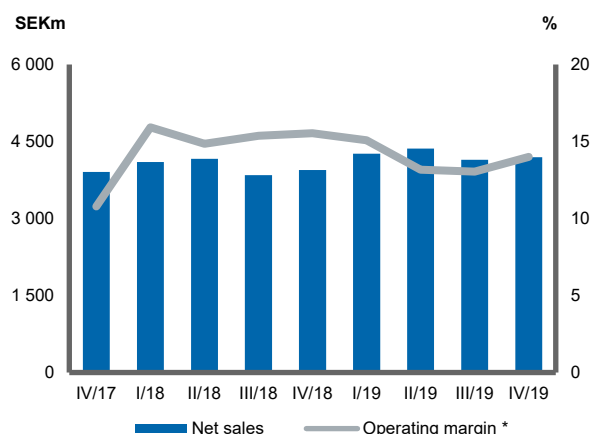


# Holmen's year-end report 2019

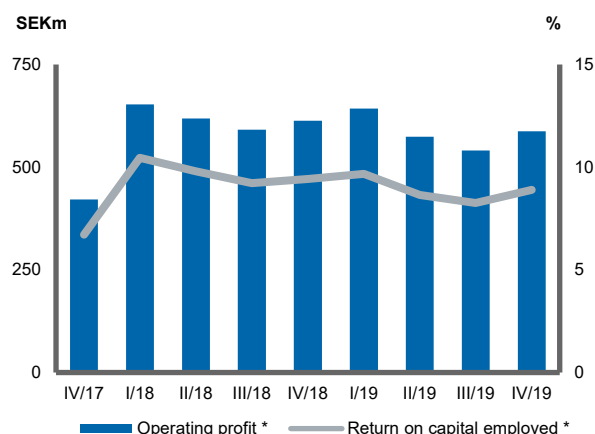
SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
Net sales	<b>4 194</b>	4 144	3 948	<b>16 959</b>	16 055
Operating profit excl. items affecting comparability	<b>587</b>	541	613	<b>2 345</b>	2 476
Operating profit	<b>9 357</b>	541	519	<b>11 115</b>	2 382
Profit after tax	<b>7 368</b>	409	543	<b>8 731</b>	2 268
Earnings per share, SEK	<b>45.5</b>	2.5	3.2	<b>52.6</b>	13.5
Operating margin, %*	<b>14.0</b>	13.0	15.5	<b>13.8</b>	15.4
Return on capital employed, %*	<b>9.0</b>	8.3	9.4	<b>8.9</b>	9.7
Return on equity, %*	<b>7.6</b>	7.2	10.7	<b>7.8</b>	10.4
Cash flow before investments and change in working capital	<b>665</b>	522	671	<b>2 727</b>	2 500
Debt/equity ratio, %	<b>9</b>	18	12	<b>9</b>	12

\*Excluding items affecting comparability, see further on page 17.

- Operating profit for 2019 was SEK 11 115 million (2 382), including items affecting comparability of SEK 8 770 million, which mainly relates to a change in the accounting of forest assets. Excluding items affecting comparability, operating profit was SEK 2 345 million (2 476). Earnings were positively affected by higher selling prices, but were negatively impacted by increased wood costs and more extensive maintenance shutdowns.
- Operating profit for the fourth quarter excluding items affecting comparability was SEK 587 million, compared with SEK 541 million in the third quarter. Costs increased from a seasonally low level. Profit for the previous quarter was impacted by SEK 130 million relating to a significant maintenance shutdown.
- Profit after tax was SEK 8 731 million (2 268). Items affecting comparability had an impact of SEK 6 943 million on profit after tax.
- At year-end, the book value of forest assets rose by SEK 22 134 million to SEK 41 345 million as a result of the assets being recognised based on transactions in those areas where Holmen owns land. Of this increase, SEK 9 079 million is recognised in operating profit as an item affecting comparability and SEK 13 055 million in other comprehensive income. The change has increased the recognised deferred tax liability by SEK 4 560 million and equity by SEK 17 574 million.
- As a result of the material increase in equity due to the change in the accounting of forest assets, the Board has decided that net financial debt should not exceed 25 per cent of equity, compared with 50 per cent previously. At year-end the figure was 9 per cent.
- The Board proposes a dividend of SEK 7 (6.75) per share.



\*Excl. items affecting comparability



\*Excl. items affecting comparability

## CEO comments

Operating profit excluding items affecting comparability was SEK 587 million in the fourth quarter and SEK 2 345 million for the full year. Profit for the year is good in a historical context, particularly since the markets for our products are characterised by ample supply. It is also positive that the climate benefit we contribute is becoming increasingly important in the transition to a fossil-free society. In 2019, our business contributed to reduce the amount of carbon dioxide from the atmosphere by almost 3 million tonnes through the growth of our forests and our wood products replacing fossil-based construction materials.

The supply of forest raw materials has been higher than normal due to the summer's bark beetle infestation in southern Sweden and the price of logs has decreased slightly. Lower selling prices had an impact in the fourth quarter, with profit for Forest decreasing to SEK 274 million. Although there is currently plenty of raw material, a growing forest products industry is consuming more than can sustainably be harvested in Sweden, pointing to rising prices over time. A steadily increasing volume of standing timber, a harvest set to expand in the long term and new opportunities for income from wind power are boosting interest in investing in forest. At year-end we switched to recognising our forests based on transaction prices, which more than doubled the book value of our forest holdings to SEK 41 billion.

Weaker economic conditions meant demand for consumer packaging paperboard slowed in 2019. However, we are seeing significant interest from brand owners in working together to find sustainable packaging solutions. Prices are stable but the high supply is leading to stiff competition for new business. Following a weak start to 2019, we have now established a good balance between production and sales. Profit for the fourth quarter rose to SEK 187 million. During the quarter we commissioned new equipment, which temporarily disrupted production, but in terms of earnings this was offset by a bonus payment received for renewable electricity generation. The focus for the business area going forward is to gradually raise paperboard production as we increase sales in the premium segment.

The paper market is characterised by high supply and price pressure. Over the year we prioritised price stability and lower inventory levels ahead of production volume. Profit for the fourth quarter remained at a good level of SEK 110 million, but this was a slight decrease as a result of seasonally higher costs and some impact from lower prices. We will continue developing new fresh fibre-based products that are competitive and help our customers save on materials and costs.

High supply of wood products due to good availability of raw materials in Central Europe resulted in a significant drop in prices in 2019. We are now seeing signs of supply decreasing and of the market possibly starting to stabilise. Raw material costs decreased in the quarter but not enough to offset low selling prices, resulting in continued weak earnings of SEK -7 million. Expansion of the sawmill in Braviken will be completed by spring 2020, enabling production to be raised by 150 000 m<sup>3</sup> when market conditions allow.

Earnings from renewable energy increased seasonally to SEK 72 million. Europe is transitioning to a fossil-free energy system by raising the cost of emitting fossil carbon dioxide. Given current electricity prices and declining production costs, wind power on our own land is expected to generate a good return. As an initial step, we are constructing Blåbergsliden Wind Farm for SEK 1.3 billion, increasing our generation of hydro and wind power by 35 per cent.

During the year we reinvested in our industry to develop it with focus on long-term profitability. We repurchased almost 4 per cent of our shares and have decided to invest in wind power. Our strong financial position gives us the flexibility to continue developing the business, and we can repurchase shares if this is deemed to create value for shareholders.

Based on consideration of the Group's profitability, investment plans and financial position, the Board proposes that the dividend be raised from SEK 6.75 to SEK 7 per share.

