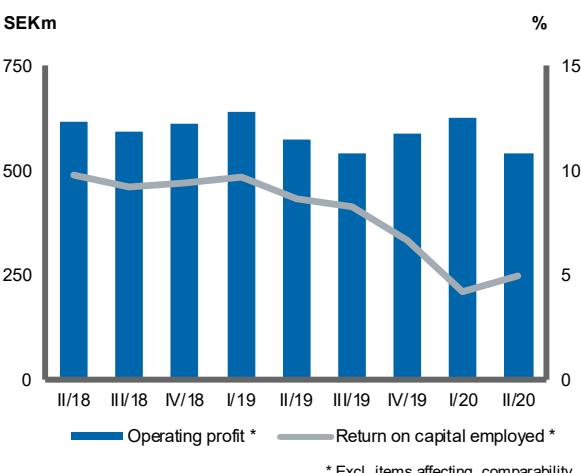
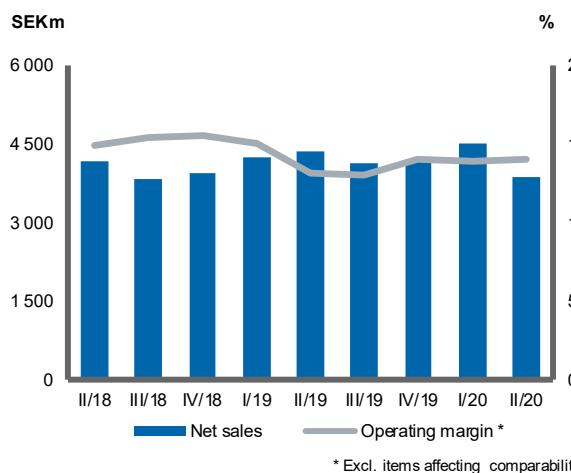


Holmen Interim Report January–June 2020

SEKm	2-20	Quarter		January–June		Full Year 2019
		1-20	2-19	2020	2019	
Net sales	3 853	4 499	4 361	8 352	8 621	16 959
Operating profit excl. item affecting comparability	542	628	574	1 170	1 217	2 345
Operating profit	542	628	574	1 170	1 217	11 115
Profit after tax	411	491	451	902	954	8 731
Earnings per share, SEK	2.5	3.0	2.7	5.6	5.7	52.6
Operating margin, %*	14.1	14.0	13.2	14.0	14.1	13.8
Return on capital employed, %*	5.0	5.7	8.6	5.4	9.2	8.9
Return on equity, %	4.1	4.9	7.7	4.5	8.1	7.8
Cash flow before investments and change in working capital	693	615	884	1 307	1 539	2 727
Debt/equity ratio, %	7	9	14	7	14	9

*Excluding items affecting comparability 2019.

- Operating profit for January–June was SEK 1 170 million (January–June 2019: 1 217). Price decreases and production curtailments in paper had a negative impact on profit, which was largely offset by higher profit from paperboard and forest.
- Compared with the first quarter, operating profit decreased by SEK 86 million to SEK 542 million as a result of lower demand for paper caused by COVID-19. Profit for paperboard and wood products increased.
- Profit after tax for January–June amounted to SEK 902 million (954), which corresponds to earnings per share of SEK 5.6 (5.7).
- The Board of Directors proposes a dividend of SEK 3.5 per share for decision at an Extraordinary General Meeting in September.
- In July, Holmen signed an agreement to acquire 100 per cent of the shares in Martinsons for SEK 1.0 billion. Martinsons is one of Sweden's leading players in sawn and processed wood products, with an annual timber consumption equivalent to Holmen's timber harvest in Northern Sweden. The acquisition is subject to approval by the relevant competition authority, which is expected in the fall.



CEO comments

COVID-19 influenced our work in the second quarter. We can conclude that the majority of our operations have managed well and that the Group's operating profit was relatively good at SEK 542 million, with a strong cash flow. We are pleased about the performance within paperboard and that it has been possible to raise the prices for wood products. Meanwhile, the market balance for paper has been challenging.

Demand for forest raw material in Sweden has been somewhat lower than usual because of production curtailments in parts of the industry. Prices were unchanged in the quarter but are under pressure. Second quarter operating profit for Forest, SEK 370 million, was higher than normal because of the sale of forest properties.

The paperboard market was stable in the second quarter and demand in Europe was at the same level as in 2019. Our paperboard sales developed well with a good product mix, at the same time we have increased pulp production and reduced consumption rates as a result of completed investments. Taken together, the result was a strong operating profit for the quarter, SEK 218 million.

Demand for paper dropped sharply in the second quarter as a result of COVID-19. Although our niche products performed slightly better than the market as a whole, we were forced to impose extensive production curtailments in the second quarter. The performance from Paper was therefore very weak, with an operating loss of SEK -60 million. However, profit before depreciation/amortisation was positive. The market situation continues to be challenging and we will continue to curtail production in the third quarter. At the same time we are intensifying our efforts to develop products that make the best use of fresh fibre.

Despite the COVID-19 pandemic, the wood products market was in balance in the second quarter due to good demand in certain countries at the same time that supply was lower than normal. Our operating profit from Wood Products improved somewhat to SEK 19 million as a result of price increases and a good product mix.

