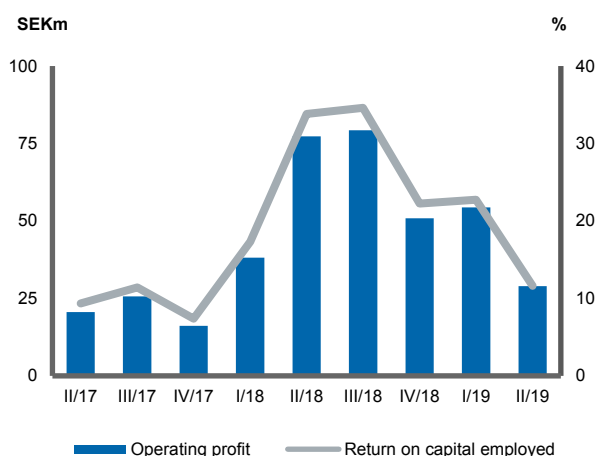
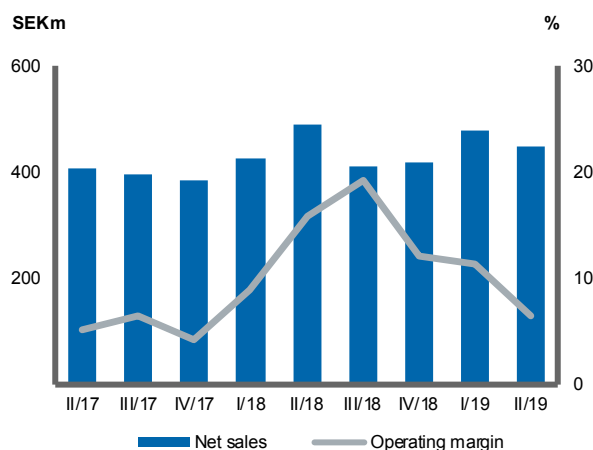
Holmen produces wood products for joinery and construction at three sawmills where by-products are used at the Group's paper and paperboard mills. Annual production volume is almost 1 million m³.

SEKm	2-19	Quarter 1-19	2-18	January-June 2019	2018	Full year 2018
Net sales	450	478	491	928	917	1 747
Operating costs	-397	-399	-390	-796	-755	-1 410
EBITDA	53	79	101	132	162	337
Depreciation and amortisation according to plan	-25	-24	-23	-49	-46	-92
Operating profit	29	54	77	83	115	246
Investments	26	42	12	68	52	76
Capital employed	1 004	985	931	1 004	931	927
EBITDA margin, %	12	16	21	14	18	19
Operating margin, %	6	11	16	9	13	14
Return on capital employed, %	12	23	34	17	26	27
Production, '000 m ³	217	225	215	442	428	873
Deliveries, '000 m ³	224	232	230	455	445	828

Demand for wood products in Europe was good in the first half-year but prices decreased gradually owing to high supply.

Compared with the first quarter, profit decreased by SEK 25 million to SEK 29 million, as a result of lower selling prices.

Operating profit for January–June was SEK 83 million (115). The decrease in profit was due to lower selling prices and higher costs for logs.



Renewable Energy

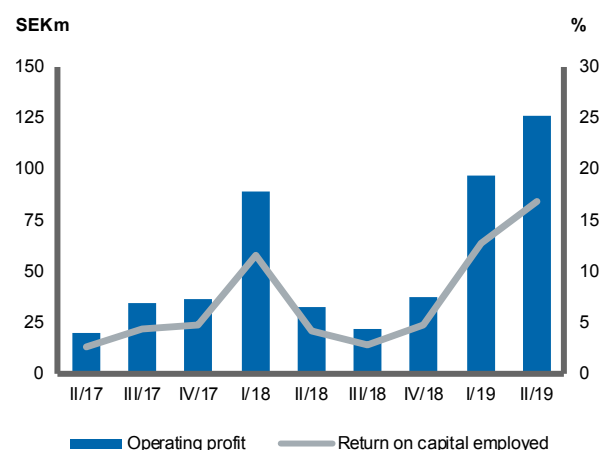
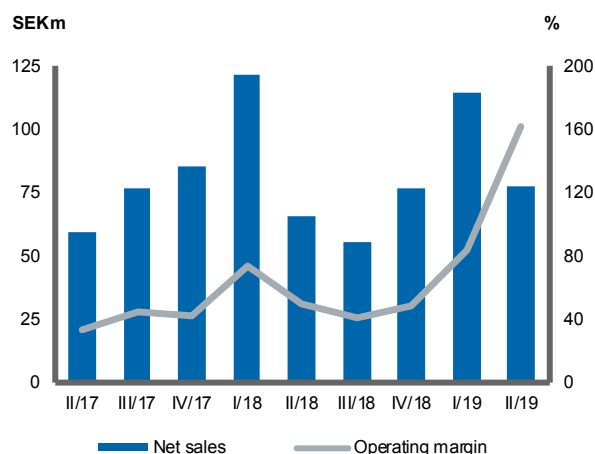
In a normal year Holmen produces 1.2 TWh of renewable hydropower and wind power.

