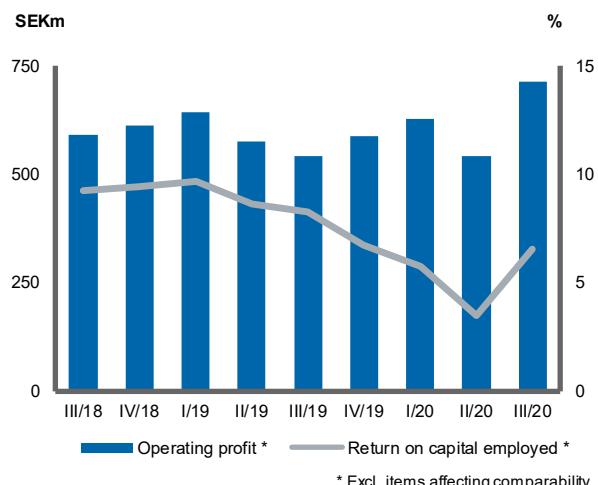
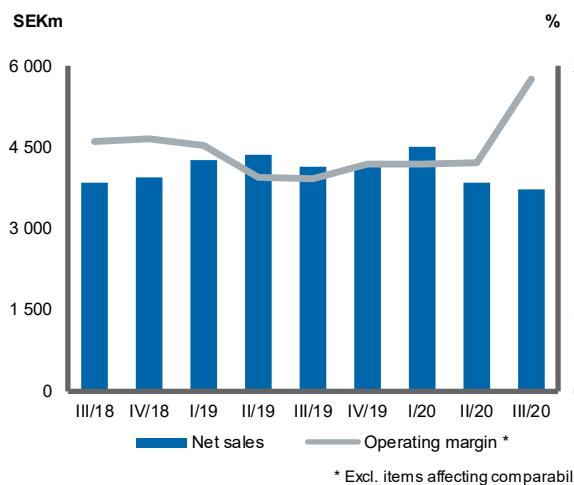


Holmen Interim Report January–September 2020

SEKm	3-20	Quarter		January-September		Full year
		2-20	3-19	2020	2019	2019
Net sales	3 727	3 853	4 144	12 078	12 765	16 959
Operating profit excl. item affecting comparability	714	542	541	1 884	1 758	2 345
Operating profit	714	542	541	1 884	1 758	11 115
Profit after tax	565	411	409	1 467	1 363	8 731
Earnings per share, SEK	3.5	2.5	2.5	9.1	8.1	52.6
Operating margin, %	19.2	14.1	13.0	15.6	13.8	13.8
Return on capital employed, %	6.5	5.0	8.3	5.7	8.9	8.9
Return on equity, %	5.5	4.1	7.2	4.8	7.8	7.8
Cash flow before investments and change in working capital	735	693	522	2 042	2 062	2 727
Debt/equity ratio, %	8	7	18	8	18	9

- Operating profit for January–September was SEK 1 884 million (January–September 2019: 1 758). Profit was impacted positively by higher profit from Paperboard and Forest, but negatively by price decreases and production curtailments in Paper.
- Compared with the second quarter, operating profit increased by SEK 172 million to SEK 714 million as a result of increased prices for wood products, decreased production curtailments in Paper and seasonally lower costs.
- Profit after tax for January–September amounted to SEK 1 467 million (1 363), which corresponds to earnings per share of SEK 9.1 (8.1).
- A dividend of SEK 3.5 per share (SEK 567 million) was paid on 23 September.
- On 1 October Holmen completed the acquisition of Martinsons, one of Sweden's leading players in sawn and processed wood products.



CEO comments

Although COVID-19 continued to influence our lives, we are pleased that all of our business areas delivered a good performance, which boosted our quarterly earnings to a high level, SEK 714 million. Production has gone well, at the same time that costs are lower thanks to good cost management and seasonal effects. We also note an increase in prices for wood products, while the market for paper continues to be challenging.

A strong market for wood products contributed to high demand for logs. However, the pulp and paper industries were not operating at full capacity, which created an imbalance on the wood market, thereby resulting in decreased prices for pulpwood. Nevertheless, we have been able to maintain efficiency in Forest, which contributed positively to profit for the quarter at SEK 342 million. We have now prepared a new harvest plan for 2021–2030 in which we expect to be able to harvest somewhat more than previously, while the need for thinning has decreased compared with what we had previously planned for the period. In summary, this is not expected to affect cash flow from the Forest business area.

The paperboard market was stable in the third quarter with unchanged prices. Our product mix continued to be good, while production efficiency was high. Combined with seasonally low costs, this resulted in a high profit for the quarter, SEK 266 million. Our investments to eliminate bottlenecks at the Iggesund pulp mill have yielded both higher pulp volumes and lower costs. The focus now is to increase the efficiency of the board mill and sell additional volumes to the premium segment.

Demand for paper remained weak in the third quarter. Announced shutdowns will improve the market balance, but the situation continues to be challenging. Although we were forced to implement extensive production curtailments, we were able to increase production somewhat in the third quarter, which along with low costs resulted in an improvement in profit to SEK 63 million. In the fourth quarter we will continue to curtail production, at the same time that a couple of major maintenance shutdowns will be carried out.

A strong housing market in the US, combined with increased home renovation projects in several countries contributed positively to demand for wood products. Meanwhile, production has been curtailed in Canada and Russia, which has resulted in a shortage of wood products. Increased prices for construction timber in Europe, along with historically high prices in the US, have boosted profit for Wood Products to SEK 47 million in the third quarter. On 1 October the acquisition of Martinsons was completed, which will almost double our sales in Wood Products, while strengthening our position in sustainable wood construction and increasing integration between forest and industry.

The electricity supply in the Nordic countries was high in the third quarter because of good access to hydro power. Operating profit for Renewable Energy was seasonally low at SEK 37 million. We continue to see interesting opportunities to develop the renewable energy business and in the third quarter we initiated the permit process in order to be able to build wind power plants on our land in southern Sweden in the future.