The electricity supply in the Nordic countries continued to be high in the second quarter and prices were low. Operating profit for Renewable Energy decreased to SEK 37 million as a result of seasonally lower production and low electricity prices.

In July we signed an agreement to acquire Martinsons, one of Sweden's leading players in sawn and processed wood products, as well as our largest timber customer. Martinsons consists of two well-invested sawmills in northern Sweden with extensive processing of wood products for Scandinavian wood construction, as well as a project business for construction of complete frames made of cross-laminated timber (CLT) and glulam beams for purposes such as offices, sports centres and apartment buildings.

Holmen's financial position is strong, even after the acquisition of Martinsons. We are a company that will pay dividends even in uncertain times, but no decision was made last spring because of the great uncertainty related to COVID-19. Now, a few months later, the uncertainty has declined, but there is still reason for caution. In a carefully considered assessment, the Board has therefore decided to propose a dividend of SEK 3.5 per share instead of the original proposal of SEK 7 per share.

Holmen's business is based on the forest. We refine our forest raw material 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. With the acquisition of Martinsons, we advance our position in sustainable wood construction, while increasing the integration between our own forest and industry.

Forest

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

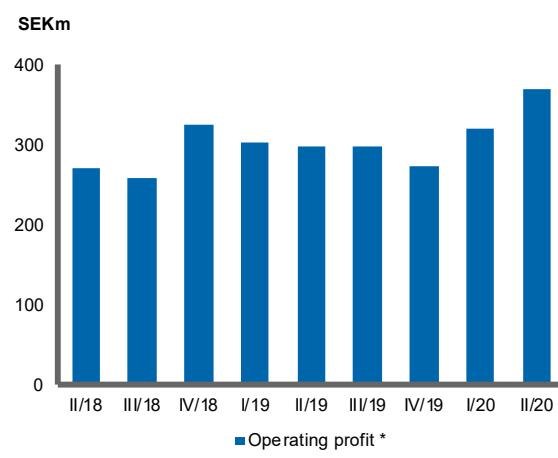
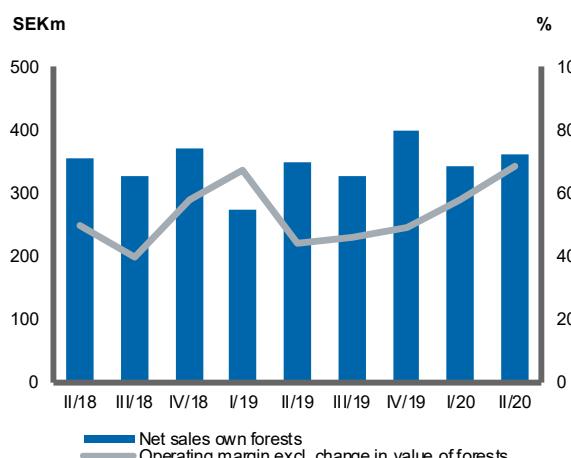
SEKm	Quarter			January-June	Full year
	2-20	1-20	2-19	2020	2019
Net sales	1 432	1 690	1 647	3 121	3 289
<i>of which from own forests</i>	362	343	350	706	623
Operating costs	-1 171	-1 483	-1 482	-2 654	-2 929
Change in value of forests	121	124	143	245	260
EBITDA	382	331	308	713	621
Depreciation and amortisation according to plan	-12	-9	-10	-22	-21
Operating profit*	370	322	298	692	600
Book value, forest assets	41 613	41 475	18 970	41 613	18 970
Volume of own forests, '000 m ³	771	761	688	1 531	1 239

* Excl. item affecting comparability 2019

Demand for logs and pulpwood was lower than normal in the second quarter because of production curtailments in the industry due to COVID-19. However, prices were largely unchanged.

Operating profit for January–June was SEK 692 million (600). A changed accounting policy for forest assets and the sale of forest properties had a positive impact on earnings, but the result was negatively impacted by 5 per cent lower selling prices.

Compared with the first quarter, operating profit increased by SEK 48 million to SEK 370 million as a result of the sale of forest properties.



*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-June	Full year
	2-20	1-20	2-19	2020	2019
Net sales	1 537	1 706	1 573	3 243	3 152
Operating costs	-1 175	-1 403	-1 400	-2 579	-2 719
EBITDA	361	302	174	664	433
Depreciation and amortisation according to plan	-143	-139	-138	-283	-285
Operating profit	218	163	36	381	148
Investments	37	77	113	115	197
Capital employed	5 577	5 715	5 625	5 577	5 625
EBITDA margin, %	24	18	11	20	14
Operating margin, %	14	10	2	12	5
Return on capital employed, %	15	12	2	14	5
Production, paperboard, '000 tonnes	139	135	135	275	266
Deliveries, paperboard, '000 tonnes	135	147	138	282	274

Demand for paperboard was good in the second quarter despite the COVID-19 outbreak and prices were stable.