SEKm	Quarter			January–June		Full year
	2-19	1-19	2-18	2019	2018	2018
Net sales	78	114	66	192	187	319
Operating costs	54	-12	-27	42	-54	-114
Depreciation and amortisation according to plan	-6	-6	-6	-12	-12	-24
Operating profit	126	96	33	222	122	181
Investments	2	2	4	4	9	22
Capital employed	2 991	2 992	3 108	2 991	3 108	3 052
Operating margin, %	162	84	50	116	65	57
Return on capital employed, %	17	13	4	15	8	6
Production hydro and wind power, GWh	263	319	261	582	646	1 145

* Includes earnings from the sale of a wind farm permit in the second quarter of 2019.

Operating profit for January–June was SEK 222 million (122). The profit was boosted by SEK 80 million from sale of a permit to build a wind farm on Holmen property. Higher electricity prices and lower property tax contributed to the improved profit.

Compared with the first quarter, profit increased by SEK 30 million to SEK 126 million. Profit for the second quarter includes SEK 80 million from the sale of a wind power permit. Production of hydropower decreased seasonally.



Cash flow, financing and net financial items

Cash flow from operating activities for the January–June period totalled SEK 1 377 million (1 017). Capital expenditures totalled SEK 356 million (699) and dividend of SEK 1 134 million was paid in the second quarter.

The Group's net financial debt increased by SEK 324 million to SEK 3 131 million in the first half-year, of which SEK 205 million was attributable to the adoption of IFRS 16 Leases. At 30 June the debt/equity ratio was 0.14. The financial liability, including pension provisions and liabilities attributable to IFRS 16, totalled SEK 3 851 million, of which SEK 2 115 million was current liabilities. Cash and cash equivalents and financial receivables totalled SEK 720 million, of which SEK 447 million consisted of loans to a partly owned wind power company. The Group has unutilised committed credit facilities of SEK 4 228 million, of which SEK 299 million matures in 2020 and the remainder in 2021.

Net financial items for the first half-year were SEK -17 million (-13).

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

Tax

Recognised tax for January–June amounted to SEK -246 million (8). Recognised tax, as a proportion of profit before tax, was 21 per cent. Recognised tax for last year benefited from a lowering of the Swedish corporate tax rate.

Equity

In January–June, the Group's equity decreased by SEK 297 million to SEK 23 156 million. Profit for the period totalled SEK 954 million (1 266) and the dividend paid totalled SEK 1 134. Other comprehensive income amounted to SEK -119 million (32).

Hedging of exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for the first half-year includes currency hedges of SEK -242 million (-210).

Exchange rates had a positive effect of SEK 60 million on the Group's profit for January–June, compared with the same period in 2018. For just over the next two years, expected flows in EUR/SEK are hedged at an average of 10.19. For other currencies, approximately 4 months of flows are hedged.

Prices for the Group's estimated net consumption of electricity in Sweden are 80 per cent hedged for 2019–2020 and 65 per cent hedged for 2021.

Personnel

The average number of employees (full-time equivalents) in the Group was 2 885 (2 918).

Share buy-backs

The Board of Directors has decided to exercise its authorisation from the Annual General Meeting held on 11 April 2019 to repurchase own shares. The authorisation authorises the company to repurchase own shares such that its holding does not exceed 10 per cent of the total number of shares in the company. The company holds 0.8 per cent of the total number of shares.