## 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 m<sup>3</sup>.

SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
Net sales	1 578	1 418	1 590	6 286	5 944
<i>of which from own forests</i>	398	327	371	1 348	1 350
Operating costs	-1 370	-1 257	-1 368	-5 556	-5 153
Change in value of forests	80	147	112	487	425
<b>EBITDA</b>	<b>288</b>	<b>308</b>	<b>335</b>	<b>1 217</b>	<b>1 216</b>
Depreciation and amortisation according to plan	-14	-11	-9	-45	-31
<b>Operating profit *</b>	<b>274</b>	<b>298</b>	<b>326</b>	<b>1 172</b>	<b>1 185</b>
Investments	31	17	302	77	357
Book value, forest assets	41 345	19 119	18 701	41 345	18 701
Volume of own forests, '000 m <sup>3</sup>	821	654	732	2 714	2 831

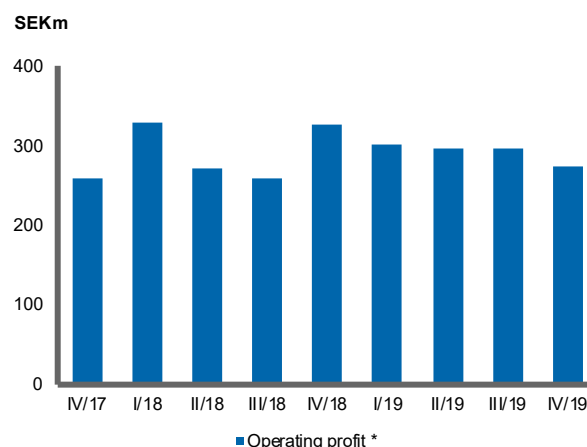
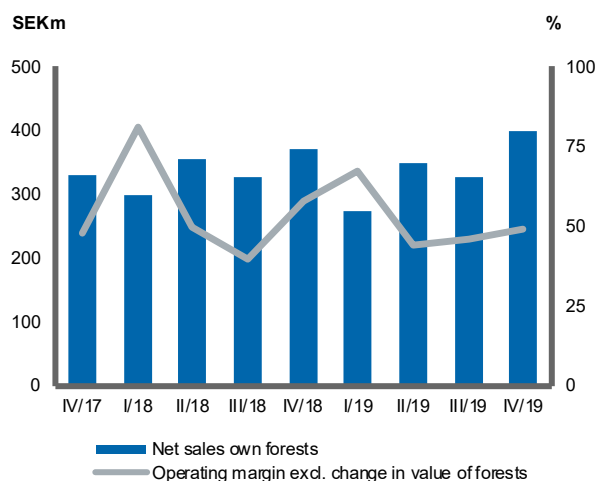
\* Excl. item affecting comparability in 2019

Demand for logs and pulpwood was good in 2019. Prices of logs decreased in southern Sweden as a result of high supply due to the bark beetle infestation.

Operating profit excluding items affecting comparability for 2019 was SEK 1 172 million (1 185). Higher selling prices had a positive impact on earnings. The volume of wood from the harvest of own forest was at a normal level, while the volume of thinning was much lower than usual, which had some negative earnings impact. Earnings for last year included SEK +70 million from the sale of a forest property and SEK -30 million in costs for forest fires.

Profit for the fourth quarter decreased by SEK 24 million to SEK 274 million, mainly as a result of lower selling prices.

At year-end, the book value of forest assets increased as a result of the decision to recognise forest assets at fair value based on transactions in those areas where Holmen owns land. See Note 2 for further information.



\* Excl. items affecting comparability

## 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			Full year	
	4-19	3-19	4-18	2019	2018
Net sales	1 490	1 588	1 362	6 229	5 785
Operating costs	-1 165	-1 349	-1 064	-5 233	-4 590
<b>EBITDA</b>	<b>325</b>	<b>238</b>	<b>298</b>	<b>996</b>	<b>1 196</b>
Depreciation and amortisation according to plan	-138	-139	-123	-562	-507
<b>Operating profit*</b>	<b>187</b>	<b>99</b>	<b>175</b>	<b>435</b>	<b>689</b>
Investments	153	71	153	421	471
Capital employed	5 589	5 564	5 316	5 589	5 316
EBITDA margin, %	22	15	22	16	21
Operating margin, %	13	6	13	7	12
Return on capital employed, %	13	7	13	8	12
Production, paperboard, '000 tonnes	132	134	131	532	538
Deliveries, paperboard, '000 tonnes	125	139	119	538	525

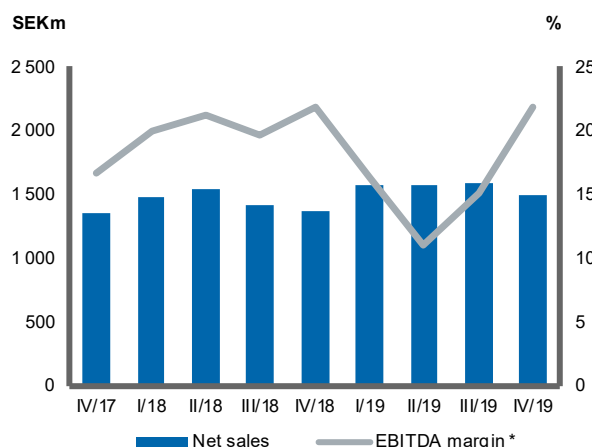
\*Excl. item affecting comparability in the fourth quarter of 2018

Demand for paperboard in Europe in 2019 was on the same level as in 2018. Prices were largely unchanged.

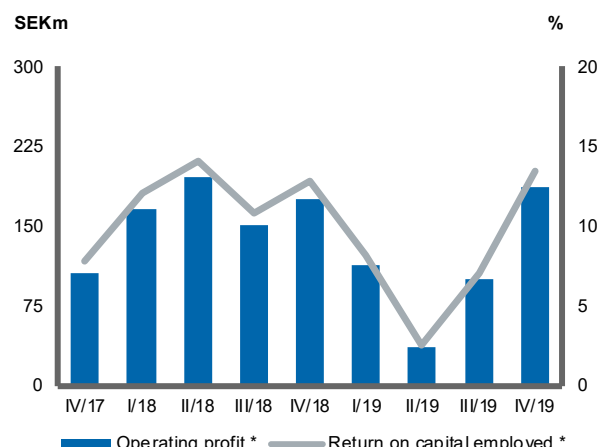
Operating profit for 2019 amounted to SEK 435 million (689). Two large maintenance shutdowns impacted earnings by SEK 210 million, compared with SEK 60 million in 2018. In addition, profit was negatively affected by increased wood costs and production disruptions.

Compared with the third quarter, profit increased by SEK 88 million to SEK 187 million. Earnings were boosted by a bonus payment received from the generation of renewable energy in the UK, but negatively impacted by high production costs and volume losses in connection with the start-up of new equipment. Fixed costs rose from a seasonally low level. The previous quarter's earnings were impacted by SEK 130 million from a maintenance shutdown.

A maintenance shutdown is expected to have a negative SEK 120 million impact on profit in the second half of 2020. In 2019 earnings were affected by SEK -210 million due to major maintenance shutdowns.



\*Excl. items affecting comparability



\*Excl. items affecting comparability

## Paper

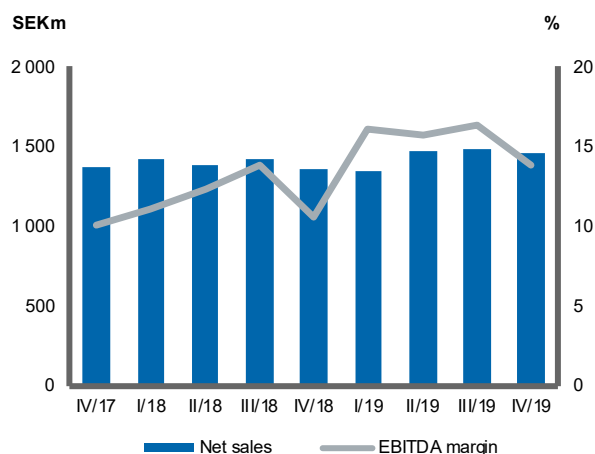
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production at two Swedish mills amounts to a little over 1 million tonnes per year.

SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
Net sales	1 455	1 486	1 357	5 757	5 571
Operating costs	-1 254	-1 243	-1 214	-4 866	-4 905
<b>EBITDA</b>	<b>202</b>	243	143	<b>891</b>	665
Depreciation and amortisation according to plan	-92	-96	-83	-382	-336
<b>Operating profit</b>	<b>110</b>	147	61	<b>509</b>	329
Investments	68	47	79	187	173
Capital employed	1 903	2 099	2 072	1 903	2 072
EBITDA margin, %	14	16	11	15	12
Operating margin, %	8	10	4	9	6
Return on capital employed, %	22	28	11	24	15
Production, '000 tonnes	246	239	271	975	1 069
Deliveries, '000 tonnes	259	256	246	996	1 036

Demand for paper decreased in 2019. Market prices declined in the second half of the year.

Operating profit for 2019 was SEK 509 million (329). Profit increased as a result of previous price increases, but the effect was partly offset by lower deliveries.

Compared with the third quarter, earnings decreased by SEK 37 million to SEK 110 million as a result of seasonally higher costs and some impact from lower selling prices.