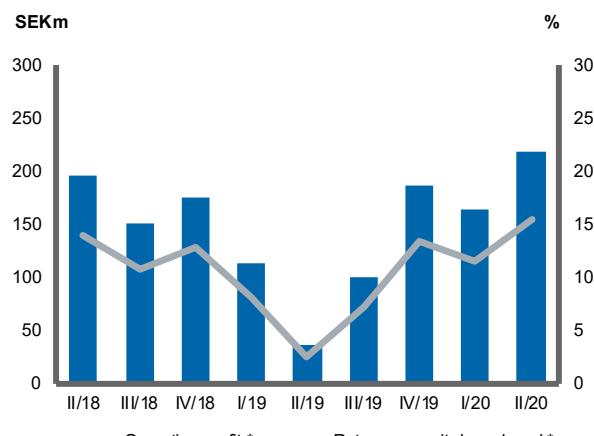
Operating profit for January–June was SEK 381 million (148). The increase in profit was due to lower production costs, higher deliveries and a better product mix. A maintenance shutdown had a negative impact of SEK 80 million on the first half of 2019.

Compared with the first quarter, profit improved by SEK 55 million to SEK 218 million as a result of a good product mix and somewhat lower costs.

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

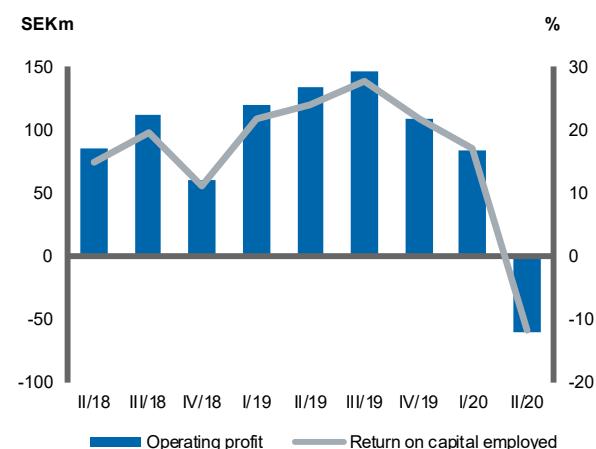
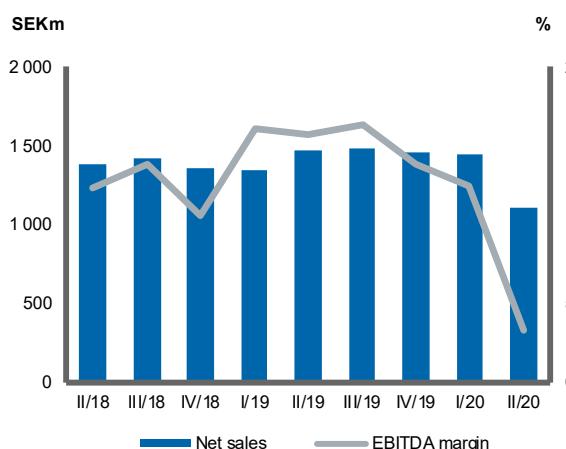
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production at two Swedish mills amounts to a little over 1 million tonnes per year.

SEKm	2-20	Quarter		January–June		Full year 2019
		1-20	2-19	2020	2019	
Net sales	1 107	1 445	1 470	2 552	2 815	5 757
Operating costs	-1 071	-1 264	-1 239	-2 336	-2 368	-4 866
EBITDA	36	180	230	216	447	891
Depreciation and amortisation according to plan	-96	-97	-97	-193	-194	-382
Operating profit	-60	83	133	23	253	509
Investments	97	62	23	159	72	187
Capital employed	1 996	2 036	2 153	1 996	2 153	1 903
EBITDA margin, %	3	12	16	8	16	15
Operating margin, %	-5	6	9	1	9	9
Return on capital employed, %	neg	17	24	2	23	24
Production, '000 tonnes	183	265	231	448	490	975
Deliveries, '000 tonnes	198	257	251	454	481	996

As a result of the COVID-19 pandemic, demand for paper decreased sharply in Europe in the second quarter and was over 30 per cent lower than in the corresponding period in 2019.

Operating profit for January–June was SEK 23 million (253). The decrease in earnings is attributable to lower sales prices and to curtailment of production in response to weak demand in the second quarter.

Compared with the first quarter, profit decreased by SEK 143 million to a loss of SEK -60 million due to over 20 per cent lower deliveries, extensive curtailment of production and SEK 30 million in costs related to a major maintenance shutdown.



Wood Products

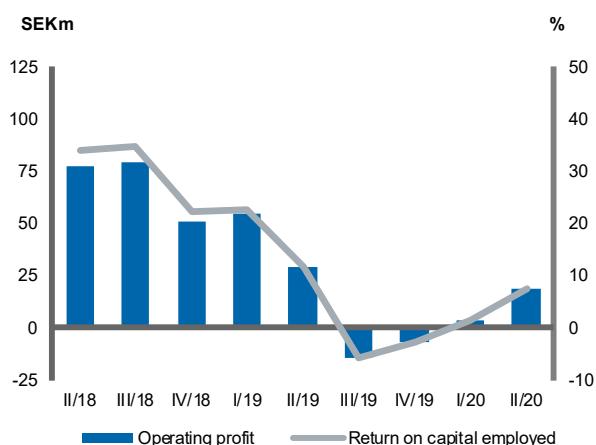
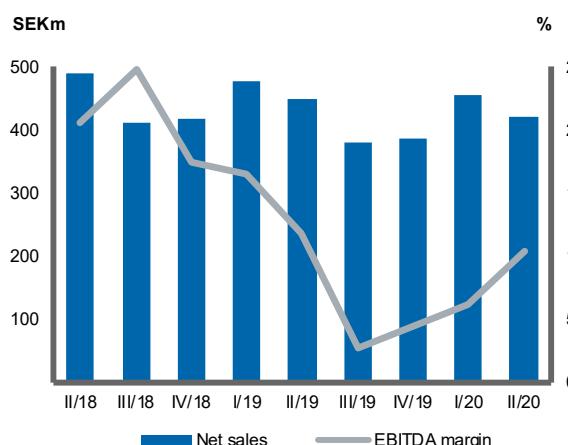
Holmen produces wood products for joinery and construction at three sawmills where by-products are used at the Group's paper and paperboard mills. Annual production volume is almost 1 million m³.