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 2018, pages 32–35 and note 26. The UK's exit from the EU could affect the markets on which Holmen sells its products. Holmen also has paperboard production in the UK. Holmen is following developments in the negotiations closely, but the outcome and consequences are hard to predict.

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 compared with the latest issued annual accounts, apart from the new accounting standard IFRS 16 Leases, which came into force on 1 January 2019 and replaces IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. This standard requires assets and liabilities attributable to leases, with some exceptions, to be recognised in the balance sheet. The leasing cost allocated by depreciation/amortisation and interest expenses is recognised in the income statement. Holmen's agreements affected by the new regulations mainly relate to office rent, leased vehicles and vessels. Holmen has used the simplified forward-looking method, which has involved an asset and liability being set at the same value in connection with the transition. Consequently, no effects on equity have been recognised as a result of this standard's introduction. Assets and liabilities were recognised at SEK 205 million at 1 January 2019. At 30 June 2019, assets amounted to SEK 203 million and liabilities SEK 203 million, SEK 19 million of which were recognised as current. Depreciation/amortisation of assets in the January–June period totalled SEK 48 million and other external costs decreased to a corresponding degree. The interest expense on debt was SEK 2 million based on an interest rate of 1 per cent. Key performance indicators affected by the new accounting policy are net debt, capital employed and earnings before EBITDA. The effect on these is marginal, however. The figures in tables are rounded off.

The Board of Directors and the Chief Executive Officer hereby confirm that this interim report provides a true and fair view of the parent company's and Group's operations, position and performance, and describes material risks and uncertainties which affects the parent company and Group companies.

Stockholm, 15 August 2019
Holmen AB (publ)

Fredrik Lundberg
Chairman

Carl Bennet
Board member

Lars G Josefsson
Board member

Lars Josefsson
Board member

Alice Kempe
Board member

Louise Lindh
Board member

Ulf Lundahl
Board member

Henriette Zeuchner
Board member

Henrik Sjölund
Board member
and Chief Executive
Officer

Steewe Björklundh
Board member,
employee representative

Kenneth Johansson
Board member,
employee representative

Tommy Åsenbrygg
Board member,
employee representative

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

For further information please contact:

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Anders Jernhall, Executive Vice President and CFO, tel. +46 8 666 21 22
Stina Sandell, Senior Vice President Sustainability and Communications, tel. +46 73 986 51 12

Group

Income statement. SEKm	Quarter			January-June		Full year
	2-19	1-19	2-18	2019	2018	2018
Net sales	4 361	4 260	4 164	8 621	8 264	16 055
Other operating income	316	288	314	604	642	1 284
Change in inventories	-152	74	33	-78	15	439
Raw materials and consumables	-2 305	-2 477	-2 255	-4 782	-4 493	-9 027
Personnel costs	-609	-581	-609	-1 190	-1 183	-2 306
Other operating costs	-894	-750	-869	-1 644	-1 644	-3 443
Profit from investments in associates and joint ventures	-2	2	0	0	-1	-9
Depreciation and amortisation according to plan	-283	-291	-256	-574	-511	-1 012
Impairment losses	-	-	-	-	-	-25
Change in value of biological assets	143	118	95	260	182	425
Operating profit	574	643	618	1 217	1 271	2 382
Finance income	3	3	3	6	6	13
Finance costs	-12	-11	-8	-23	-19	-38
Profit before tax	565	635	614	1 200	1 258	2 356
Tax	-114	-132	145	-246	8	-89
Profit for the period	451	503	759	954	1 266	2 268
Earnings per share. SEK						
basic	2.7	3.0	4.5	5.7	7.5	13.5
diluted	2.7	3.0	4.5	5.7	7.5	13.5
Operating margin. % *	13.2	15.1	14.9	14.1	15.4	15.4
Return on capital employed. % *	8.6	9.7	9.8	9.2	10.1	9.7
Return on equity. %	7.7	8.5	13.6	8.1	11.4	10.1

* Excl. Items affecting comparability.