## Wood Products

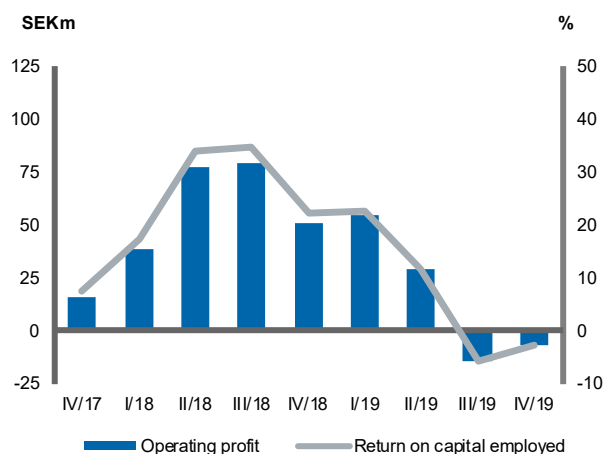
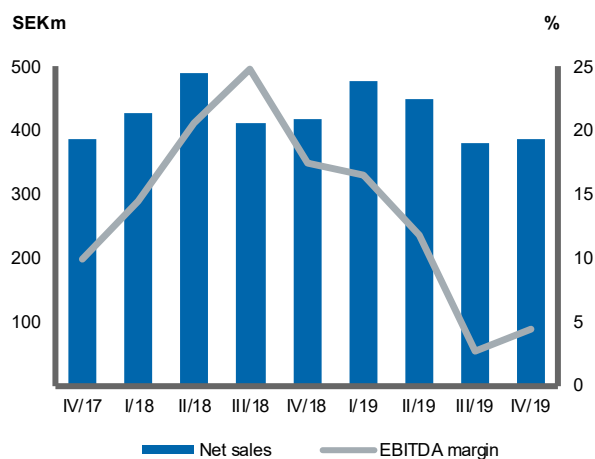
Holmen produces wood products for joinery and construction at three sawmills where by-products are used at the Group's paper and paperboard mills. Annual production volume is almost 1 million m<sup>3</sup>.

SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
Net sales	385	381	419	1 695	1 747
Operating costs	-369	-371	-346	-1 535	-1 410
<b>EBITDA</b>	<b>17</b>	<b>10</b>	<b>73</b>	<b>159</b>	<b>337</b>
Depreciation and amortisation according to plan	-24	-24	-22	-97	-92
<b>Operating profit</b>	<b>-7</b>	<b>-14</b>	<b>51</b>	<b>62</b>	<b>246</b>
Investments	43	52	11	162	76
Capital employed	1 000	998	927	1 000	927
EBITDA margin, %	4	3	17	9	19
Operating margin, %	-2	-4	12	4	14
Return on capital employed, %	neg	neg	22	6	27
Production, '000 m <sup>3</sup>	225	211	234	877	873
Deliveries, '000 m <sup>3</sup>	214	209	198	879	828

The market balance for wood products has been weak throughout the year due to the high supply of raw material in Central Europe. Prices have gradually decreased, although the rate of decrease slowed towards the end of the year.

Operating profit for 2019 was SEK 62 million (246). The decrease was due to lower selling prices. Deliveries increased by 6 per cent.

Operating income in the fourth quarter was SEK -7 million, compared with SEK -14 million in the previous quarter. Higher production and slightly lower raw material costs had a positive effect on income, while lower selling prices had a negative impact.



## Renewable Energy

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

SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
Net sales	113	73	76	378	319
Operating costs *	-33	-25	-33	-16	-114
Depreciation and amortisation according to plan	-8	-6	-7	-26	-24
<b>Operating profit **</b>	<b>72</b>	<b>42</b>	<b>37</b>	<b>336</b>	<b>181</b>
Investments	188	6	10	203	22
Capital employed	3 058	2 971	3 052	3 058	3 052
Operating margin, % **	64	57	49	89	57
Return on capital employed, % **	10	6	5	11	6
Production hydro and wind power, GWh	280	247	275	1 109	1 145

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

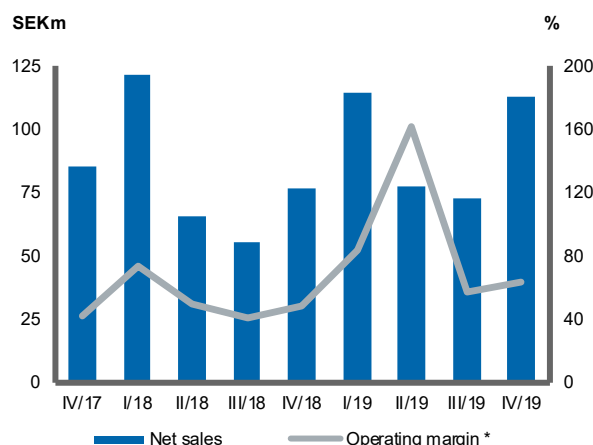
\*\* Excl. item affecting comparability in 2019

Electricity prices were high at the start of 2019 as a result of cold weather and low water reservoir levels, but they later stabilised and averaged SEK 400/MWh for the year.

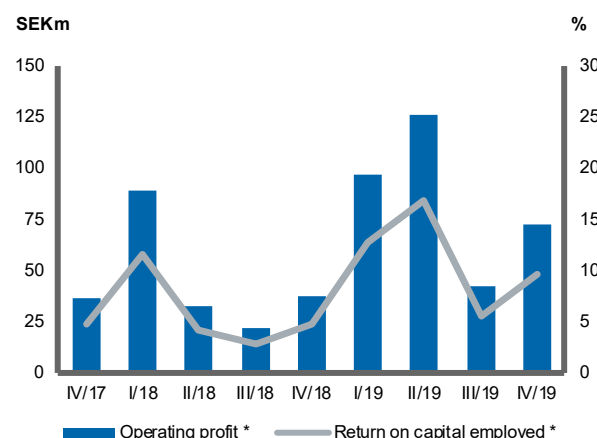
Operating profit for 2019 was SEK 336 million (181). The profit includes SEK 80 million from the sale of a permit to build a wind farm on Holmen property. Profit was also boosted by higher electricity prices for own hydro power and reduced property tax.

Compared with the third quarter, profit rose by SEK 30 million to SEK 72 million as a result of higher prices and seasonally higher production.

In December, Holmen took the decision to construct Blåbergsliden Wind Farm on its own land outside Skellefteå. The investment amounts to SEK 1.3 billion and comprises 26 wind turbines with a total capacity of 143 MW. The wind farm is expected to be completed by the end of 2021. The investment will increase Holmen's production of hydro and wind power by 35 per cent to just over 1.6 TWh.



\* Excl. items affecting comparability



\* Excl. items affecting comparability



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

Cash flow from operating activities totalled SEK 2 884 million (2 286) in 2019 and capital expenditure totalled SEK 1 071 million (1 140). A dividend of SEK 1 134 million was paid and share buy-backs totalling SEK 1 430 million were made.

The Group's net financial debt increased by SEK 977 million in 2019 to SEK 3 784 million, of which SEK 184 million was attributable to the adoption of IFRS 16 Leases. At 31 December 2019, the debt/equity ratio was 9 procent. The financial liability, including pension provisions and liabilities attributable to IFRS 16, totalled SEK 4 733 million, of which SEK 2 498 million was current liabilities. Cash and cash equivalents and financial receivables totalled SEK 949 million, of which SEK 423 million consisted of loans to a partly owned wind power company. The Group has unutilised committed credit facilities of SEK 4 172 million, of which SEK 296 million matures in 2020 and the remainder in 2021.

Net financial items for 2019 totalled SEK -34 million (-25).

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

**Tax**

Tax recognised for 2019 totalled SEK -2 351 million (-89). Tax recognised was affected by SEK -1 870 million in deferred tax expense as a result of changes to assumptions in the valuation of forest assets. Recognised tax as a proportion of profit before tax was 21 per cent. Recognised tax for last year benefited from reduced Swedish corporate tax.

Holmen has requested an advance ruling on the entitlement to group relief in the parent company for tax losses that have arisen in the Group's Spanish operations. In December 2019 Sweden's Supreme Administrative Court ruled that the issue cannot be determined by an advance ruling. The ruling has no effect on the Group's recognised tax expense.

**Hedging of exchange rates and electricity prices**

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for 2019 includes currency hedges of SEK -419 million (-324).