SEKm	2-20	Quarter		January-June		Full year
		1-20	2-19	2020	2019	2019
Net sales	422	455	450	877	928	1 695
Operating costs	-379	-426	-397	-805	-796	-1 535
EBITDA	44	28	53	72	132	159
Depreciation and amortisation according to plan	-25	-25	-25	-50	-49	-97
Operating profit	19	4	29	22	83	62
Investments	26	37	26	64	68	162
Capital employed	1 007	1 020	1 004	1 007	1 004	1 000
EBITDA margin, %	10	6	12	8	14	9
Operating margin, %	4	1	6	3	9	4
Return on capital employed, %	7	1	12	4	17	6
Production, '000 m ³	215	227	217	442	442	877
Deliveries, '000 m ³	224	247	224	471	455	879

Despite the COVID-19 pandemic, the market balance for wood products was good in the second quarter because of robust consumption in certain countries, at the same time that production curtailments limited supply. Market prices increased slightly.

Operating profit for January–June was SEK 22 million (83). The decrease in profit is due to price drops in the fall of 2019, which were partly offset by lower wood costs.

Compared with the first quarter, profit increased by SEK 15 million to SEK 19 million as a result of somewhat higher prices and a good product mix.



Renewable Energy

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

SEKm	2-20	Quarter		January-June		Full year	
		1-20	2-19	2020	2019	2019	2019
Net sales	75	124	78	200	192	378	
Operating costs *	-32	-23	54	-55	42	-16	
Depreciation and amortisation according to plan	-7	-7	-6	-13	-12	-26	
Operating profit **	37	95	126	132	222	336	
Investments	37	14	2	51	4	203	
Capital employed	3 120	3 026	2 991	3 120	2 991	3 058	
Operating margin, % **	49	76	162	66	116	89	
Return on capital employed, % **	5	12	17	9	15	11	
Production hydro and wind power, GWh	318	374	262	692	582	1 109	

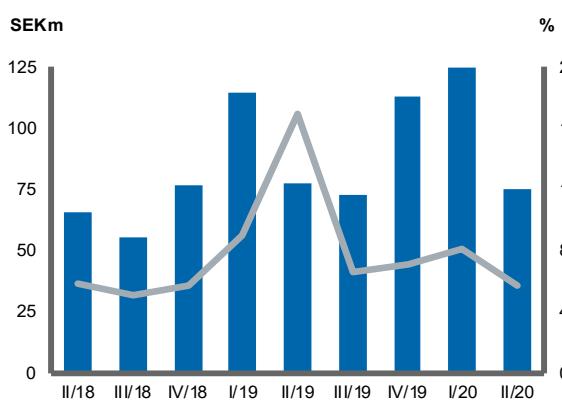
* Includes earnings from the sale of a wind farm permit 2019

** Excl. item affecting comparability 2019

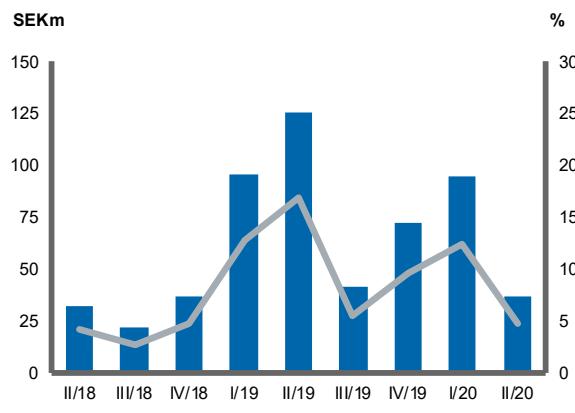
The market price for electricity in the Nordic region continued to be low in the second quarter due to high production of hydro power and lower consumption than normal.

Operating profit for January–June was SEK 132 million (222). 15 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.

Compared with the first quarter, profit decreased by SEK 58 million to SEK 37 million, as a result of lower electricity prices and seasonally lower production.



* Excl. items affecting comparability



* Excl. items affecting comparability

Cash flow, financing and net financial items

Cash flow from operating activities for January–June totalled SEK 1 454 million (1 377) and capital expenditures totalled SEK 360 million (356).

The Group's net financial debt decreased by SEK 798 million to SEK 2 986 million in the first half of the year. Net debt was 7 per cent of equity.

Since the turn of the year the Group's financing has been strengthened by raising SEK 1.3 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 June the Group's long-term borrowing amounted to SEK 3.7 billion and short-term borrowing was SEK 0.4 billion. Cash and cash equivalents were SEK 0.7 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.

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

Net financial items for January–June amounted to SEK -21 million (-17).