Statement of comprehensive income. SEKm	Quarter			January-June		Full year
	2-19	1-19	2-18	2019	2018	2018
Profit for the period	451	503	759	954	1 266	2 268
Other comprehensive income						
Revaluations of defined benefit pension plans	11	19	34	30	-23	-52
Tax attributable to items that will not be reclassified to profit for the period	-2	-3	-6	-6	4	10
Items that will not be reclassified to profit for the period	9	15	28	25	-19	-42
Cash flow hedging	-60	-209	182	-269	-79	306
Translation difference on foreign operation	-47	116	16	70	128	55
Hedging of currency risk in foreign operation	2	-4	-3	-2	-13	-8
Tax attributable to items that will be reclassified to profit for the period	12	46	43	58	14	-69
Items that will be reclassified to profit for the period	-93	-50	153	-143	51	284
Total other comprehensive income after tax	-84	-35	181	-119	32	242
Total comprehensive income	367	468	940	835	1 298	2 510

Change in equity, SEKm	January-June	
	2019	2018
Opening equity	23 453	22 035
Profit for the period	954	1 266
Other comprehensive income	-119	32
Total comprehensive income	835	1 298
Dividends paid	-1 134	-1 092
Share saving program	2	-3
Closing equity	23 156	22 237

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 *		-1 351 203	-1 351 203		
Total number of shares issued		168 161 121	575 379 333		

* 168 797 of the Company's shares have been transferred to members of the Group's shareholder scheme, which expired in the second quarter 2019.

Group

Balance sheet, SEKm	2019 30 June	2019 31 March	2018 31 December
Non-current assets			
Intangible non-current assets	70	69	68
Property, plant and equipment	8 946	9 043	9 077
Biological assets	18 667	18 526	18 400
Right-of-use assets	203	218	-
Investments in associates and joint ventures	1 710	1 714	1 740
Other shares and participating interests	1	1	1
Non-current financial receivables	462	474	468
Deferred tax assets	1	1	1
Total non-current assets	30 058	30 047	29 755
Current assets			
Inventories	3 727	3 855	3 628
Trade receivables	2 228	2 320	1 929
Current tax receivable	23	300	328
Other operating receivables	921	923	959
Current financial receivables	38	23	35
Cash and cash equivalents	220	659	278
Total current assets	7 157	8 082	7 157
Total assets	37 215	38 129	36 912
Equity	23 156	23 922	23 453
Non-current liabilities			
Non-current financial liabilities	1 524	1 028	1 033
Non-current liabilities relating to right-of-use assets	185	189	-
Pension provisions	27	42	61
Other provisions	460	462	483
Deferred tax liabilities	5 711	5 801	5 839
Total non-current liabilities	7 907	7 523	7 416
Current liabilities			
Current financial liabilities	2 096	2 800	2 494
Current liabilities relating to right-of-use assets	19	29	-
Trade payables	2 422	2 350	2 232
Current tax liability	43	35	13
Provisions	190	194	197
Other operating liabilities	1 382	1 276	1 108
Total current liabilities	6 152	6 684	6 044
Total liabilities	14 059	14 207	13 459
Total equity and liabilities	37 215	38 129	36 912
Debt/equity ratio, times	0.14	0.12	0.12
Equity/assets ratio, %	62	63	64
Capital employed	26 288	26 854	26 261
Net financial debt	3 131	2 932	2 807

Financial instruments, SEKm	Carrying amount 2019 30 June	2018 31 December	Fair value 2019 30 June	2018 31 December
Assets at fair value	322	557	322	557
Assets at acquisition cost	2 927	2 695	2 927	2 695
Liabilities at fair value	432	381	432	381
Liabilities at acquisition cost	6 216	5 726	6 216	5 726