Currency had a positive impact of SEK 140 million on Group profit in 2019 compared with 2018. For just over the next two years, expected flows in EUR/SEK are hedged at an average of 10.43. For other currencies, 4 months of flows are hedged.

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

**Dividend**

The Board proposes that the AGM to be held on 30 March 2020 approve a dividend of SEK 7

(6.75) per share, corresponding to 2.8 per cent of equity. The dividend proposal is based on an appraisal of the Group's profitability, future investment plans and financial position. The proposed record date for the dividend is 1 April 2020.

**Share buy-backs**

On 15 August the Board decided to use the mandate from the 2019 AGM to buy back shares. A total of 6 235 436 class B shares were repurchased for SEK 1 430 million, corresponding to an average price of SEK 229/share. The share buy-backs were carried out in the third quarter. The buy-backs correspond to 3.7 per cent of the total number of shares. 0.8 per cent of shares were already held, meaning that at 31 December 2019 Holmen held 7 586 639 class B shares, corresponding to 4.5 per cent of the total number of shares.

The Board proposes that the AGM approve the cancellation of 7 000 000 class B shares and renew the mandate to repurchase up to 10 per cent of the company's shares.

**New accounting policy and amended assumptions for forest assets**

Because of a number of recent transactions involving large forest holdings, Holmen has revised the method and assumptions used for valuing forest assets on the Group's balance sheet. There are a large number of transactions involving forest properties in those areas where Holmen owns land and the prices paid for small and medium-sized forest properties are in line with the prices of larger forest assets. In order to better reflect the fair value of the Group's forest assets, from 31 December 2019 Holmen has chosen to switch to recognising the Group's forest assets at fair value calculated based on transactions in those areas where Holmen owns forest land. This involves changing the accounting policy for forest land to the revaluation model, i.e. so that forest land is recognised at fair value, and revising the assumptions used in the valuation of growing trees. The main change in valuation assumptions is that the discount rate has been reduced from 5.5 per cent to 4.5 per cent.

The book value of forest assets at 31 December 2019 was SEK 41 345 million, of which SEK 27 979 million is recognised as biological assets and SEK 13 366 million as forest land. The new assumptions regarding biological assets had a SEK 9 079 million effect on operating profit, which is recognised as an item affecting comparability. The changed accounting policy on forest land has had a SEK 13 055 million effect on value. The accounting change results in a SEK 4 560 million increase in the recognised deferred tax liability.

**Adjustment of debt/equity ratio target**

Holmen's financial position is to be strong in order to secure room for manoeuvre when making long-term commercial decisions. As a result of the material



increase in equity due to the change change in the accounting of forest assets, the Board has decided that net financial debt should not exceed 25 per cent of equity, compared with 50 per cent previously. At year-end the figure was 9 per cent.

**Items affecting comparability**

Items affecting comparability in operating profit for the fourth quarter of 2019 refer to the revaluation of a biological assets within Forest (SEK 9 079 million), an impairment loss of an associated company within Renewable Energy (SEK -109 million) and increased provisions for environmental restoration (SEK -200 million), which has been recognised centrally within the Group.

**Nomination committee proposals to the AGM**

Holmen's nomination committee proposes to the AGM 2020 the re-election of the current Board members: Fredrik Lundberg (who is also proposed for re-election as Chairman of the Board), Carl Bennet, Lars Josefsson, Lars G Josefsson, Alice Kempe, Louise Lindh, Ulf Lundahl, Henrik Sjölund and Henriette Zeuchner.

The nomination committee's other proposals will be presented in the notice convening Holmen's AGM 2020, held in Stockholm on 30 March at 15:00 CET.

Prior to the 2020 AGM, Holmen's nomination committee is made up of Mats Guldbrand, L E Lundbergföretagen, Carl Kempe, Kempe Foundations, Hans Hedström, Carnegie Funds and Fredrik Lundberg, Chairman of the Board. The chairman of the nomination committee is Mats Guldbrand.

Stockholm, 30 January 2020  
Holmen AB (publ)

Henrik Sjölund  
President and CEO

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## Group

Income statement, SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
Net sales	4 194	4 144	3 948	16 959	16 055
Other operating income	412	304	373	1 370	1 284
Change in inventories	0	-142	354	-220	439
Raw materials and consumables	-2 362	-2 204	-2 454	-9 398	-9 027
Personnel costs	-597	-529	-595	-2 316	-2 306
Other operating costs	-1 056	-897	-936	-3 597	-3 443
Profit from investments in associates and joint ventures	0	1	-8	0	-9
Depreciation and amortisation according to plan	-283	-283	-249	-1 141	-1 012
Impairment losses	-109	-	-25	-109	-25
Change in value of biological assets	9 158	147	112	9 566	425
<b>Operating profit</b>	<b>9 357</b>	<b>541</b>	<b>519</b>	<b>11 115</b>	<b>2 382</b>
Finance income	3	3	3	13	13
Finance costs	-12	-11	-9	-47	-38
<b>Profit before tax</b>	<b>9 348</b>	<b>533</b>	<b>513</b>	<b>11 081</b>	<b>2 356</b>
Tax	-1 980	-124	30	-2 351	-89
<b>Profit for the period</b>	<b>7 368</b>	<b>409</b>	<b>543</b>	<b>8 731</b>	<b>2 268</b>
Earnings per share, SEK					
basic	45.5	2.5	3.2	52.6	13.5
diluted	45.5	2.5	3.2	52.6	13.5
Operating margin, % *	14.0	13.0	15.5	13.8	15.4
Return on capital employed, % *	9.0	8.3	9.4	8.9	9.7
Return on equity, % *	7.6	7.2	10.7	7.8	10.4

\* Excl. Items affecting comparability.

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
<b>Profit for the period</b>	<b>7 368</b>	<b>409</b>	<b>543</b>	<b>8 731</b>	<b>2 268</b>
<b>Other comprehensive income</b>					
Revaluation of forest land	13 055	-	-	13 055	-
Revaluations of defined benefit pension plans	62	-78	-34	14	-52
Tax attributable to items that will not be reclassified to profit for the period	-2 695	13	7	-2 687	10
<b>Items that will not be reclassified to profit for the period</b>	<b>10 422</b>	<b>-64</b>	<b>-27</b>	<b>10 382</b>	<b>-42</b>
Cash flow hedging	289	-63	195	-43	306
Translation difference on foreign operation	25	47	-31	141	55
Hedging of currency risk in foreign operation	2	-1	-	-2	-8
Tax attributable to items that will be reclassified to profit for the period	-62	13	-42	8	-69
<b>Items that will be reclassified to profit for the period</b>	<b>253</b>	<b>-5</b>	<b>122</b>	<b>105</b>	<b>284</b>
<b>Total other comprehensive income after tax</b>	<b>10 675</b>	<b>-70</b>	<b>94</b>	<b>10 487</b>	<b>242</b>
<b>Total comprehensive income</b>	<b>18 043</b>	<b>339</b>	<b>638</b>	<b>19 218</b>	<b>2 510</b>

Change in equity, SEKm	Full year	
	2019	2018
<b>Opening equity</b>	<b>23 453</b>	<b>22 035</b>
Profit for the period	8 731	2 268
Other comprehensive income	10 487	242
<b>Total comprehensive income</b>	<b>19 218</b>	<b>2 510</b>
Share saving program	4	0
Buy-back of own shares	-1 430	-
Dividend	-1 134	-1 092
<b>Closing equity</b>	<b>40 111</b>	<b>23 453</b>