Tax

Recognised tax for January–June amounted to SEK -247 million (-246). Recognised tax as a proportion of profit before tax was 21 per cent.

Equity

In January–June, the Group's equity increased by SEK 642 million to SEK 40 753 million. Profit for the period totalled SEK 902 million (954). Other comprehensive income amounted to SEK -263 million (-119).

Hedging of exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for January–June includes currency hedges of SEK -130 million (-240). For the next 2.5 years, expected flows in EUR/SEK are hedged at an average of 10.62. For other currencies, 4 months of flows are hedged.

Prices for the Group's estimated net consumption of electricity are 90 per cent hedged for the remainder of 2020 and 65 per cent hedged for 2021. For the period 2022–2023, prices for the Group's estimated net consumption are hedged at an average of 35 per cent.

Acquisition of Martinsons

On 16 July 2020 Holmen signed an agreement to acquire Martinsons, one of Sweden's leading players in sawn and processed wood products. The purchase price is SEK 1.0 billion for 100 per cent of the shares. The deal is subject to approval from the relevant competition authority, which is expected in the fall. 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 timber 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.

In 2019 Martinsons turnover was SEK 1.8 billion, where SEK 1.1 billion came from sales of sawn and processed wood products, SEK 0.3 billion from major wood construction projects and the remainder from sales of by-products and timber trading. Martinsons' underlying EBITDA totalled SEK 157 million in 2019 and operating profit amounted to SEK 99 million. The acquisition will be funded from existing credit facilities and is expected to positively contribute to earnings per share from the time of takeover, which is expected to occur during the fourth quarter.

AGM 2020

The Annual General Meeting was held on 4 June. The following resolutions were adopted:

- The Board of Directors' proposal to not pay a dividend for the 2019 financial year was adopted.
- The following Board members were re-elected: Fredrik Lundberg, Carl Bennet, Alice Kempe, Lars Josefsson, Lars G Josefsson, Louise Lindh, Ulf Lundahl, Henrik Sjölund and Henriette Zeuchner. Fredrik Lundberg was re-elected Chairman.
- KPMG AB was re-elected as the company's auditors.
- Cancellation of 7 000 000 class B treasury shares that had been repurchased by the company. After cancellation Holmen held 586 639 class B treasury shares.
- Mandate for the Board of Directors to make decisions in respect of acquisitions and transfer of up to 10 per cent of the company's treasury shares.
- New guidelines for remuneration to senior management were adopted.
- The performance condition for the share savings programme from 2019 was adjusted because of the change in recognition of the company's forest assets.

Extraordinary General Meeting

The Board has decided to convene an Extraordinary General Meeting in September to address payment of dividend. The Board proposes a dividend of SEK 3.5 per share.

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

Stockholm, 13 August 2020
Holmen AB (publ)

Fredrik Lundberg
Chairman

Carl Bennet
Board member

Lars G Josefsson
Board member

Lars Josefsson
Board member

Alice Kempe
Board member

Louise Lindh
Board member

Ulf Lundahl
Board member

Henriette Zeuchner
Board member

Henrik Sjölund
Board member
and Cheif Executive
Officer

Steewe Björklundh
Board member ,
employee representative

Kenneth Johansson
Board member ,
employee representative

Tommy Åsenbrygg
Board member ,
employee representative

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

For further information please contact:

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

Group

Income statement. SEKm	Quarter		January-June		Full year
	2-20	1-20	2-19	2020	2019
Net sales	3 853	4 499	4 361	8 352	8 621
Other operating income	353	299	340	652	654
Change in inventories	-75	-97	-152	-172	-78
Raw materials and consumables	-2 048	-2 471	-2 329	-4 519	-4 832
Personnel costs	-604	-597	-609	-1 201	-1 190
Other operating costs	-768	-845	-894	-1 613	-1 644
Profit from investments in associates and joint ventures	1	0	-2	0	0
Depreciation and amortisation according to plan	-291	-285	-283	-575	-574
Impairment losses	-	-	-	-	-109
Change in value of biological assets	121	124	143	245	260
Operating profit	542	628	574	1 170	1 217
Finance income	3	4	3	7	6
Finance costs	-15	-13	-12	-28	-23
Profit before tax	531	618	565	1 149	1 200
Tax	-119	-127	-114	-247	-246
Profit for the period	411	491	451	902	954
Earnings per share. SEK					
basic	2.5	3.0	2.7	5.6	5.7
diluted	2.5	3.0	2.7	5.6	5.7
Operating margin, % *	14.0	14.0	13.2	14.0	14.1
Return on capital employed, % *	5.0	4.2	8.6	5.4	9.2
Return on equity, %	4.1	4.9	7.7	4.5	8.1

* Excl. Items affecting comparability.