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			Januari-juni		Full year
	2-19	1-19	2-18	2019	2018	2018
Operating activities						
Profit before tax	565	635	614	1 200	1 258	2 356
Adjustments for non-cash items*	135	135	165	271	205	540
Paid income taxes	183	-115	-117	69	-215	-396
Cash flow from operating activities before changes in working capital	884	655	662	1 539	1 248	2 500
Cash flow from changes in working capital						
Change in inventories	87	-123	-119	-36	-109	-705
Change in trade receivables and other operating receivables	-27	-493	-162	-520	-205	230
Change in trade payables and other operating liabilities	170	225	113	394	84	262
Cash flow from operating activities	1 113	264	495	1 377	1 017	2 286
Investing activities						
Acquisition of non-current assets	-193	-193	-169	-385	-377	-1 140
Disposal of non-current assets	10	1	4	11	125	135
Change in non-current financial receivables	18	-	9	18	-447	-431
Cash flow from investing activities	-165	-191	-156	-356	-699	-1 436
Financing activities						
Change in financial liabilities and current financial receivables	-254	308	789	54	702	161
Dividends paid to the shareholders of the parent company	-1 134	-	-1 092	-1 134	-1 092	-1 092
Cash flow from financing activities	-1 388	308	-303	-1 080	-390	-930
Cash flow for the period	-439	380	36	-59	-72	-81
Opening cash and cash equivalents	659	278	252	278	356	356
Exchange difference in cash and cash equivalents	0	1	1	2	4	3
Closing cash and cash equivalents	220	659	289	220	289	278

Change in net financial debt, SEKm	Quarter			Januari-juni		Full year
	2-19	1-19	2-18	2019	2018	2018
Opening net financial debt	-2 932	-2 807	-2 592	-2 807	-2 936	-2 936
New accounting principles IFRS 16 Leases	-	205	-	205	-	-
Cash flow from operating activities	1 113	264	495	1 377	1 017	2 286
Cash flow from investing activities (excl financial receivables)	-183	-191	-165	-374	-252	-1 005
Dividends paid	-1 134	-	-1 092	-1 134	-1 092	-1 092
Liabilities arising from new right-of-use agreements	-32	-13	-	-45	-	-
Revaluations of defined benefit pension plans	10	18	34	28	-23	-47
Foreign exchange effects and changes in fair value	26	3	34	29	-1	-13
Closing net financial debt	-3 131	-2 932	-3 286	-3 131	-3 286	-2 807

* 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-June		Full year
	2-19	1-19	2-18	2019	2018	2018
Operating income	4 006	3 877	3 800	7 884	7 528	15 012
Operating costs	-3 927	-3 629	-3 416	-7 556	-6 840	-13 605
Operating profit	80	248	385	328	689	1 407
Net financial items	86	-6	2	80	119	434
Profit after net financial items	166	242	387	408	807	1 841
Appropriations	647	344	39	991	77	-1 373
Profit before tax	813	586	426	1 399	884	467
Tax	-141	-126	-52	-267	-125	47
Profit for the period	672	461	374	1 132	759	514

Statement of comprehensive income, SEKm	Quarter			January-June		Full year
	2-19	1-19	2-18	2019	2018	2018
Profit for the period	672	461	374	1 132	759	514
Other comprehensive income						
Cash flow hedging	-55	-211	190	-266	-64	326
Tax attributable to other comprehensive income	12	45	-43	57	13	-70
Items that will be reclassified to profit for the period	-43	-166	147	-209	-51	255
Total comprehensive income	629	295	521	924	708	769

Balance sheet, SEKm	2019	2018	2017
	30 June	31 March	31 December
Non-current assets	15 995	16 015	21 205
Current assets	5 846	6 626	5 942
Total assets	21 841	22 641	27 147
Restricted equity	5 915	5 915	5 915
Non-restricted equity	5 272	5 776	5 480
Untaxed reserves	1 330	1 200	1 012
Provisions	1 250	1 344	1 407
Liabilities	8 074	8 406	13 333
Total equity and liabilities	21 841	22 641	27 147

Of operating income for January–June SEK 60 million (75) relates to sales to Group companies.

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 43 million (37).

Balance sheet appropriations include group contributions totalling SEK 1 309 million (310).