## Group

Balance sheet, SEKm	2019 30 December	2019 30 September	2018 31 December
<b>Non-current assets</b>			
Forest assets			
Biological assets	27 979	18 814	18 400
Forest land	13 366	305	301
Intangible non-current assets	70	69	68
Property, plant and equipment	8 906	8 650	8 776
Right-of-use assets	183	198	-
Investments in associates and joint ventures	1 620	1 705	1 740
Other shares and participating interests	1	1	1
Non-current financial receivables	452	487	468
Deferred tax assets	1	1	1
<b>Total non-current assets</b>	<b>52 579</b>	<b>30 230</b>	<b>29 755</b>
<b>Current assets</b>			
Inventories	3 460	3 564	3 628
Trade receivables	2 005	2 154	1 929
Current tax receivable	0	21	328
Other operating receivables	799	800	959
Current financial receivables	14	19	35
Cash and cash equivalents	483	261	278
<b>Total current assets</b>	<b>6 761</b>	<b>6 820</b>	<b>7 157</b>
<b>Total assets</b>	<b>59 340</b>	<b>37 050</b>	<b>36 912</b>
<b>Equity</b>	<b>40 111</b>	<b>22 067</b>	<b>23 453</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	2 018	1 525	1 033
Non-current liabilities relating to right-of-use assets	171	183	-
Pension provisions	46	103	61
Other provisions	637	448	483
Deferred tax liabilities	10 299	5 676	5 839
<b>Total non-current liabilities</b>	<b>13 171</b>	<b>7 936</b>	<b>7 416</b>
<b>Current liabilities</b>			
Current financial liabilities	2 485	3 005	2 494
Current liabilities relating to right-of-use assets	13	16	-
Trade payables	2 259	2 379	2 232
Current tax liability	112	129	13
Provisions	158	183	197
Other operating liabilities	1 030	1 334	1 108
<b>Total current liabilities</b>	<b>6 058</b>	<b>7 046</b>	<b>6 044</b>
<b>Total liabilities</b>	<b>19 229</b>	<b>14 983</b>	<b>13 459</b>
<b>Total equity and liabilities</b>	<b>59 340</b>	<b>37 050</b>	<b>36 912</b>
Debt/equity ratio, %	9	18	12
Equity/assets ratio, %	68	60	64
Capital employed	43 895	26 132	26 261
Net financial debt	3 784	4 065	2 807

## Group

Cash flow statement, SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
<b>Operating activities</b>					
Profit before tax	9 348	553	513	11 081	2 356
Adjustments for non-cash items					
Depreciation and amortisation according to plan	283	283	249	1 141	1 012
Impairment losses	109	-	25	109	25
Change in value of biological assets	-9 158	-147	-112	-9 566	-425
Other*	191	-39	60	108	-72
Paid income taxes	-108	-107	-65	-147	-396
<b>Cash flow from operating activities before changes in working capital</b>	<b>665</b>	<b>522</b>	<b>671</b>	<b>2 727</b>	<b>2 500</b>
<b>Cash flow from changes in working capital</b>					
Change in inventories	91	155	-457	210	-705
Change in trade receivables and other operating receivables	145	240	337	-135	230
Change in trade payables and other operating liabilities	-168	-144	181	83	262
<b>Cash flow from operating activities</b>	<b>733</b>	<b>774</b>	<b>732</b>	<b>2 884</b>	<b>2 286</b>
<b>Investing activities</b>					
Acquisition of non-current assets	-491	-195	-558	-1 072	-1 140
Disposal of non-current assets	1	8	9	21	135
Change in non-current financial receivables	17	0	15	36	-431
<b>Cash flow from investing activities</b>	<b>-472</b>	<b>-187</b>	<b>-533</b>	<b>-1 015</b>	<b>-1 436</b>
<b>Financing activities</b>					
Change in financial liabilities and current financial receivables	-37	882	-47	899	161
Buy-back of own shares	-	-1 430	-	-1 430	-
Dividends paid to the shareholders of the parent company	-	-	-	-1 134	-1 092
<b>Cash flow from financing activities</b>	<b>-37</b>	<b>-548</b>	<b>-47</b>	<b>-1 665</b>	<b>-930</b>
<b>Cash flow for the period</b>	<b>223</b>	<b>40</b>	<b>151</b>	<b>204</b>	<b>-81</b>
Opening cash and cash equivalents	261	220	126	278	356
Exchange difference in cash and cash equivalents	-1	1	-	1	3
<b>Closing cash and cash equivalents</b>	<b>483</b>	<b>261</b>	<b>277</b>	<b>483</b>	<b>278</b>

Change in net financial debt, SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
Opening net financial debt	-4 065	-3 131	-2 963	-2 807	-2 936
New accounting principles IFRS 16 Leases	-	-	-	-205	-
Cash flow from operating activities	733	774	732	2 884	2 286
Cash flow from investing activities (excl financial receivables)	-490	-186	-549	-1 050	-1 005
Buy-back of own shares	-	-1 430	-	-1 430	-
Dividends paid	-	-	-	-1 134	-1 092
Liabilities arising from new right-of-use agreements	-10	-21	-	-76	-
Revaluations of defined benefit pension plans	62	-78	-28	12	-47
Foreign exchange effects and changes in fair value	-14	6	1	21	-13
<b>Closing net financial debt</b>	<b>-3 784</b>	<b>-4 065</b>	<b>-2 807</b>	<b>-3 784</b>	<b>-2 807</b>

\* The adjustments consist primarily of change in provisions, interests in earnings of associated companies, currency effects and revaluations of financial instruments as well as capital gains/losses on sale of fixed assets.

## Parent company

Income statement, SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
Operating income	3 911	3 825	4 007	15 620	15 012
Operating costs	-4 005	-3 678	-3 633	-12 238	-13 605
<b>Operating profit</b>	<b>- 94</b>	<b>148</b>	<b>373</b>	<b>382</b>	<b>1 407</b>
Net financial items	-52	-6	305	22	434
<b>Profit after net financial items</b>	<b>-146</b>	<b>142</b>	<b>678</b>	<b>404</b>	<b>1 841</b>
Appropriations	502	443	-1 508	1 936	-1 373
<b>Profit before tax</b>	<b>356</b>	<b>584</b>	<b>-831</b>	<b>2 340</b>	<b>467</b>
Tax	-103	-123	260	-493	47
<b>Profit for the period</b>	<b>253</b>	<b>461</b>	<b>-571</b>	<b>1 847</b>	<b>514</b>

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
<b>Profit for the period</b>	<b>253</b>	<b>461</b>	<b>-571</b>	<b>1 847</b>	<b>514</b>
<b>Other comprehensive income</b>					
Cash flow hedging	293	-62	198	-34	326
Tax attributable to other comprehensive income	-63	13	-42	7	-70
<b>Items that will be reclassified to profit for the period</b>	<b>231</b>	<b>-49</b>	<b>156</b>	<b>-27</b>	<b>255</b>
<b>Total comprehensive income</b>	<b>484</b>	<b>413</b>	<b>-415</b>	<b>1 820</b>	<b>769</b>

Balance sheet, SEKm	2019	2018	2018
	30 December	30 September	31 December
Non-current assets	16 203	16 012	21 205
Current assets	5 648	5 612	5 942
<b>Total assets</b>	<b>21 852</b>	<b>21 623</b>	<b>27 147</b>
Restricted equity	5 915	5 915	5 915
Non-restricted equity	4 741	4 256	5 480
Untaxed reserves	1 646	1 515	1 012
Provisions	1 454	1 193	1 407
Liabilities	8 096	8 745	13 333
<b>Total equity and liabilities</b>	<b>21 852</b>	<b>21 623</b>	<b>27 147</b>

Of operating income for 2019, SEK 109 million (151) relates to sales to Group companies.

Balance sheet appropriations include group contributions totalling SEK 2 570 million (-2 394).

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 77 million (135).

## Notes

### 1. 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 compared with the latest published annual accounts, with the exception of accounting of forest land and the new accounting standard IFRS 16 Leases. The figures in tables are rounded off.

#### IFRS 16 Leases

This standard came into effect on 1 January 2019, replacing IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. The regulations require assets and liabilities attributable to leases, with some exceptions, to be recognised in the balance sheet. The leasing cost allocated by depreciation and interest expense 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 direct effects on equity have been recognised as a result of this standard's introduction. Comparative figures have not been restated.

Assets and liabilities were recognised at SEK 205 million at 1 January 2019. At 31 December 2019, assets amounted to SEK 183 million and liabilities to SEK 184 million, SEK 13 million of which were recognised as current. Depreciation of assets in 2019 totalled SEK 98 million and other external costs decreased to a corresponding degree. The interest expense on debt was SEK 4 million based on an interest rate of just over 1 per cent. Key performance indicators affected by the new accounting policy are net debt, capital employed and EBITDA. The effect on these is marginal, however.

#### Voluntary change of accounting policy

Because of a number of recent transactions involving large forest holdings, Holmen has revised the method and assumptions used for valuing forest assets on the Group's balance sheet. There are a large number of transactions involving forest properties in those areas where Holmen owns land and the prices paid for small and medium-sized forest properties are in line with the prices of larger forest assets. In order to reflect the fair value of the Group's forest assets, from 31 December 2019 Holmen has chosen to switch to recognising the Group's forest assets at fair value calculated based on transactions in those areas where Holmen owns forest land. To enable this, the accounting policy for forest land in the Group has been changed to fair value based on the 'revaluation model' in IAS 16. Until 31 December 2019 forest land was recognised at cost. As previously, the trees growing on the forest land are recognised at fair value as per IAS 41. In the parent company, forest land continues to be recognised at cost. This change has led to the book value of forest land in the Group increasing from SEK 311 million to SEK 13 366 million, resulting in a SEK 2 689 million increase in the deferred tax liability. As per IAS 16, the increase is recognised as a revaluation in other comprehensive income.