Statement of comprehensive income. SEKm	Quarter		January-June		Full year
	2-20	1-20	2-19	2020	2019
Profit for the period	411	491	451	902	954
Other comprehensive income					
Revaluation of forest land	-	-	-	-	13 055
Revaluations of defined benefit pension plans	-60	-28	11	-89	30
Tax attributable to items that will not be reclassified to profit for the period	11	6	-2	17	-6
Items that will not be reclassified to profit for the period	-49	-23	9	-72	25
Cash flow hedging	627	-738	-57	-110	-268
Translation difference on foreign operation	-162	43	-47	-119	70
Hedging of currency risk in foreign operation	23	-5	2	18	-2
Share in joint ventures' other comprehensive income	-	-	-3	-	-1
Tax attributable to items that will be reclassified to profit for the period	-139	159	12	20	58
Items that will be reclassified to profit for the period	349	-540	-93	-191	-143
Total other comprehensive income after tax	300	-563	-84	-263	-119
Total comprehensive income	711	-72	367	639	835

Change in equity, SEKm	January-June	
	2020	2019
Opening equity	40 111	23 453
Profit for the period	902	954
Other comprehensive income	-263	-119
Total comprehensive income	639	835
Share saving program	2	2
Dividend	-	-1134
Closing equity	40 753	23 156

Group

Balance sheet, SEKm	2020 30 June	2020 31 March	2019 31 December
Non-current assets			
Forest assets			
Biological assets	28 253	28 109	27 979
Forest land	13 360	13 367	13 366
Intangible non-current assets	68	68	70
Property, plant and equipment	8 669	8 837	8 906
Right-of-use assets	238	251	183
Investments in associates and joint ventures	1 695	1 620	1 620
Other shares and participating interests	2	2	1
Non-current financial receivables	310	492	452
Deferred tax assets	1	1	1
Total non-current assets	52 596	52 747	52 579
Current assets			
Inventories	3 244	3 439	3 460
Trade receivables	2 117	2 368	2 005
Current tax receivable	2	3	0
Other operating receivables	656	542	799
Current financial receivables	59	19	14
Cash and cash equivalents	718	1 415	483
Total current assets	6 796	7 787	6 761
Total assets	59 391	60 534	59 340
Equity	40 753	40 040	40 111
Non-current liabilities			
Non-current financial liabilities	3 321	2 320	2 018
Non-current liabilities relating to right-of-use assets	233	242	171
Pension provisions	122	70	46
Other provisions	800	623	637
Deferred tax liabilities	10 167	10 112	10 299
Total non-current liabilities	14 643	13 367	13 171
Current liabilities			
Current financial liabilities	391	2 788	2 485
Current liabilities relating to right-of-use assets	8	11	13
Trade payables	2 319	2 332	2 259
Current tax liability	82	77	112
Provisions	144	153	158
Other operating liabilities	1 053	1 765	1 030
Total current liabilities	3 996	7 127	6 058
Total liabilities	18 638	20 493	19 228
Total equity and liabilities	59 391	60 534	59 340
Debt/equity ratio, %	7	9	9
Equity/assets ratio, %	69	66	68
Capital employed	43 739	43 549	43 895
Net financial debt	2 986	3 509	3 784

Group

Cash flow statement, SEKm	2-20	Quarter		January-June		Full year 2019
		1-20	2-19	2020	2019	
Operating activities						
Profit before tax	531	618	565	1 149	1 200	11 081
Adjustments for non-cash items	-	-	-	-	-	-
Depreciation and amortisation according to plan	291	285	283	575	574	1 141
Impairment losses	0	-	-	0	-	109
Change in value of biological assets	-121	-124	-143	-245	-260	-9 566
Other *	-34	11	-6	4	-44	108
Paid income taxes	27	-202	183	-175	69	-147
Cash flow from operating activities before changes in working capital	693	615	884	1 307	1 539	2 727
Cash flow from changes in working capital						
Change in inventories	91	80	87	171	-36	210
Change in trade receivables and other operating receivables	101	-256	-27	-155	-520	-135
Change in trade payables and other operating liabilities	-42	173	170	131	394	83
Cash flow from operating activities	843	611	1 113	1 454	1 377	2 884
Investing activities						
Acquisition of non-current assets	-333	-218	-193	-551	-385	-1 071
Disposal of non-current assets	54	2	10	56	11	21
Change in non-current financial receivables	135	-	18	135	18	36
Cash flow from investing activities	-144	-217	-165	-360	-356	-1 015
Financing activities						
Change in financial liabilities and current financial receivables	-1 391	534	-254	-857	54	898
Buy-back of own shares	-	-	-	-	-	-1 430
Dividends paid to the shareholders of the parent company	-	-	-1 134	-	-1 134	-1 134
Cash flow from financing activities	-1 391	534	-1 388	-857	-1 080	-1 665
Cash flow for the period	-692	928	-439	236	-59	204
Opening cash and cash equivalents	1 415	483	659	483	278	278
Exchange difference in cash and cash equivalents	-5	4	0	-1	2	1
Closing cash and cash equivalents	718	1 415	220	718	220	483