Holmen's financial position remains strong, even after distribution of the dividend and the acquisition of Martinsons. This provides us with room to manoeuvre in order to continue to develop Holmen and contribute to the transition to a climate neutral and sustainable Europe.

Forest

Holmen carries out active and sustainable forestry on over a million hectares of its own productive forest land. The annual volume from own forest amounts to almost 3 million m³.

SEKm	Quarter			January–September		Full year
	3-20	2-20	3-19	2020	2019	2019
Net sales	1 306	1 432	1 418	4 427	4 708	6 286
<i>of which from own forests</i>	298	362	327	1 004	950	1 348
Operating costs	-1 117	-1 171	-1 257	-3 771	-4 186	-5 556
Change in value of forests	166	121	147	412	408	487
EBITDA	355	382	308	1 068	929	1 217
Depreciation and amortisation according to plan	-13	-12	-11	-35	-32	-45
Operating profit*	342	370	298	1 034	897	1 172
Book value, forest assets	41 840	41 613	19 118	41 840	19 118	41 345
Volume of own forests, '000 m ³	644	768	653	2 164	1 882	2 699

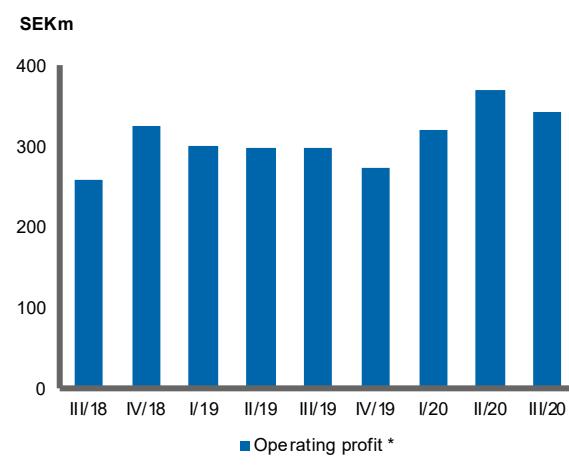
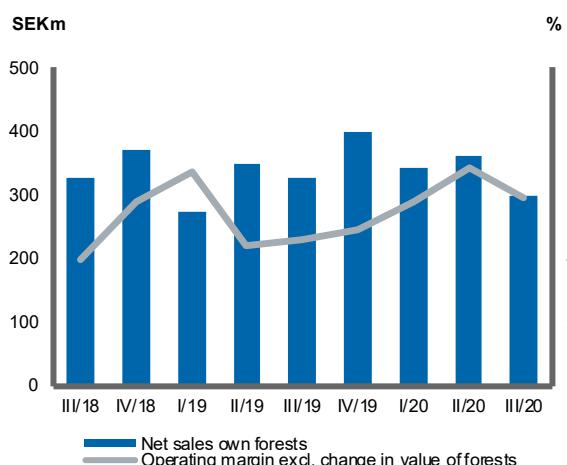
* Excl. item affecting comparability 2019

Demand for logs was good in the third quarter, while it was lower than normal for pulpwood because of production curtailments in the industry. Pulpwood prices decreased somewhat.

Operating profit for January–September was SEK 1 034 million (897). The changes in accounting policies for forest assets that became effective at the beginning of the year, along with the sale of forest properties, had a positive impact on profit, while lower selling prices had a negative effect on profit.

Compared with the second quarter, profit decreased by SEK 28 million to SEK 342 million. Profit in the preceding quarter was positively impacted by the sale of forest properties.

A new harvest plan has been prepared for the period 2021–2030 in which the annual harvest is planned to be 2.3 million m³ per year and thinning will be 0.5 million m³ per year. During the period 2016–2020 an average of 2.2 million m³ was harvested annually and 0.5 million m³ was thinned. In addition, an average of 0.1 million m³ per year was taken out due to events such as storms and spruce bark beetle outbreaks. The new plan is not expected to affect cash flow from the Forest business area.



*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.

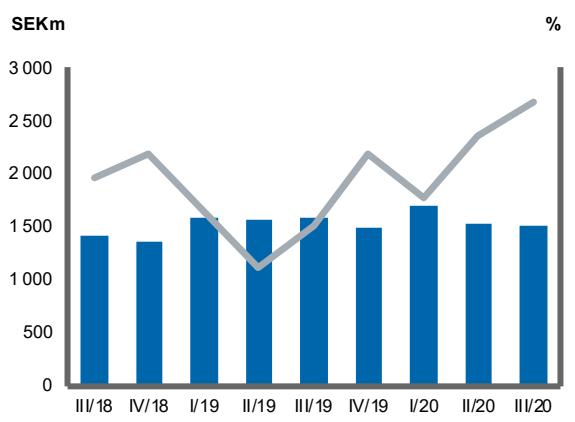
SEKm	Quarter			January–September		Full year
	3-20	2-20	3-19	2020	2019	2019
Net sales	1 506	1 537	1 588	4 748	4 739	6 229
Operating costs	-1 102	-1 175	-1 349	-3 680	-4 068	-5 233
EBITDA	404	361	238	1 068	671	996
Depreciation and amortisation according to plan	-138	-143	-139	-421	-424	-562
Operating profit	266	218	99	647	247	435
Investments	18	37	71	133	268	421
Capital employed	5 579	5 577	5 564	5 579	5 564	5 589
EBITDA margin, %	27	24	15	22	14	16
Operating margin, %	18	14	6	14	5	7
Return on capital employed, %	19	15	7	15	6	8
Production, paperboard, '000 tonnes	141	139	134	416	401	532
Deliveries, paperboard, '000 tonnes	134	135	139	416	413	538

Demand for paperboard was good in the third quarter and prices were stable.