#### Valuation of forest assets

The Group's forest assets are recognised at fair value based on the transaction prices for forest properties in those areas where the Group has forest land. Fair value measurement is based on measurement level 3. The total value of the forest assets is allocated across growing trees, which are recognised as a biological asset, and forest land. How much of the value is allocated to the biological assets is established by calculating the present value of expected cash flows, less selling costs but before tax, from harvesting those trees currently growing. Calculation of present value uses a discount rate before tax calculated on the basis of forest property transactions. The value of the forest land is calculated as the difference between the total value of the forest assets and the biological assets. Changes in the fair value of biological assets are recognised in profit/loss. Changes in the fair value of forest land are recognised in other comprehensive income and accumulated in a separate component of equity called the revaluation reserve. If the fair value of forest land were to be less than cost, the difference would be recognised in profit/loss as an impairment loss.

#### Recognition in the parent company

In the parent company, forest assets are recognised in accordance with RFR 2. This means that they are classified as non-current assets and recognised at cost adjusted for revaluations taking into account the need, if any, for impairment in value.

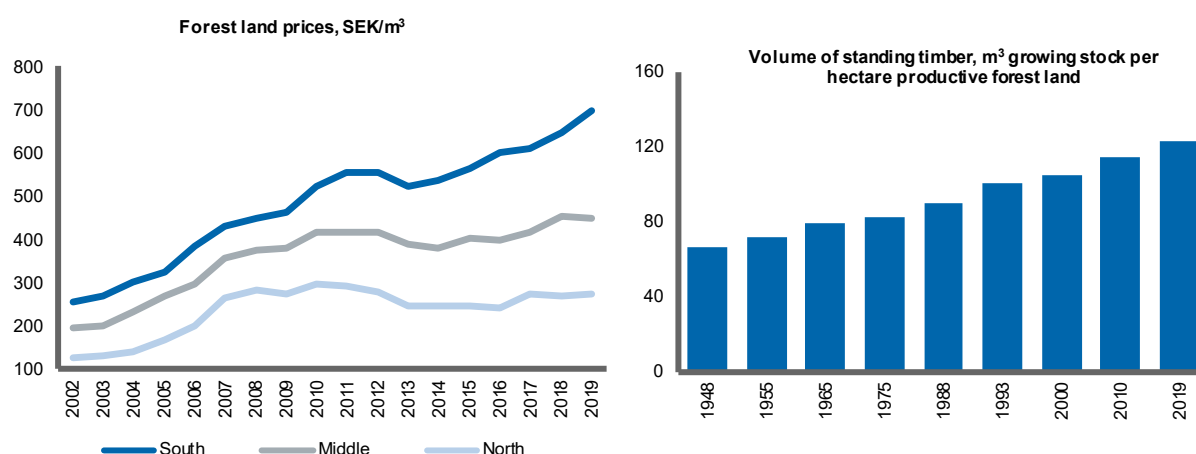
## 2. Forest assets

Holmen's owns land totalling 1 302 000 hectares, of which 1 043 000 hectares comprise productive forest land on which the volume of standing timber is 123 million cubic metres of growing stock, solid over bark. From 31 December 2019 Holmen recognises forest assets at fair value, calculated based on the transaction prices for forest properties in those areas where the Group owns forest land. The valuation is based on detailed data about transactions and pricing statistics published by different market operators over the past three years. Account is taken of where in the country the forest land is located and differences in the forest in terms of the volume of standing timber and site quality. No value is assigned to land that is not productive forest land.

The book value of forest assets amounted to SEK 41 345 million at 31 December 2019. The value has been affected by SEK 22 134 million from the transition to recognising forest assets at fair value based on prices of forest properties. The value corresponds to an average of SEK 39 640 per hectare of productive forest land. The value per hectare varies between different parts of the country, with forest properties in southern Sweden being valued much higher per hectare as a result of a greater volume of standing timber, higher site quality, a shorter harvesting cycle and greater demand for forest land. For forest properties in southern Sweden a reference valuation has been obtained from the company Forum Fastighetsekonomi. Their valuation is 4 per cent higher than the value calculated by Holmen.

	North	Central	South	Total
Productive forest land, '000 ha	688	264	91	1 043
Volume of standing timber, mil. m <sup>3</sup> solid over bark	74	35	15	123

The future value of forest assets is governed by changes in market prices for forest properties and growth in Holmen's volume of standing timber. The charts below show the price development for forest properties, measured as SEK per m<sup>3</sup> growing stock, solid over bark in different parts of Sweden and how Holmen's volume of standing timber has changed.



Source: LRF Konsult's price statistics for different regions in Sweden. Allocation per region does not fully correspond to Holmen's own allocation

A change in the average market price of forest assets by SEK 5/m<sup>3</sup> growing stock, solid over bark would affect the value of Holmen's forest assets by SEK 615 million. A change in Holmen's volume of standing timber by 1 million m<sup>3</sup> growing stock, solid over bark would affect the value by SEK 335 million.

The value of the forest assets is allocated in the balance sheet to growing trees, which are recognised as a biological asset, and forest land. How much of the value is allocated to the biological assets is established by calculating the present value of expected future cash flows, less selling costs but before tax, from harvesting those trees currently growing. Those trees currently growing are expected to be harvested on average after 85 years, which is the harvest period used in the valuation. A new long-term harvesting plan is currently being developed and is expected to be ready in 2020. Income is calculated based on a long-term trend price for 2020 of SEK 457 (445)/m<sup>3</sup>sub, which is in line with currently prevailing market prices. Costs are based on the current level. Prices and costs are revised up by 2 per cent each year. A discount rate before tax of 4.5 per cent (5.5) has been used. Costs for replanting after harvesting have not been taken into account. The book value of forest land is calculated as the difference between the total value of forest assets and biological assets. This value reflects future income from sources other than the harvest of currently standing trees, such as leasing of land for wind power, quarrying, hunting leases, licence income and harvesting future generations of trees.

The net effect of an unrealised change in fair value and the change as a result of harvesting of biological assets is stated in the income statement as a change in value of biological assets. For 2019 this amounted to SEK 9 566 million (425), of which SEK 9 079 million (0) is treated as an item affecting comparability as a result of amended assumptions, primarily an amended discount rate. The unrealised change in fair value of forest land is recognised in other comprehensive income and amounted to SEK 13 055 million (0) as a result of the introduction of a new accounting policy.



Mkr	Forest land		Biological assets		Of which	
	2019	2018	2019	2018	2019	2018
Book value at start of year	18 701	17 971	18 400	17 831	301	140
Acquisition of growing forest	16	317	9	150	7	167
Sales of growing forest	-3	-16	-3	-9	-	-7
Change due to harvesting	-665	-654	-665	-654	-	-
Unrealised change in fair value	23 286	1 079	10 231	1 079	13 055	-
Reclassifications	10	3	7	3	3	0
<b>Book value at end of year</b>	<b>41 345</b>	<b>18 701</b>	<b>27 979</b>	<b>18 400</b>	<b>13 366</b>	<b>301</b>

Aquisition value for forest land amounted to SEK 311 million at 2019-12-31.

### 3. Net sales by market\*

Full year 2019	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Scandinavia	2 909	147	461	598	367	4 482
Rest of Europe	5	4 523	4 279	616	0	9 423
Asia	0	941	658	166	0	1 765
Rest of the world	0	618	359	314	0	1 291
<b>Total Net sales</b>	<b>2 913</b>	<b>6 229</b>	<b>5 757</b>	<b>1 695</b>	<b>367</b>	<b>16 959</b>

Full year 2018	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Scandinavia	2 598	137	449	624	319	4 127
Rest of Europe	35	4 025	4 349	632	0	9 041
Asia	0	1 114	537	218	0	1 869
Rest of the world	0	509	236	273	0	1 018
<b>Total Net sales</b>	<b>2 633</b>	<b>5 785</b>	<b>5 571</b>	<b>1 747</b>	<b>319</b>	<b>16 055</b>

\*Refers to external sales

### 4. Composition of share capital

	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
<b>Total number of shares</b>		<b>169 512 324</b>	<b>576 730 536</b>		<b>4 237.8</b>
Holding of own B shares bought back		-7 586 639	-7 586 639		
<b>Total number of shares issued</b>		<b>161 925 685</b>	<b>569 143 897</b>		

### 5. Financial instruments

	Carrying amount		Fair value	
	2019 30 December	2018 31 December	2019 30 December	2018 31 December
Assets at fair value	326	557	326	557
Assets at acquisition cost	2 928	2 695	2 928	2 695
Liabilities at fair value	179	381	179	381
Liabilities at acquisition cost	6 730	5 726	6 730	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.