Change in net financial debt, SEKm	2-20	Quarter		January-June		Full year 2019
		1-20	2-19	2020	2019	
Opening net financial debt						
Opening net financial debt	-3 509	-3 784	-2 932	-3 784	-2 807	-2 807
New accounting principles IFRS 16 Leases	-	-	-	-	-205	-205
Cash flow from operating activities	843	611	1 113	1 454	1 377	2 884
Cash flow from investing activities (excl financial receivables)	-279	-217	-183	-496	-374	-1 050
Buy-back of own shares	-	-	-	-	-	-1 430
Dividends paid	-	-	-1 134	-	-1 134	-1 134
Liabilities arising from new right-of-use agreements	-15	-89	-32	-104	-45	-76
Revaluations of defined benefit pension plans	-63	-25	10	-87	28	12
Foreign exchange effects and changes in fair value	36	-5	26	31	29	21
Closing net financial debt	-2 986	-3 509	-3 131	-2 986	-3 131	-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	2-20	Quarter		January-June		Full year
		1-20	2-19	2020	2019	2019
Operating income	3 556	4 128	4 006	7 684	7 884	15 620
Operating costs	-3 569	-3 971	-3 927	-7 540	-7 556	-15 238
Operating profit	- 13	157	80	144	328	382
Net financial items	220	-13	86	207	80	22
Profit after net financial items	208	144	166	351	408	404
Appropriations	737	416	647	1 153	991	1 936
Profit before tax	945	560	813	1 504	1 399	2 340
Tax	-161	-121	-141	-282	-267	-493
Profit for the period	784	439	672	1 223	1 132	1 847

Statement of comprehensive income, SEKm	2-20	Quarter		January-June		Full year
		1-20	2-19	2020	2019	2019
Profit for the period	784	439	672	1 223	1 132	1 847
Other comprehensive income						
Cash flow hedging	630	-740	-55	-110	-266	-34
Tax attributable to other comprehensive income	-135	158	12	24	57	7
Items that will be reclassified to profit for the period	495	-582	-43	-86	-209	-27
Total comprehensive income	1 279	-143	629	1 136	924	1 820

Balance sheet, SEKm	2020 30 June	2019	
		31 March	31 December
Non-current assets	16 449	16 345	16 203
Current assets	5 645	6 552	5 648
Total assets	22 095	22 897	21 852
Restricted equity	5 915	5 915	5 915
Non-restricted equity	5 879	4 600	4 741
Untaxed reserves	1 759	1 826	1 646
Provisions	1 576	1 281	1 454
Liabilities	6 965	9 276	8 096
Total equity and liabilities	22 095	22 897	21 852

Sales to Group companies accounted for SEK 45 million (60) of operating income in January–June.

Balance sheet appropriations include group contributions totalling SEK 1 266 million (1 309).

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 35 million (43).

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 sales by market

January-June 2020	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Scandinavia	1 481	101	302	338	200	2 217
Rest of Europe	-	2 439	1 821	291	-	4 552
Asia	-	644	299	82	-	1 025
Rest of the world	-	59	130	166	-	558
Total Net sales	1 481	3 243	2 552	877	200	8 352

January-June 2019	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Scandinavia	1 534	81	234	357	192	2 201
Rest of Europe	-	2 454	2 143	338	-	4 934
Asia	-	496	323	93	-	912
Rest of the world	-	122	115	141	-	573
Total Net sales	1 534	3 152	2 815	928	192	8 621

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 June	31 December	30 June	31 December
Assets at fair value	251	326	251	326
Assets at acquisition cost	3 158	2 928	3 158	2 928
Liabilities at fair value	169	179	169	179
Liabilities at acquisition cost	5 990	6 730	5 990	6 730

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. Use of performance measures

Holmen uses performance measures to supplement measures defined by IFRS or directly in the income statement and balance sheet in order to clarify the company's financial position and performance.

Earnings measures

Operating profit is the principal measure of earnings that is used to monitor financial performance. This includes all income and costs except for financial items and tax. Depreciation/amortisation of non-current assets is also included. EBITDA (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, 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. 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-June		Full year
		2-20	1-20	2-19	2020	2019
EBITDA		833	912	857	1 745	1 791
Depreciation and amortisation according to plan		-291	-285	-283	-575	-574
Operating profit excl. items affecting comp.		542	628	574	1 170	1 217
Items affecting comparability		-	-	-	-	8 770
Operating profit		542	628	574	1 170	1 217
						11 115

	SEKm	Quarter		January-June		Full year
		2-20	1-20	2-19	2020	2019
Profit after tax		411	491	451	902	954
Items affecting comparability		-	-	-	-	-6 943
Profit after tax excl. items affecting comp.		411	491	451	902	954
						1 789