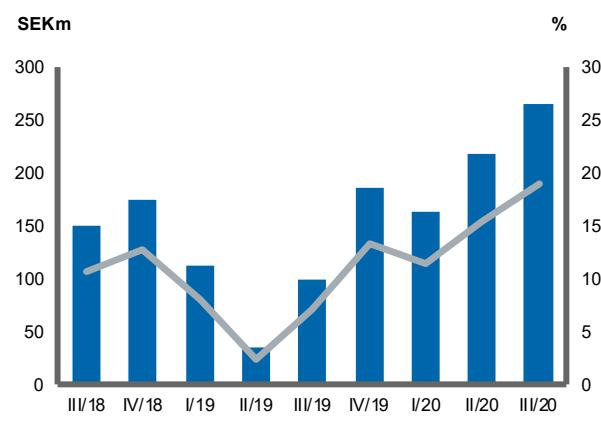
Operating profit for January–September was SEK 647 million (247). The improvement in profit was due to lower production costs, a better product mix and that major maintenance shutdowns had a negative impact on profit for the previous year of SEK 210 million.

Compared with the second quarter, profit improved by SEK 48 million to SEK 266 million as a result of seasonally low fixed costs and lower production costs. The product mix remained good.

A maintenance shutdown is expected to have a negative SEK 120 million impact on profit in the fourth quarter.



*Excl. items affecting comparability



*Excl. items affecting comparability

Paper

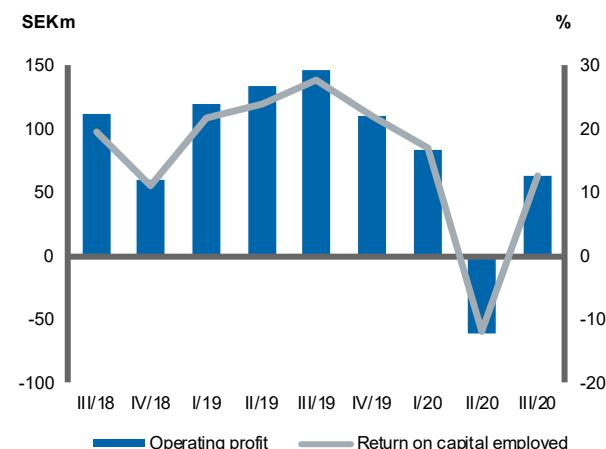
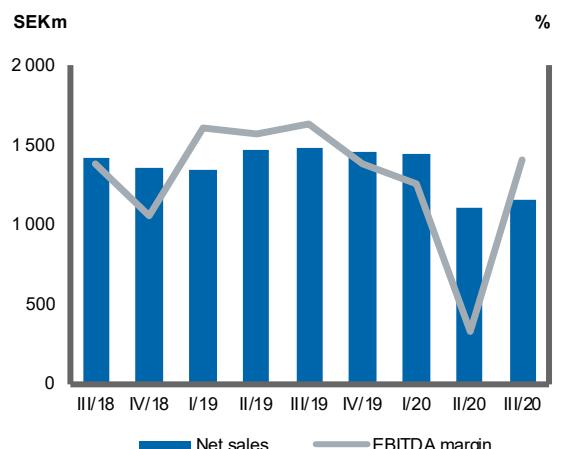
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production amounts to 1 million tonnes a year at two Swedish mills.

SEKm	Quarter			January-September		Full year
	3-20	2-20	3-19	2020	2019	2019
Net sales	1 151	1 107	1 486	3 703	4 301	5 757
Operating costs	-990	-1 071	-1 243	-3 326	-3 612	-4 866
EBITDA	161	36	243	377	689	891
Depreciation and amortisation according to plan	-98	-96	-96	-291	-290	-382
Operating profit	63	-60	147	86	399	509
Investments	65	97	46	224	119	187
Capital employed	2 007	1 996	2 099	2 007	2 099	1 903
EBITDA margin, %	14	3	16	10	16	15
Operating margin, %	6	-5	10	2	9	9
Return on capital employed, %	13	neg	28	6	24	24
Production, '000 tonnes	219	183	239	666	729	975
Deliveries, '000 tonnes	209	198	256	663	737	996

Demand for paper in Europe remained low in the third quarter. Market prices decreased somewhat.

Operating profit for January–September was SEK 86 million (399). The decrease in earnings is attributable to lower selling prices and to curtailment of production in response to weak demand.

Compared with the second quarter, profit improved by SEK 123 million to SEK 63 million as a result of less extensive production curtailments, seasonally low fixed costs and a major maintenance shutdown having a negative impact of SEK 30 million on the previous quarter. Somewhat lower market prices were offset by a better product and market mix.



Wood Products

Holmen produces wood products for joinery and construction purposes. After the acquisition of Martinsons on 1 October 2020, production takes place at five sawmills adjacent to own forest with an annual production of 1.5 million cubic metres.

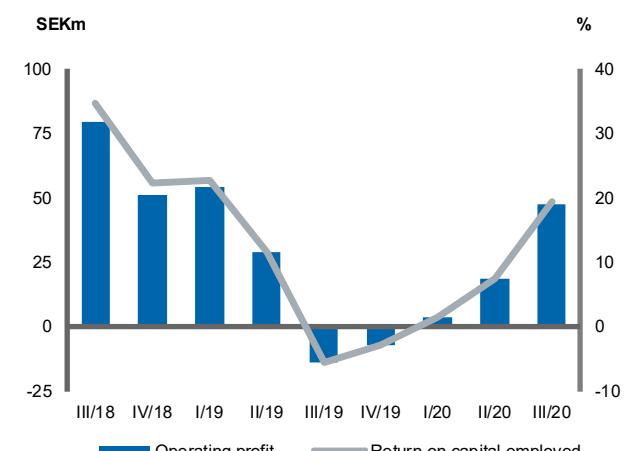
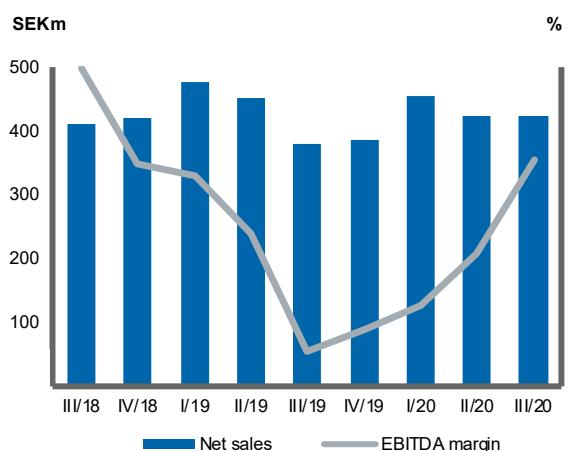
SEKm	Quarter			January-September		Full year
	3-20	2-20	3-19	2020	2019	2019
Net sales	423	422	381	1 300	1 309	1 695
Operating costs	-348	-379	-371	-1 153	-1 167	-1 535
EBITDA	75	44	10	147	142	159
Depreciation and amortisation according to plan	-28	-25	-24	-77	-73	-97
Operating profit	47	19	-14	70	69	62
Investments	6	26	52	70	120	162
Capital employed	937	1 007	998	937	998	1 000
EBITDA margin, %	18	10	3	11	11	9
Operating margin, %	11	4	-4	5	5	4
Return on capital employed, %	19	7	neg	9	9	6
Production, '000 m ³	196	215	211	638	653	877
Deliveries, '000 m ³	203	224	209	674	664	879