## 6. Alternative 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 (earnings before interest, taxes, depreciation and amortisation) is used as a supplementary measure. This measure is also being used from the fourth quarter of 2019 onwards for the Forest business area, replacing the previous performance measure 'Profit/loss before change in value' and resulting in consistent use of performance measures across the Group's business areas. To clarify how these earnings measures are affected by matters outside normal business operations, such as impairment, disposal, closure, major restructuring measures and alterations to assumptions in the valuation of biological assets, 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. In 2019, SEK 8 770 million of operating profit was recognised as an item affecting comparability relating to the revaluation of forest assets (SEK 9 079 million), an impairment loss of an associate (SEK -109 million) and increased provisions (SEK -200 million). A tax expense of SEK -1 870 million has been recognised, attributable to the items affecting comparability, resulting in profit after tax being affected by SEK 6 943 million in items affecting comparability. 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.

SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
EBITDA	871	824	863	3 486	3 488
Depreciation and amortisation according to plan	-283	-283	-249	-1 141	-1 012
Operating profit excl. items affecting comp.	587	541	613	2 345	2 476
Items affecting comparability	8 770	-	-94	8 770	-94
Operating profit	9 357	541	519	11 115	2 382

SEKm	Quarter			Full year	
	4-19	3-19	4-18	2019	2018
Profit after tax	7 368	409	543	8 731	2 268
Items affecting comparability	-6 943	-	73	-6 943	73
Profit after tax excl. items affecting comp.	426	409	616	1 789	2 341

### Measure of margin, return and indebtedness

Operating profit, excluding items affecting comparability, as a proportion of sales is known as the operating margin. EBITDA 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 assets plus working capital less the net sum of deferred tax liabilities and deferred tax assets. This corresponds to equity plus net financial debt. The performance measure of return on equity is used to measure result after tax, excluding items affecting comparability, as a proportion of equity. Average capital employed and average equity are calculated based on quarterly data. The change in the method of calculating the value of forest assets implemented from 31 December 2019 has not affected average capital employed or average equity for 2019.

SEKm	2019	2019	2018
	31 December	30 September	31 December
Fixed capital*	52 125	29 741	29 286
Working capital**	2 067	2 065	2 812
Deferred tax assets	1	1	1
Deferred tax liabilities	-10 299	-5 676	-5 839
Capital employed	43 895	26 132	26 261

\*Forest assets, non-current intangible assets, property, plant and equipment, investments in associates and joint ventures and other shares and participations.

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

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 31 December	2019 30 September	2018 31 December
Non-current financial liabilities	2 018	1 525	1 033
Non-current liabilities relating to right-of-use assets	171	183	-
Current financial liabilities	2 485	3 005	2 494
Current liabilities relating to right-of-use assets	13	16	-
Pension provisions	46	103	61
Non-current financial receivables	-451	-488	-468
Current financial receivables	-14	-19	-35
Cash and cash equivalents	-483	-261	-278
Net financial debt	3 784	4 064	2 807

## 7. 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.

## 8. 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 the development closely, but the outcome and consequences are hard to predict.

## Group

Quarterly figures, SEKm	2019				2018				Full year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2019	2018
<b>Income statement</b>										
Net sales	4 194	4 144	4 361	4 260	3 948	3 844	4 164	4 099	16 959	16 055
Operating costs	-3 403	-3 468	-3 644	-3 446	-3 189	-3 133	-3 385	-3 278	-13 961	-12 984
Change in value of forests	80	147	143	118	112	131	95	87	487	425
Profit from investments in associates and joint ventures	0	1	-2	2	-8	1	0	-2	0	-9
<b>EBITDA</b>	<b>871</b>	<b>824</b>	<b>857</b>	<b>934</b>	<b>863</b>	<b>843</b>	<b>875</b>	<b>907</b>	<b>3 486</b>	<b>3 487</b>
Depreciation and amortisation according to plan	-283	-283	-283	-291	-249	-252	-256	-254	-1 141	-1 012
<b>Operating profit excl. items affecting comparability</b>	<b>587</b>	<b>541</b>	<b>574</b>	<b>643</b>	<b>613</b>	<b>591</b>	<b>618</b>	<b>653</b>	<b>2 345</b>	<b>2 476</b>
Items affecting comparability *	8 770	-	-	-	-94	-	-	-	8 770	-94
<b>Operating profit</b>	<b>9 357</b>	<b>541</b>	<b>574</b>	<b>643</b>	<b>519</b>	<b>591</b>	<b>618</b>	<b>653</b>	<b>11 115</b>	<b>2 382</b>
Net financial items	-9	-8	-9	-8	-6	-6	-5	-8	-34	-25
<b>Profit before tax</b>	<b>9 348</b>	<b>533</b>	<b>565</b>	<b>635</b>	<b>513</b>	<b>585</b>	<b>614</b>	<b>644</b>	<b>11 081</b>	<b>2 356</b>
Tax	-1 980	-124	-114	-132	30	-127	145	-137	-2 351	-89
<b>Profit for the period</b>	<b>7 368</b>	<b>409</b>	<b>451</b>	<b>503</b>	<b>543</b>	<b>458</b>	<b>759</b>	<b>507</b>	<b>8 731</b>	<b>2 268</b>
Earnings per share, SEK	45.5	2.5	2.7	3.0	3.2	2.7	4.5	3.0	52.6	13.5
<b>Net sales**</b>										
Forest	1 578	1 418	1 647	1 642	1 590	1 345	1 543	1 465	6 286	5 944
Paperboard	1 490	1 588	1 573	1 578	1 362	1 413	1 538	1 473	6 229	5 785
Paper	1 455	1 486	1 470	1 345	1 357	1 419	1 376	1 418	5 757	5 571
Wood Products	385	381	450	478	419	412	491	426	1 695	1 747
Renew able Energy	113	73	78	114	76	55	66	122	378	319
Elimination of intra-group net sales	-828	-801	-858	-898	-857	-799	-849	-805	-3 385	-3 311
<b>Group</b>	<b>4 194</b>	<b>4 144</b>	<b>4 361</b>	<b>4 260</b>	<b>3 948</b>	<b>3 844</b>	<b>4 164</b>	<b>4 099</b>	<b>16 959</b>	<b>16 055</b>
<b>EBITDA by business area **</b>										
Forest	288	308	308	313	335	267	278	336	1 217	1 216
Paperboard	325	238	174	259	298	277	327	294	996	1 196
Paper	202	243	230	216	143	197	169	156	891	665
Wood Products	17	10	53	79	73	102	101	61	159	337
Renew able Energy	80	48	132	102	44	28	39	95	362	205
Group-wide	-41	-24	-40	-35	-30	-28	-38	-35	-140	-132
<b>Group</b>	<b>871</b>	<b>824</b>	<b>857</b>	<b>934</b>	<b>863</b>	<b>843</b>	<b>875</b>	<b>907</b>	<b>3 486</b>	<b>3 488</b>
<b>Operating profit/loss by business area **</b>										
Forest	274	298	298	302	326	260	271	329	1 172	1 185
Paperboard	187	99	36	112	175	151	197	166	435	689
Paper	110	147	133	119	61	112	85	72	509	329
Wood Products	-7	-14	29	54	51	79	77	38	62	246
Renew able Energy	72	42	126	96	37	22	33	89	336	181
Group-wide	-49	-30	-47	-42	-36	-33	-44	-41	-168	-154
<b>Group</b>	<b>587</b>	<b>541</b>	<b>574</b>	<b>643</b>	<b>613</b>	<b>591</b>	<b>618</b>	<b>653</b>	<b>2 345</b>	<b>2 476</b>
<b>Operating margin, % **</b>										
Paperboard	12.6	6.3	2.3	7.1	12.9	10.7	12.8	11.3	7.0	11.9
Paper	7.5	9.9	9.1	8.9	4.5	7.9	6.1	5.1	8.8	5.9
Wood Products	-1.9	-3.7	6.4	11.4	12.1	19.3	15.8	9.0	3.7	14.1
Group	14.0	13.0	13.2	15.1	15.5	15.4	14.9	15.9	13.8	15.4
<b>Return on capital employed, % **</b>										
Forest	7.3	7.9	7.9	8.1	8.9	7.3	7.7	9.5	7.8	8.2
Paperboard	13.4	7.1	2.5	8.1	12.9	10.8	14.0	12.1	7.8	12.4
Paper	21.9	27.6	23.9	21.8	11.1	19.6	15.0	13.0	23.8	14.7
Wood Products	neg	neg	11.6	22.7	22.2	34.6	33.8	17.3	6.3	27.1
Renew able Energy	9.6	5.6	16.9	12.7	4.8	2.8	4.2	11.5	11.2	5.8
Group	9.0	8.3	8.6	9.7	9.4	9.2	9.8	10.5	8.9	9.7
<b>Key indicators</b>										
Return on equity, % **	7.6	7.2	7.7	8.5	10.7	8.1	13.6	9.1	7.8	10.4
<b>Deliveries</b>										
Volume of own forests, '000 m³	821	654	688	551	732	671	761	666	2 714	2 831
Paperboard, '000 tonnes	125	139	138	136	119	127	141	138	538	525
Paper, '000 tonnes	259	256	251	230	246	256	256	278	996	1 036
Wood products, '000 m³	214	209	224	232	198	185	230	215	879	828
Own production of hydro and windpower, GWh	280	247	263	319	275	224	261	385	1 109	1 145
<b>Personal</b>										
Average number of employees (FTE)									2 915	2 955