Group

Quarterly figures, SEKm	2019		2018				January-June		Full year
	Q2	Q1	Q4	Q3	Q2	Q1	2019	2018	2018
Income statement									
Net sales	4 361	4 260	3 948	3 844	4 164	4 099	8 621	8 264	16 055
Operating costs	-3 644	-3 446	-3 189	-3 133	-3 385	-3 278	-7 090	-6 663	-12 984
Profit from investments in associates and joint ventures	-2	2	-8	1	0	-2	0	-1	-9
Earnings before depreciation and change in value	715	816	751	712	780	820	1 531	1 600	3 063
Depreciation and amortisation according to plan	-283	-291	-249	-252	-256	-254	-574	-511	-1 012
Change in value of forests	143	118	112	131	95	87	260	182	425
Operating profit excl. items affecting comparability	574	643	613	591	618	653	1 217	1 271	2 476
Items affecting comparability *	-	-	-94	-	-	-	-	-	-94
Operating profit	574	643	519	591	618	653	1 217	1 271	2 382
Net financial items	-9	-8	-6	-6	-5	-8	-17	-13	-25
Profit before tax	565	635	513	585	614	644	1 200	1 258	2 356
Tax	-114	-132	30	-127	145	-137	-246	8	-89
Profit for the period	451	503	543	458	759	507	954	1 266	2 268
Earnings per share, SEK	2.7	3.0	3.2	2.7	4.5	3.0	5.7	7.5	13.5
Net sales**									
Forest	1 647	1 642	1 590	1 345	1 543	1 465	3 289	3 009	5 944
Paperboard	1 573	1 578	1 362	1 413	1 538	1 473	3 152	3 011	5 785
Paper	1 470	1 345	1 357	1 419	1 376	1 418	2 815	2 795	5 571
Wood Products	450	478	419	412	491	426	928	917	1 747
Renewable Energy	78	114	76	55	66	122	192	187	319
Elimination of intra-group net sales	-858	-898	-857	-799	-849	-805	-1 756	-1 654	-3 311
Group	4 361	4 260	3 948	3 844	4 164	4 099	8 621	8 264	16 055
EBITDA by business area ***									
Forest	165	195	223	136	183	249	360	432	791
Paperboard	174	259	298	277	327	294	433	621	1 196
Paper	230	216	143	197	169	156	447	325	665
Wood Products	53	79	73	102	101	61	132	162	337
Renewable Energy	132	102	44	28	39	95	234	133	205
Group-wide	-40	-35	-30	-28	-38	-35	-75	-73	-132
Group	715	816	751	712	780	820	1 531	1 600	3 063
Operating profit/loss by business area ***									
Forest	298	302	326	260	271	329	600	599	1 185
Paperboard	36	112	175	151	197	166	148	363	689
Paper	133	119	61	112	85	72	253	156	329
Wood Products	29	54	51	79	77	38	83	115	246
Renewable Energy	126	96	37	22	33	89	222	122	181
Group-wide	-47	-42	-36	-33	-44	-41	-89	-85	-154
Group	574	643	613	591	618	653	1 217	1 271	2 476
Operating margin, % ***									
Paperboard	2.3	7.1	12.9	10.7	12.8	11.3	4.7	12.1	11.9
Paper	9.1	8.9	4.5	7.9	6.1	5.1	9.0	5.6	5.9
Wood Products	6.4	11.4	12.1	19.3	15.8	9.0	9.0	12.6	14.1
Group	13.2	15.1	15.5	15.4	14.9	15.9	14.1	15.4	15.4
Return on capital employed, % ***									
Forest	7.9	8.1	8.9	7.3	7.7	9.5	8.0	8.6	8.3
Paperboard	2.5	8.1	12.9	10.8	14.0	12.1	5.3	13.1	12.4
Paper	23.9	21.8	11.1	19.6	15.0	13.0	22.8	14.0	14.7
Wood Products	11.6	22.7	22.2	34.6	33.8	17.3	17.1	25.7	27.1
Renewable Energy	16.9	12.7	4.8	2.8	4.2	11.5	14.8	7.8	5.8
Group	8.6	9.7	9.4	9.2	9.8	10.5	9.2	10.1	9.7
Key indicators									
Return on equity, %	7.7	8.5	9.4	8.1	13.6	9.1	8.1	11.4	10.1
Deliveries									
Harvesting own forests, '000 m³	688	551	732	671	761	666	1 239	1 428	2 831
Paperboard, '000 tonnes	138	136	119	127	141	138	274	279	525
Paper, '000 tonnes	251	230	246	256	256	278	481	534	1 036
Wood products, '000 m³	224	232	198	185	230	215	455	445	828
Own production of hydro and wind power, GWh	263	319	275	224	261	385	582	646	1 145

* Items affecting comparability in operating profit in Q4 2018 relate to restructuring costs in paperboard business area.