The market balance for wood products was good in the third quarter because of robust consumption in many countries, at the same time that production curtailments limited supply. Prices continued to increase from a low level at the beginning of the year.

Operating profit for January–September was SEK 70 million (69). On average, prices were somewhat lower than the previous year, but this was offset by lower raw material costs.

Compared with the second quarter, profit increased by SEK 28 million to SEK 47 million as a result of price increases and a good market mix, where deliveries to the US made a positive contribution.

On 1 October 2020 Holmen completed the acquisition of Martinsons, one of Sweden's leading players in sawn and processed wood products. See page 8 for further information.



Renewable Energy

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

SEKm	3-20	Quarter			January–September		Full year
		2-20	3-19	2020	2019	2019	2019
Net sales	79	75	73	279	265	378	
Operating costs *	-35	-32	-25	-90	17	-16	
Depreciation and amortisation according to plan	-7	-7	-6	-20	-18	-26	
Operating profit **	37	37	42	169	264	336	
Investments	109	37	6	160	8	203	
Capital employed	3 246	3 120	2 971	3 246	2 971	3 058	
Operating margin, %	47	49	57	60	100	89	
Return on capital employed, %	5	5	6	7	12	11	
Production hydro and wind power, GWh	318	318	248	1 010	829	1 109	

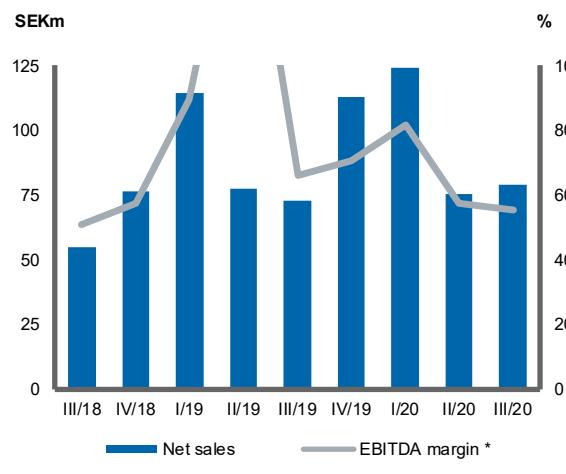
* Includes earnings from the sale of a wind farm permit 2019

** Excl. item affecting comparability 2019

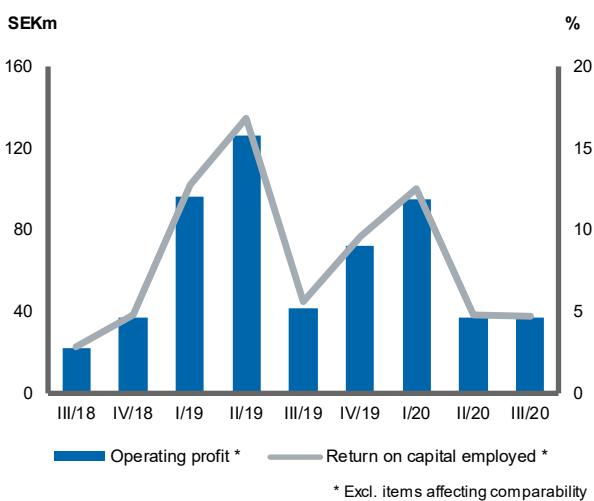
The market price for electricity in Sweden continued to be low in the third quarter due to high production of hydro power.

Operating profit for January–September was SEK 169 million (264). 20 per cent higher production made a positive contribution to earnings, but this was offset by lower electricity prices. Profit for the previous year included SEK 80 million from the sale of a permit to build a wind farm on Holmen property.

Profit was unchanged at SEK 37 million compared with the second quarter.



* Excl. items affecting comparability



* Excl. items affecting comparability

Cash flow, financing and net financial items

Cash flow from operating activities for January–September totalled SEK 2 081 million (2 151). Capital expenditures totalled a net of SEK 626 million (543) and a dividend of SEK 567 million (1 134) was paid.

For January–September, the Group's net financial debt decreased by SEK 619 million to SEK 3 165 million. Net debt was 8 per cent of equity.

Since the turn of the year the Group's financing has been strengthened by raising SEK 1.9 billion in new borrowing with maturities of 4.5 to 7 years, while contractual credit commitments increased by just over SEK 1.0 billion and durations were extended. At 30 September the Group's non-current loans amounted to SEK 4.2 billion and current loans totalled SEK 0.5 billion. Cash and cash equivalents were SEK 1.3 billion and non-current financial receivables were SEK 0.3 billion. Contractual credit commitments amounted to SEK 5.0 billion, of which SEK 1.0 billion is available until 2023 and SEK 4.0 billion until 2025. All credit commitments are unused. After the end of the quarter the acquisition of Martinsons was completed, which reduced cash and cash equivalents to SEK 0.3 billion.

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

Net financial items for January–September amounted to SEK -31 million (-25).

Tax

Recognised tax for January–September amounted to SEK -386 million (-370). Recognised tax as a proportion of profit before tax was 21 per cent.