\* Items affecting comparability in operating profit for Q4 2019 relate to the revaluation of forest assets, an impairment loss of an associated company and provisions. Items affecting comparability in operating profit in Q4 2018 relate to restructuring costs in the Paperboard business area.

\*\* Excl. Items affecting comparability.

## Group

Full year review, SEKm	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Income statement</b>										
Net sales	16 959	16 055	16 133	15 513	16 014	15 994	16 231	17 852	18 656	17 581
Operating costs	-13 961	-12 984	-13 379	-12 626	-13 348	-13 270	-13 919	-15 224	-15 501	-15 077
Change in value of forests	487	425	415	315	267	282	264	350	-	52
Profit from investments in associates and joint ventures	0	-9	-12	-22	7	-7	3	47	84	28
<b>EBITDA</b>	<b>3 486</b>	<b>3 488</b>	<b>3 157</b>	<b>3 179</b>	<b>2 940</b>	<b>2 999</b>	<b>2 579</b>	<b>3 026</b>	<b>3 239</b>	<b>2 583</b>
Depreciation and amortisation according to plan	-1 141	-1 012	-991	-1 018	-1 240	-1 265	-1 370	-1 313	-1 260	-1 251
<b>Operating profit excl. items affecting comparability</b>	<b>2 345</b>	<b>2 476</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>
Items affecting comparability	8 770	-94	-	-232	-931	-450	-140	-193	3 593	264
<b>Operating profit</b>	<b>11 115</b>	<b>2 382</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>
Net financial items	-34	-25	-53	-71	-90	-147	-198	-227	-244	-208
<b>Profit before tax</b>	<b>11 081</b>	<b>2 356</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>
Tax	-2 351	-89	-445	-436	-120	-230	-160	559	-1 374	-684
<b>Profit for the year</b>	<b>8 731</b>	<b>2 268</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>
Diluted earnings per share, SEK	52.6	13.5	9.9	8.5	3.4	5.4	4.3	11.1	23.6	4.2
<b>EBITDA by business area*</b>										
Forest	1 217	1 216	1 099	1 030	935	845	958	964	769	846
Paperboard	996	1 196	1 257	1 382	1 346	1 161	878	959	1 186	1 141
Paper	891	665	627	669	514	725	429	862	1 002	229
Wood Products	159	337	165	80	86	160	45	-10	-26	49
Renewable Energy	362	205	159	143	198	233	391	374	425	516
Group-wide	-140	-132	-149	-124	-138	-126	-121	-123	-116	-198
<b>Group</b>	<b>3 486</b>	<b>3 488</b>	<b>3 157</b>	<b>3 179</b>	<b>2 940</b>	<b>2 999</b>	<b>2 579</b>	<b>3 026</b>	<b>3 239</b>	<b>2 583</b>
<b>Operating profit by business area*</b>										
Forest	1 172	1 185	1 069	1 001	905	817	924	931	739	818
Paperboard	435	689	764	903	847	674	433	596	863	817
Paper	509	329	288	289	-74	141	-309	94	228	-618
Wood Products	62	246	80	-3	9	37	-75	-130	-136	20
Renewable Energy	336	181	135	120	176	212	371	355	406	495
Group-wide	-168	-154	-170	-148	-163	-146	-136	-132	-120	-200
<b>Group</b>	<b>2 832</b>	<b>2 476</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>Deliveries</b>										
Volume of own forests, '000 m³	2 714	2 831	2 904	2 986	3 213	3 297	3 465	3 211	2 988	2 999
Paperboard, '000 tonnes	538	525	526	497	499	493	469	485	474	464
Paper, '000 tonnes	996	1 036	1 117	1 134	1 325	1 305	1 574	1 651	1 668	1 732
Wood products, '000 m³	879	828	852	776	730	725	686	660	487	285
Own production of hydro and wind power, GWh	1 109	1 145	1 169	1 080	1 441	1 113	1 041	1 353	1 235	1 149
<b>Balance sheet</b>										
Forest assets	41 345	18 701	17 971	17 595	17 340	17 032	16 654	16 344	15 871	12 261
Other non-current assets	10 781	10 586	10 780	11 106	12 184	13 189	13 998	14 320	14 463	13 767
Current assets	6 264	6 845	5 710	5 852	5 607	5 964	5 774	6 005	6 642	6 950
Financial receivables	950	781	430	338	325	249	327	377	240	454
<b>Total assets</b>	<b>59 340</b>	<b>36 912</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>
Equity	40 111	23 453	22 035	21 243	20 853	20 969	20 854	20 813	19 773	16 913
Deferred tax liability	10 299	5 839	5 650	5 613	5 508	5 480	5 804	5 504	6 630	5 910
Financial liabilities and interest-bearing provisions	4 733	3 587	3 366	4 283	5 124	6 156	6 443	6 967	6 499	6 227
Operating liabilities	4 196	4 033	3 840	3 752	3 971	3 829	3 653	3 762	4 313	4 382
<b>Total equity and liabilities</b>	<b>59 340</b>	<b>36 912</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>Cash flow</b>										
Operating activities	2 884	2 286	2 509	1 961	2 526	2 176	2 011	2 254	2 101	1 523
Investing activities **	-1 050	-1 005	-644	-123	-824	-815	-872	-1 957	-1 791	-1 585
<b>Cash flow after investments</b>	<b>1 834</b>	<b>1 281</b>	<b>1 865</b>	<b>1 838</b>	<b>1 702</b>	<b>1 361</b>	<b>1 139</b>	<b>297</b>	<b>310</b>	<b>-62</b>
<b>Key indicators</b>										
Return on capital employed, %*	9	10	9	9	6	6	4	7	9	6
Return on equity, %*	8	10	8	8	7	6	4	6	8	4
Debt/equity ratio, %	9	12	13	19	23	28	29	32	32	34
<b>Dividend</b>										
Dividend, SEK	7***	6.75	6.5	6	5.25	5	4.5	4.5	4	3.5

\*Excl. items affecting comparability.

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

\*\*\*Proposal of the Board.

## 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 15.30 CET on Thursday 30 January. Holmen President and CEO Henrik Sjölund, together with Executive Vice President and 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/reports](http://www.holmen.com/reports). You may also participate in the conference by telephone, by calling no later than 15.25 CET on:

+46 8 505 583 59 (within Sweden)  
+44 3 333 300 90 32 (from the rest of Europe)  
+1 833 523 05 89 (from the US)

## Financial reports

Week 11 2020	Annual report 2019 is published on the Group's website
29 April 2020	Interim report January–March 2020
13 August 2020	Interim report January–June 2020
21 October 2020	Interim report January–September 2020
5 February 2021	Year-end report 2020

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This information such 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, at 12.20 CET on Thursday, 30 January 2020.

*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.*