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 31 March	2019 31 December
		30 June			
Fixed capital*		52 284		52 254	52 125
Working capital**		1 621		1 403	2 067
Deferred tax assets		1		1	1
Deferred tax liabilities		-10 167		-10 112	-10 299
Capital employed		43 739		43 549	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 June	31 March	31 December
Non-current financial liabilities	3 321	2 320	2 018
Non-current liabilities relating to right-of-use assets	233	242	171
Current financial liabilities	391	2 788	2 485
Current liabilities relating to right-of-use assets	8	11	13
Pension provisions	122	70	46
Non-current financial receivables	-310	-492	-452
Current financial receivables	-59	-19	-14
Cash and cash equivalents	-718	-1 415	-483
Net financial debt	2 986	3 509	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 second quarter, while impact on other business areas has been limited. Holmen has not furloughed personnel. For the third 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			Full year		Full year	
	Q2	Q1	Q4	Q3	Q2	Q1	2020	2019	2019	2019
Income statement										
Net sales	3 853	4 499	4 194	4 144	4 361	4 260	8 352	8 621	16 959	
Operating costs	-3 142	-3 710	-3 403	-3 468	-3 644	-3 446	-6 852	-7 090	-23 039	
Change in value of forests	121	124	80	147	143	118	245	260	9 566	
Profit from investments in associates and joint ventures	1	0	0	1	-2	2	0	0	0	
EBITDA	833	912	871	824	857	934	1 745	1 791	3 486	
Depreciation and amortisation according to plan	-291	-285	-283	-283	-283	-291	-575	-574	-1 141	
Operating profit excl. items affecting comparability	542	628	587	541	574	643	1 170	1 217	2 345	
Items affecting comparability *	-	-	8 770	-	-	-	-	-	8 770	
Operating profit	542	628	9 357	541	574	643	1 170	1 217	11 115	
Net financial items	-11	-10	-9	-8	-9	-8	-21	-17	-34	
Profit before tax	531	618	9 348	533	565	635	1 149	1 200	11 081	
Tax	-119	-127	-1 980	-124	-114	-132	-247	-246	-2 351	
Profit for the period	411	491	7 368	409	451	503	902	954	8 731	
Earnings per share, SEK	2.5	3.0	45.5	2.5	2.7	3.0	5.6	5.7	52.6	
Net sales**										
Forest	1 432	1 690	1 578	1 418	1 647	1 642	3 121	3 289	6 286	
Paperboard	1 537	1 706	1 490	1 588	1 573	1 578	3 243	3 152	6 229	
Paper	1 107	1 445	1 455	1 486	1 470	1 345	2 552	2 815	5 757	
Wood Products	422	455	385	381	450	478	877	928	1 695	
Renewable Energy	75	124	113	73	78	114	200	192	378	
Elimination of intra-group net sales	-720	-920	-828	-801	-858	-898	-1 641	-1 756	-3 385	
Group	3 853	4 499	4 194	4 144	4 361	4 260	8 352	8 621	16 959	
EBITDA by business area **										
Forest	382	331	288	308	308	313	713	621	1 217	
Paperboard	361	302	325	238	174	259	664	433	996	
Paper	36	180	202	243	230	216	216	447	891	
Wood Products	44	28	17	10	53	79	72	132	159	
Renewable Energy	43	102	80	48	132	102	145	234	362	
Group-wide	-33	-32	-41	-24	-40	-35	-65	-75	-140	
Group	833	912	871	824	857	934	1 745	1 791	3 486	
Operating profit/loss by business area **										
Forest	370	322	274	298	298	302	692	600	1 172	
Paperboard	218	163	187	99	36	112	381	148	435	
Paper	-60	83	110	147	133	119	23	253	509	
Wood Products	19	4	-7	-14	29	54	22	83	62	
Renewable Energy	37	95	72	42	126	96	132	222	336	
Group-wide	-41	-39	-49	-30	-47	-42	-80	-89	-168	
Group	542	628	587	541	574	643	1 170	1 217	2 345	
Operating margin, % **										
Paperboard	14.2	9.6	12.6	6.3	2.3	7.1	11.8	4.7	7.0	
Paper	-5.4	5.8	7.5	9.9	9.1	8.9	0.9	9.0	8.8	
Wood Products	4.4	0.8	-1.9	-3.7	6.4	11.4	2.6	9.0	3.7	
Group	14.1	14.0	14.0	13.0	13.2	15.1	14.0	14.1	13.8	
Return on capital employed, % **										
Forest	4.5	3.9	7.3	7.9	7.9	8.1	4.2	8.0	7.8	
Paperboard	15.4	11.6	13.4	7.1	2.5	8.1	13.5	5.3	7.8	
Paper	neg	16.9	21.9	27.6	23.9	21.8	2.3	22.8	23.8	
Wood Products	7.4	1.4	neg	neg	11.6	22.7	4.4	17.1	6.3	
Renewable Energy	4.8	12.5	9.6	5.6	16.9	12.7	8.6	14.8	11.2	
Group	5.0	5.7	9.0	8.3	8.6	9.7	5.4	9.2	8.9	
Key indicators										
Return on equity, % **	4.1	4.9	7.6	7.2	7.7	8.5	4.5	8.1	7.8	
Deliveries										
Volume of own forests, '000 m ³	771	761	821	654	688	551	1 531	1 239	2 714	
Paperboard, '000 tonnes	135	147	125	139	138	136	282	274	538	
Paper, '000 tonnes	198	257	259	256	251	230	454	481	996	
Wood products, '000 m ³	224	247	214	209	224	232	471	455	879	
Own production of hydro and windpower, GWh	318	374	280	247	263	319	692	582	1 109	
Personal										
Average number of employees (FTE)							2 792	2 885	2 915	

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	2 714	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 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	-	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 business concept is to own and add value to the forest. The forest holdings form the basis of the business – an ecocycle in which the raw material grows and is refined into everything from wood for climate-smart building to renewable packaging, magazines and books. The forest is managed to provide a good annual return and stable value growth while our production operations are run with a focus on profitability and greater value added.

Press and analyst conference

On the publication of the interim report, a webcast press and analyst conference will be held at 14.30 CET on Thursday 13 August. 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 52 (within Sweden)
+44 3 333 009 274 (from the rest of Europe)
+1 833 526 83 97 (from the US)

Financial reports

21 October 2020	Interim report January–September 2020
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 and the Swedish Securities Market Act (2007:528). The information was submitted for publication, through the agency of the contact person set out above, at 12.30 CEST on Thursday, 13 August 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.