Equity

In January–September, the Group's equity increased by SEK 654 million to SEK 40 765 million. Profit for the period totalled SEK 1 467 million (1 363) and the dividend paid totalled SEK 567 million (1 134). Other comprehensive income amounted to SEK -248 million (-188).

Hedging of exchange rates and electricity prices
The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for January–September includes currency hedges of SEK -100 million (-370). For the next 2.5 years, expected flows in EUR/SEK are hedged at an average of 10.65. For other currencies, 4–6 months of flows are hedged.

Prices for the Group's estimated net consumption of electricity are 65 per cent hedged for 2021. For 2022, 50 per cent has been hedged while for 2023 the figure is 35 per cent.

Dividend

The Extraordinary General Meeting held on 16 September resolved to pay a dividend of SEK 3.50 (6.75) per share. The dividend, totalling SEK 567 million, was paid on 23 September.

Acquisition of Martinsons

On 1 October 2020 Holmen completed the acquisition of Martinsons, one of Sweden's leading players in sawn and processed wood products. The preliminary purchase price was SEK 960 million for 100 per cent of shares and was paid on 1 October. The final purchase price and acquisition balance sheet will be set by the first quarter of 2021 at the latest.

Martinsons consists of two sawmills in northern Sweden with processing of wood products for Scandinavian wood construction, as well as a project operation for construction of complete frames made of cross-laminated timber (CLT) and glulam beams for purposes such as offices, sports centres and apartment buildings. After current investments are completed, the larger sawmill, Bygdsiljum, will have the capacity to produce 500 000 m³ of wood products annually, while the annual production at Kroksjön is over 100 000 m³. Bygdsiljum also produces CLT and glulam beams, while Kroksjön processes wood products through trimming, planing, painting, impregnation and finger jointing. Martinsons' annual log consumption is 1 million m³, which corresponds to Holmen's annual timber harvest in northern Sweden. The company has 470 employees, most of whom work in processing. The acquisition will nearly double Holmen's sales in Wood Products, while strengthening its position in sustainable wood construction and increasing integration between forest and industry.

Martinsons' turnover for the period January–August 2020 was SEK 1.2 billion, where SEK 0.8 billion came from sales of sawn and processed wood products, SEK 0.2 billion from major wood construction projects and the remainder from sales of by-products and timber trading. EBITDA was SEK 90 million and operating profit was SEK 50 million (excluding items affecting profitability).

Martinsons will be consolidated in Holmen beginning on 1 October. The purchase price is preliminarily divided among non-current assets of 40 per cent, working capital of 20 per cent and intangible assets of 40 per cent. In addition to the purchase price for the shares, the acquisition entails the assumption of just over SEK 100 million in financial liabilities. The assets will be recognised in the Forest and Wood Products business areas.

For further information please contact:

Henrik Sjölund, President and CEO, tel. +46 8 666 21 05
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

Review report

Introduction

We have reviewed the condensed interim financial information (interim report) for Holmen AB (publ) as per 30 September 2020 and the nine-month reporting period ending on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*'. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that could have been identified in an audit. Therefore, the conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

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

Stockholm, 21 October 2020

KPMG AB

Joakim Thilstedt
Authorised public accountant

Group

Income statement. SEKm	Quarter			January-September		Full year
	3-20	2-20	3-19	2020	2019	2019
Net sales	3 727	3 853	4 144	12 078	12 765	16 959
Other operating income	262	353	304	914	958	1 370
Change in inventories	69	-75	-142	-103	-221	-220
Raw materials and consumables	-1 986	-2 048	-2 204	-6 504	-7 036	-9 398
Personnel costs	-533	-604	-529	-1 733	-1 719	-2 316
Other operating costs	-696	-768	-897	-2 309	-2 541	-3 597
Profit from investments in associates and joint ventures	-3	1	1	-3	1	0
Depreciation and amortisation according to plan	-291	-291	-283	-867	-858	-1 141
Impairment losses	-	-	-	-	-	-109
Change in value of biological assets	166	121	147	412	408	9 566
Operating profit	714	542	541	1 884	1 758	11 115
Finance income	2	3	3	9	10	13
Finance costs	-12	-15	-11	-40	-34	-47
Profit before tax	705	531	533	1 853	1 733	11 081
Tax	-140	-119	-124	-386	-370	-2 351
Profit for the period	565	411	409	1 467	1 363	8 731
Earnings per share. SEK						
basic	3.5	2.5	2.5	9.1	8.1	52.6
diluted	3.5	2.5	2.5	9.1	8.1	52.6
Operating margin, % *	19.2	14.1	13.0	15.6	13.8	13.8
Return on capital employed, % *	6.5	5.0	8.2	5.7	8.9	8.9
Return on equity, %	5.5	4.1	7.2	4.8	7.8	7.8

* Excl. Items affecting comparability.

Statement of comprehensive income. SEKm	Quarter			January-September		Full year
	3-20	2-20	3-19	2020	2019	2019
Profit for the period	565	411	409	1 467	1 363	8 731
Other comprehensive income						
Revaluation of forest land	-	-	-	-	-	13 055
Revaluations of defined benefit pension plans	31	-60	-78	-58	-47	14
Tax attributable to items that will not be reclassified to profit for the period	-6	11	13	11	8	-2 687
Items that will not be reclassified to profit for the period	25	-49	-64	-47	-40	10 382
Cash flow hedging	-39	627	-58	-149	-326	-37
Translation difference on foreign operation	12	-162	47	-107	116	141
Hedging of currency risk in foreign operation	-2	23	-1	16	-4	-2
Share in joint ventures' other comprehensive income	10	0	-6	10	-6	-6
Tax attributable to items that will be reclassified to profit for the period	9	-139	13	29	71	8
Items that will be reclassified to profit for the period	-10	349	-5	-201	-149	105
Total other comprehensive income after tax	15	300	-70	-248	-188	10 487
Total comprehensive income	580	711	339	1 219	1 174	19 218