**Sales in the forest and renewable energy business areas take place in Sweden only. For the paperboard business area, 78 per cent of sales during first quarter were to Europe, while 15 per cent went to Asia and 7 per cent to the rest of the world. For the paper business area, sales to Europe accounted for 74 per cent while sales to Asia accounted for 11 per cent and 5 per cent to the rest of the world. For the wood products business area, sales to Europe accounted for 74 per cent, to 10 per cent to Asia and other sales were mainly to North Africa and the Middle East.

*** Excl. items affecting comparability.

Group

Full year review, SEKm	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Income statement										
Net sales	16 055	16 133	15 513	16 014	15 994	16 231	17 852	18 656	17 581	18 071
Operating costs	-12 984	-13 379	-12 626	-13 348	-13 270	-13 919	-15 224	-15 501	-15 077	-15 191
Profit from investments in associates and joint ventures	-9	-12	-22	7	-7	3	47	84	28	45
Earnings before depreciation and change in value	3 063	2 742	2 865	2 673	2 717	2 315	2 676	3 240	2 531	2 925
Depreciation and amortisation according to plan	-1 012	-991	-1 018	-1 240	-1 265	-1 370	-1 313	-1 260	-1 251	-1 320
Change in value of forests	425	415	315	267	282	264	350	-	52	16
Operating profit excl. items affecting comparability	2 476	2 166	2 162	1 700	1 734	1 209	1 713	1 980	1 332	1 620
Items affecting comparability	-94	-	-232	-931	-450	-140	-193	3 593	264	-
Operating profit	2 382	2 166	1 930	769	1 284	1 069	1 520	5 573	1 596	1 620
Net financial items	-25	-53	-71	-90	-147	-198	-227	-244	-208	-255
Profit before tax	2 356	2 113	1 859	679	1 137	871	1 294	5 328	1 388	1 366
Tax	-89	-445	-436	-120	-230	-160	559	-1 374	-684	-360
Profit for the year	2 268	1 668	1 424	559	907	711	1 853	3 955	704	1 006
Diluted earnings per share, SEK	13.5	9.9	8.5	3.4	5.4	4.3	11.1	23.6	4.2	6.0
EBITDA by business area*										
Forest	791	683	716	668	563	694	614	769	794	616
Paperboard	1 196	1 257	1 382	1 346	1 161	878	959	1 186	1 141	780
Paper	665	627	669	514	725	429	862	1 002	229	1 218
Wood Products	337	165	80	86	160	45	-10	-26	49	52
Renewable Energy	205	159	143	198	233	391	374	425	516	435
Group-wide	-132	-149	-124	-138	-126	-121	-123	-116	-198	-176
Group	3 063	2 742	2 865	2 673	2 717	2 315	2 676	3 240	2 531	2 925
Operating profit by business area*										
Forest	1 185	1 069	1 001	905	817	924	931	739	818	605
Paperboard	689	764	903	847	674	433	596	863	817	419
Paper	329	288	289	-74	141	-309	94	228	-618	340
Wood Products	246	80	-3	9	37	-75	-130	-136	20	21
Renewable Energy	181	135	120	176	212	371	355	406	495	414
Group-wide	-154	-170	-148	-163	-146	-136	-132	-120	-200	-178
Group	2 476	2 166	2 162	1 700	1 734	1 209	1 713	1 980	1 332	1 620
Deliveries										
Harvesting own forests, '000 m³	2 831	2 904	2 986	3 213	3 297	3 465	3 211	2 988	2 999	2 897
Paperboard, '000 tonnes	525	526	497	499	493	469	485	474	464	477
Paper, '000 tonnes	1 036	1 117	1 134	1 325	1 305	1 574	1 651	1 668	1 732	1 745
Wood products, '000 m³	828	852	776	730	725	686	660	487	285	313
Own production of hydro and wind power, GWh	1 145	1 169	1 080	1 441	1 113	1 041	1 353	1 235	1 149	1 090
Balance sheet										
Non-current assets	29 287	28 751	28 701	29 524	30 221	30 652	30 664	30 334	26 028	25 694
Current assets	6 845	5 710	5 852	5 607	5 964	5 774	6 005	6 642	6 950	6 075
Financial receivables	781	430	338	325	249	327	377	240	454	407
Total assets	36 912	34 891	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176
Equity	23 453	22 035	21 243	20 853	20 969	20 854	20 813	19 773	16 913	16 504
Deferred tax liability	5 839	5 650	5 613	5 508	5 480	5 804	5 504	6 630	5 910	5 045
Financial liabilities and interest-bearing provisions	3 587	3 366	4 283	5 124	6 156	6 443	6 967	6 499	6 227	6 091
Operating liabilities	4 033	3 840	3 752	3 971	3 829	3 653	3 762	4 313	4 382	4 536
Total equity and liabilities	36 912	34 891	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176
Cash flow										
Operating activities	2 286	2 509	1 961	2 526	2 176	2 011	2 254	2 101	1 523	2 873
Investing activities	-1 005	-644	-123	-824	-815	-872	-1 957	-1 791	-1 585	-714
Cash flow after investments	1 281	1 865	1 838	1 702	1 361	1 139	297	310	-62	2 158
Key indicators										
Return on capital employed, %*	10	9	9	6	6	4	7	9	6	7
Return on equity, %	10	8	7	3	4	3	9	23	4	6
Return on equity, %*	10	8	8	7	6	4	6	8	4	6
Debt/equity ratio	0.12	0.13	0.19	0.23	0.28	0.29	0.32	0.32	0.34	0.34
Dividend										
Dividend, SEK	6.75	6.5	6	5.25	5	4.5	4.5	4	3.5	3.5

*Excl. items affecting comparability.

** Net after disposals and before changes in non-current financial receivables.

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. This includes all income and costs except for financial items and tax. Depreciation/amortisation of non-current assets is also included. 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, major restructuring measures 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. No items are reported as affecting comparability in 2019. On page 74 of Holmen's 2018 annual report a description is given of the items that are reported as affecting comparability in previous periods.

	Quarter			January-June		Full year
SEKm	2-19	1-19	2-18	2019	2018	2018
EBITDA	715	816	780	1 531	1 600	3 063
Depreciation and amortisation according to plan	-283	-291	-256	-574	-511	-1 012
Change in value of forests	143	118	95	260	182	425
Operating profit excl. items affecting comp.	574	643	618	1 217	1 271	2 476
Items affecting comparability	-	-	-	-	-	-94
Operating profit	574	643	618	1 217	1 271	2 382

	Quarter			January-June		Full year
SEKm	2-19	1-19	2-18	2019	2018	2018
Earnings before change in value of forests	155	184	175	339	417	760
Change in value of forests	143	118	95	260	182	425
Operating profit of forest	298	302	271	600	599	1 185

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	2019 30 June	2019 31 March	2018 31 December
Fixed capital*	29 596	29 572	29 286
Working capital**	2 401	3 082	2 812
Deferred tax assets	1	1	1
Deferred tax liabilities	-5 711	-5 801	-5 839
Capital employed	26 288	26 854	26 261

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	2019 30 June	2019 31 March	2018 31 December
Non-current financial liabilities	1 524	1 028	1 033
Non-current liabilities relating to right-of-use assets	185	189	-
Current financial liabilities	2 096	2 800	2 494
Current liabilities relating to right-of-use assets	19	29	-
Pension provisions	27	42	61
Non-current financial receivables	-462	-474	-468
Current financial receivables	-38	-23	-35
Cash and cash equivalents	-220	-659	-278
Net financial debt	3 131	2 932	2 807

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

**Inventories, trade receivables, current tax assets, 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 15 August. Holmen President and CEO Henrik Sjölund, together with CFO Anders Jernhall, will present and comment on the report. The presentation will be held in English.

The press and analyst conference 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:

+46 8 505 583 68 (within Sweden)
+44 3 333 009 034 (from the rest of Europe)
+1 833 526 83 95 (from the US)

Financial reports

18 October 2019	Interim report January–September 2019
30 January 2019	Year-end report 2019
29 April 2020	Interim report January–March 2020
13 August 2020	Interim report January–June 2020
21 October 2020	Interim report January–September 2020

This information such that Holmen AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act (2007:528). The information was submitted for publication, through the agency of the contact person set out above, at 12.15 CEST on Thursday, 15 August 2019.

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.