Change in equity, SEKm	January-September	
	2020	2019
Opening equity	40 111	23 453
Profit for the period	1 467	1 363
Other comprehensive income	-248	-188
Total comprehensive income	1 219	1 174
Share saving program	1	3
Buy-back of own shares	0	-1430
Dividend	-567	-1134
Closing equity	40 765	22 068

Group

Balance sheet, SEKm	2020 30 September	2020 30 June	2019 31 December
Non-current assets			
Forest assets			
Biological assets	28 482	28 253	27 979
Forest land	13 358	13 360	13 366
Intangible non-current assets	70	68	70
Property, plant and equipment	8 647	8 669	8 906
Right-of-use assets	221	238	183
Investments in associates and joint ventures	1 701	1 695	1 620
Other shares and participating interests	2	2	1
Non-current financial receivables	312	310	451
Deferred tax assets	1	1	1
Total non-current assets	52 795	52 596	52 578
Current assets			
Inventories	3 281	3 244	3 460
Trade receivables	1 976	2 117	2 005
Current tax receivable	15	2	0
Other operating receivables	719	656	800
Current financial receivables	30	59	14
Cash and cash equivalents	1 264	718	483
Total current assets	7 285	6 796	6 762
Total assets	60 080	59 391	59 340
Equity			
Non-current liabilities			
Non-current financial liabilities	3 922	3 321	2 018
Non-current liabilities relating to right-of-use assets	217	233	171
Pension provisions	93	122	46
Other provisions	577	800	637
Deferred tax liabilities	10 205	10 167	10 299
Total non-current liabilities	15 014	14 643	13 171
Current liabilities			
Current financial liabilities	533	391	2 485
Current liabilities relating to right-of-use assets	7	8	13
Trade payables	2 215	2 319	2 259
Current tax liability	342	82	112
Provisions	145	144	158
Other operating liabilities	1 059	1 053	1 030
Total current liabilities	4 300	3 996	6 058
Total liabilities	19 315	18 638	19 228
Total equity and liabilities	60 080	59 391	59 340
Debt/equity ratio, %	8	7	9
Equity/assets ratio, %	68	69	68
Capital employed	43 930	43 739	43 895
Net financial debt	3 165	2 986	3 784

Group

Cash flow statement, SEKm	3-20	Quarter		January-September		Full year
		2-20	3-19	2020	2019	2019
Operating activities						
Profit before tax	705	531	533	1 853	1 733	11 081
Adjustments for non-cash items	-	-	-	-	-	-
Depreciation and amortisation according to plan	291	291	283	867	858	1 141
Impairment losses	-	-	-	-	-	109
Change in value of biological assets	-166	-121	-147	-412	-408	-9 566
Other *	-42	-34	-40	-38	-84	108
Paid income taxes	-54	27	-107	-228	-39	-147
Cash flow from operating activities before changes in working capital	735	693	522	2 042	2 062	2 727
Cash flow from changes in working capital						
Change in inventories	-38	91	155	132	119	210
Change in trade receivables and other operating receivables	34	101	240	-120	-280	-135
Change in trade payables and other operating liabilities	-103	-42	-144	27	250	83
Cash flow from operating activities	628	843	774	2 081	2 151	2 884
Investing activities						
Acquisition of non-current assets	-284	-333	-195	-835	-580	-1 071
Disposal of non-current assets	19	54	8	75	20	21
Change in non-current financial receivables	-	135	-	135	18	36
Cash flow from investing activities	-265	-144	-187	-626	-543	-1 015
Financing activities						
Change in financial liabilities and current financial receivables	750	-1 391	882	-108	935	899
Buy-back of own shares	-	-	-1 430	-	-1 430	-1 430
Dividends paid to the shareholders of the parent company	-567	-	-	-567	-1 134	-1 134
Cash flow from financing activities	182	-1 391	-548	-675	-1 628	-1 665
Cash flow for the period	544	-692	40	780	-19	204
Opening cash and cash equivalents	718	1 415	220	483	278	278
Exchange difference in cash and cash equivalents	0	-5	1	-1	3	1
Closing cash and cash equivalents	1 264	718	261	1 264	261	483

Change in net financial debt, SEKm	3-20	Quarter		January-September		Full year
		2-20	3-19	2020	2019	2019
Opening net financial debt						
Opening net financial debt	-2 986	-3 509	-3 131	-3 784	-2 807	-2 807
New accounting principles IFRS 16 Leases	-	-	-	-	-205	-205
Cash flow from operating activities	628	843	774	2 081	2 151	2 884
Cash flow from investing activities (excl financial receivables)	-265	-279	-187	-760	-561	-1 050
Buy-back of own shares	-	-	-1 430	-	-1 430	-1 430
Dividends paid	-567	-	-	-567	-1 134	-1 134
Liabilities arising from new right-of-use agreements	-10	-15	-21	-114	-66	-76
Revaluations of defined benefit pension plans	29	-63	-78	-59	-50	12
Foreign exchange effects and changes in fair value	6	36	6	37	35	21
Closing net financial debt	-3 165	-2 986	-4 065	-3 165	-4 065	-3 784

* 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			January-September		Full year
	3-20	2-20	3-19	2020	2019	2019
Operating income	3 498	3 556	3 825	11 182	11 709	15 620
Operating costs	-3 265	-3 569	-3 678	-10 805	-11 233	-15 238
Operating profit	233	-13	148	377	476	382
Net financial items	-7	220	-6	200	74	22
Profit after net financial items	226	208	142	577	550	404
Appropriations	189	737	443	1 342	1 434	1 936
Profit before tax	415	945	584	1 920	1 984	2 340
Tax	-86	-161	-123	-368	-390	-493
Profit for the period	329	784	461	1 552	1 594	1 847

Statement of comprehensive income, SEKm	Quarter			January-September		Full year
	3-20	2-20	3-19	2020	2019	2019
Profit for the period	329	784	461	1 552	1 594	1 847
Other comprehensive income						
Cash flow hedging	-41	630	-62	-151	-328	-34
Tax attributable to other comprehensive income	9	-135	13	32	70	7
Items that will be reclassified to profit for the period	-32	495	-49	-119	-257	-27
Total comprehensive income	297	1279	413	1 433	1 336	1 820

Balance sheet, SEKm	2020		2019	
	30 September	30 June	31 December	31 December
Non-current assets	16 841	16 449	16 203	
Current assets	6 021	5 645	5 648	
Total assets	22 862	22 095	21 852	
Restricted equity	5 915	5 915	5 915	
Non-restricted equity	5 609	5 879	4 741	
Untaxed reserves	2 193	1 759	1 646	
Provisions	1 304	1 576	1 454	
Liabilities	7 841	6 965	8 096	
Total equity and liabilities	22 862	22 095	21 852	

Sales to Group companies accounted for SEK 75 million (86) of operating income for January–September.

Balance sheet appropriations include group contributions totalling SEK 1 889 million (1 936).

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 59 million (54).

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 the Group's accounting policies are unchanged from the latest published annual report. The figures in tables are rounded off.

2. External net sales by market

January-September 2020	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Scandinavia	2 045	136	387	485	278	3 331
Rest of Europe	4	3 379	2 779	449	-	6 611
Asia	-	1 000	366	112	-	1 478
Rest of the world	-	233	171	254	-	658
Total Net sales	2 049	4 748	3 703	1 300	278	12 078

January-September 2019	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Scandinavia	2 151	112	332	486	265	3 076
Rest of Europe	-	3 688	3 256	480	-	7 424
Asia	-	774	510	127	-	1 412
Rest of the world	-	165	203	216	-	852
Total Net sales	2 151	4 739	4 301	1 309	265	12 765

3. Composition of share capital

Share structure	Votes	No. of shares	No. of votes	Quotient value	SEKm
A share	10	45 246 468	452 464 680	26	1 179.9
B share	1	117 265 856	117 265 856	26	3 057.9
Total number of shares		162 512 324	569 730 536		4 237.8
Holding of own B shares bought back		-586 639	-586 639		
Total number of shares issued		161 925 685	569 143 897		

In accordance with the resolution at the Annual General Meeting on June 4, 2020, Holmen AB has cancelled 7 000 000 repurchased treasury shares of series B. After the cancellation Holmen AB holds 586 639 treasury shares of series B.

4. Financial instruments

Financial instruments, SEKm	Carrying amount		Fair value	
	2020		2019	
	30 September	31 December	30 September	31 December
Assets at fair value		168	326	168
Assets at acquisition cost		3 567	2 928	3 567
Liabilities at fair value		174	179	174
Liabilities at acquisition cost		6 632	6 730	6 632

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.

5. 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. To clarify how these earnings measures are affected by matters outside normal business operations, such as impairment, 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. On page 86 of Holmen's 2019 annual report a description is given of the items that are reported as affecting comparability in previous periods.

SEKm	Quarter			January-September		Full year
	3-20	2-20	3-19	2020	2019	2019
EBITDA	1 005	833	824	2 750	2 616	3 486
Depreciation and amortisation according to plan	-291	-291	-283	-867	-858	-1 141
Operating profit excl. items affecting comp.	714	542	541	1 884	1 758	2 345
Items affecting comparability	-	-	-	-	-	8 770
Operating profit	714	542	541	1 884	1 758	11 115

SEKm	Quarter			January-September		Full year
	3-20	2-20	3-19	2020	2019	2019
Profit after tax excl. items affecting comp.	565	411	409	1 467	1 363	1 789
Items affecting comparability	-	-	-	-	-	6 844
Profit after tax	565	411	409	1 467	1 363	8 731

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. Average capital employed is calculated based on quarterly data.

SEKm	2020		2020 30 June	2019 31 December
	30 September			
Fixed assets*	52 482		52 284	52 125
Working capital**	1 653		1 621	2 067
Deferred tax assets	1		1	1
Deferred tax liabilities	-10 205		-10 167	-10 299
Capital employed	43 930		43 739	43 895

*Forest assets, non-current intangible assets, property, plant and equipment, right-of-use assets, 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	2020	2020	2019
	30 September	30 June	31 December
Non-current financial liabilities	3 922	3 321	2 018
Non-current liabilities relating to right-of-use assets	217	233	171
Current financial liabilities	533	391	2 485
Current liabilities relating to right-of-use assets	7	8	13
Pension provisions	93	122	46
Non-current financial receivables	-312	-310	-452
Current financial receivables	-30	-59	-14
Cash and cash equivalents	-1 264	-718	-483
Net financial debt	3 165	2 986	3 784

6. 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.

7. Material risks and uncertainties

The Group's 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 2019, pages 40–43 and note 26. The COVID-19 outbreak has had a negative impact on profitability within the Paper business area in the third quarter, while impact on other business areas has been limited. Holmen has not furloughed personnel. For the fourth quarter, we expect orders to continue to be weaker than normal within Paper because of the COVID-19 pandemic. The Group is working continually to take action to minimise the impact of the coronavirus outbreak, while putting the health and safety of our employees first.

Group

Quarterly figures, SEKm	2020			2019			January-September 2020	Full year 2019
	Q3	Q2	Q1	Q4	Q3	Q2		
Income statement								
Net sales	3 727	3 853	4 499	4 194	4 144	4 361	4 260	12 078
Operating costs	-2 884	-3 142	-3 710	-3 403	-3 468	-3 644	-3 446	-9 736
Change in value of forests	166	121	124	80	147	143	118	412
Profit from investments in associates and joint ventures	-3	1	0	0	1	-2	2	-3
EBITDA	1 005	833	912	871	824	857	934	2 750
Depreciation and amortisation according to plan	-291	-291	-285	-283	-283	-283	-291	-867
Operating profit excl. items affecting comparability	714	542	628	587	541	574	643	1 884
Items affecting comparability *	-	-	-	8 770	-	-	-	-
Operating profit	714	542	628	9 357	541	574	643	1 884
Net financial items	-9	-11	-10	-9	-8	-9	-8	-31
Profit before tax	705	531	618	9 348	533	565	635	1 853
Tax	-140	-119	-127	-1 980	-124	-114	-132	-386
Profit for the period	565	411	491	7 368	409	451	503	1 467
Earnings per share, SEK	3.5	2.5	3.0	45.5	2.5	2.7	3.0	9.1
Net sales**								52.6
Forest	1 306	1 432	1 690	1 578	1 418	1 647	1 642	4 427
Paperboard	1 506	1 537	1 706	1 490	1 588	1 573	1 578	4 748
Paper	1 151	1 107	1 445	1 455	1 486	1 470	1 345	3 703
Wood Products	423	422	455	385	381	450	478	1 300
Renewable Energy	79	75	124	113	73	78	114	279
Elimination of intra-group net sales	-739	-720	-920	-828	-801	-858	-898	-2 379
Group	3 727	3 853	4 499	4 194	4 144	4 361	4 260	12 078
EBITDA by business area **								
Forest	355	382	331	288	308	308	313	1 068
Paperboard	404	361	302	325	238	174	259	1 068
Paper	161	36	180	202	243	230	216	377
Wood Products	75	44	28	17	10	53	79	147
Renewable Energy	44	43	102	80	48	132	102	188
Group-wide	-34	-33	-32	-41	-24	-40	-35	-99
Group	1 005	833	912	871	824	857	934	2 750
Operating profit/loss by business area **								
Forest	342	370	322	274	298	298	302	1 034
Paperboard	266	218	163	187	99	36	112	647
Paper	63	-60	83	110	147	133	119	86
Wood Products	47	19	4	-7	-14	29	54	70
Renewable Energy	37	37	95	72	42	126	96	169
Group-wide	-42	-41	-39	-49	-30	-47	-42	-122
Group	714	542	628	587	541	574	643	1 884
Operating margin, % **								
Paperboard	17.7	14.2	9.6	12.6	6.3	2.3	7.1	13.6
Paper	5.5	-5.4	5.8	7.5	9.9	9.1	8.9	2.3
Wood Products	11.2	4.4	0.8	-1.9	-3.7	6.4	11.4	5.4
Group	19.2	14.1	14.0	14.0	13.0	13.2	15.1	15.6
Return on capital employed, % **								
Forest	4.1	4.5	3.9	7.3	7.9	7.9	8.1	4.2
Paperboard	19.1	15.4	11.6	13.4	7.1	2.5	8.1	15.3
Paper	12.7	neg	16.9	21.9	27.6	23.9	21.8	5.8
Wood Products	19.4	7.4	1.4	neg	neg	11.6	22.7	9.3
Renewable Energy	4.7	4.8	12.5	9.6	5.6	16.9	12.7	7.3
Group	6.5	5.0	5.7	9.0	8.3	8.6	9.7	5.7
Key indicators								
Return on equity, % **	5.5	4.1	4.9	7.6	7.2	7.7	8.5	4.8
Deliveries								
Volume of own forests, '000 m ³	644	768	753	821	654	688	551	2 164
Paperboard, '000 tonnes	134	135	147	125	139	138	136	416
Paper, '000 tonnes	209	198	257	259	256	251	230	663
Wood products, '000 m ³	203	224	247	214	209	224	232	674
Own production of hydro and windpower, GWh	318	318	374	280	247	263	319	1 010
Personal								
Average number of employees (FTE)								2 834
								2 932
								2 915

* 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.

** Excl. Items affecting comparability.

Group

Full year review, SEKm	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Income statement										
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
EBITDA	3 486	3 488	3 157	3 179	2 940	2 999	2 579	3 026	3 239	2 583
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
Operating profit excl. items affecting comparability	2 345	2 476	2 166	2 162	1 700	1 734	1 209	1 713	1 980	1 332
Items affecting comparability	8 770	-94	-	-232	-931	-450	-140	-193	3 593	264
Operating profit	11 115	2 382	2 166	1 930	769	1 284	1 069	1 520	5 573	1 596
Net financial items	-34	-25	-53	-71	-90	-147	-198	-227	-244	-208
Profit before tax	11 081	2 356	2 113	1 859	679	1 137	871	1 294	5 328	1 388
Tax	-2 351	-89	-445	-436	-120	-230	-160	559	-1 374	-684
Profit for the year	8 731	2 268	1 668	1 424	559	907	711	1 853	3 955	704
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
EBITDA by business area*										
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
Group	3 486	3 488	3 157	3 179	2 940	2 999	2 579	3 026	3 239	2 583
Operating profit by business area*										
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
Group	2 345	2 476	2 166	2 162	1 700	1 734	1 209	1 713	1 980	1 332
Deliveries										
Volume of own forests, '000 m ³	2 699	2 816	2 883	2 945	3 132	3 207	3 361	3 085	2 850	2 856
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 m ³	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
Balance sheet										
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
Total assets	59 340	36 912	34 891	34 891	35 456	36 434	36 753	37 046	37 217	33 432
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	4 732	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
Total equity and liabilities	59 340	36 912	34 891	34 891	35 456	36 434	36 753	37 046	37 217	33 432
Cash flow										
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
Cash flow after investments	1 834	1 281	1 865	1 838	1 702	1 361	1 139	297	310	-62
Key indicators										
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
Dividend										
Dividend, SEK	3.50	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.

Holmen in brief

Holmen's extensive forest holdings are the foundation of our business. Using our own production facilities, the growing trees are refined into everything from wood for climate-smart building to renewable packaging, magazines and books, while at the same time we generate hydro and wind power on our own land. A business that not only creates value for shareholders and customers, but also contributes to a better climate and thriving rural communities.

Press and analyst conference

On the publication of the interim report, a webcast press and analyst conference will be held at 14.30 CET on Wednesday 21 October. 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. You may also participate in the conference by telephone, by calling no later than 14.25 CET on:

+46 8 505 583 54 (within Sweden)
+44 3 333 009 263 (from the rest of Europe)
+1 833 526 83 95 (from the US)

Financial reports

5 February 2021	Year-end report 2020
29 April 2021	Interim report January–March 2021
19 August 2021	Interim report January–June 2021
21 October 2021	Interim report January–September 2021

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 12.00 CEST on Wednesday, 21 September 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.