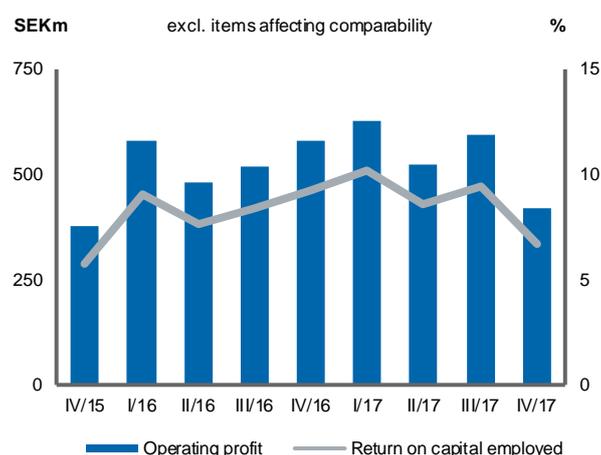
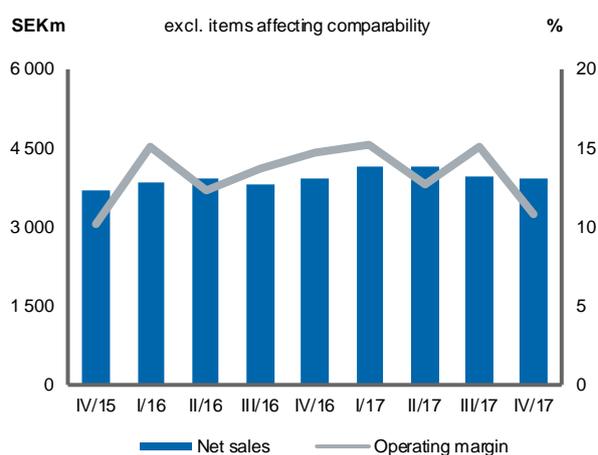


Holmen's year-end report 2017

SEKm	Quarter			Full Year	
	4-17	3-17	4-16	2017	2016
Net sales	3 908	3 947	3 937	16 133	15 513
Operating profit excl. items affecting comparability	421	593	579	2 166	2 162
Operating profit	421	593	579	2 166	1 930
Profit after tax	332	456	442	1 668	1 424
Earnings per share, SEK	4.0	5.4	5.3	19.9	16.9
Operating margin, % *	10.8	15.0	14.7	13.4	13.9
Return on capital employed, % *	6.7	9.4	9.3	8.7	8.6
Return on equity, %	6.1	8.5	8.5	7.8	6.9
Cash flow before investments and working capital	588	498	527	2 310	2 320
Debt/equity ratio	0.13	0.17	0.19	0.13	0.19

*Excluding items affecting comparability of SEK -232 million in 2016. See also page 15.

- Operating profit for 2017 amounted to SEK 2 166 million (2016: SEK 2 162 million excluding items affecting comparability). Deliveries of paperboard, paper and wood products increased and the sales mix improved, but this was offset by higher costs for input goods and shipping, as well as significant maintenance shutdowns.
- Compared with the third quarter, operating profit decreased by SEK 172 million to SEK 421 million, mainly as a result of costs and production losses from a maintenance shutdown at Iggesund Mill.
- Profit after tax for 2017 was SEK 1 668 million (1 424), which corresponds to earnings per share of SEK 19.9 (16.9).
- Return on capital employed was 8.7 (8.6) per cent.
- Cash flow for 2017 was strong and covered the dividend of SEK 1 008 million, and reduced net debt by SEK 889 million.
- The Board proposes a dividend of 13 (12) per share. The Board also proposes a share split of 2:1, whereby each share is divided into two shares.



Forest

Holmen carries out active and sustainable forestry on over a million hectares of its own productive forest land. The annual harvest amounts to 3 million cubic metres.

SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Net sales	1 391	1 286	1 387	5 535	5 302
<i>of which from own forests</i>	331	307	318	1 275	1 278
Operating costs	-1 224	-1 162	-1 178	-4 852	-4 586
Depreciation and amortisation according to plan	-9	-7	-8	-30	-29
Earnings before change in value of forests	158	117	201	654	686
Change in value of forests	100	150	72	415	315
Operating profit	258	267	273	1 069	1 001
Investments	21	5	5	49	30
Capital employed	13 824	13 823	13 536	13 824	13 536
Return on capital employed, %	7.5	7.8	8.1	7.8	7.4
Cash flow yield, % *	3.6	2.7	4.6	3.7	4.0
Harvesting own forests, '000 m ³	734	697	729	2 904	2 986

* Profit before changes in value in relation to book value of biological assets (before tax).

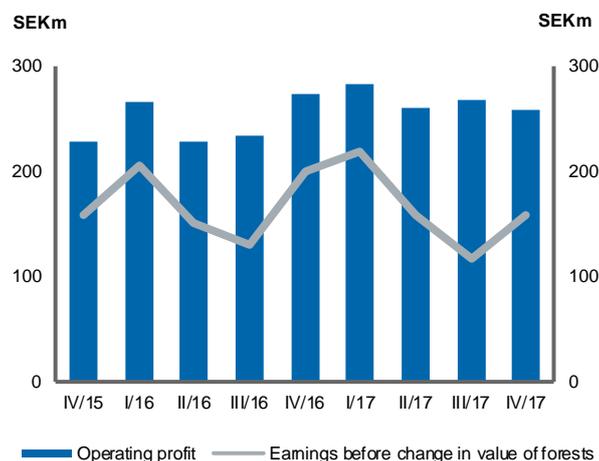
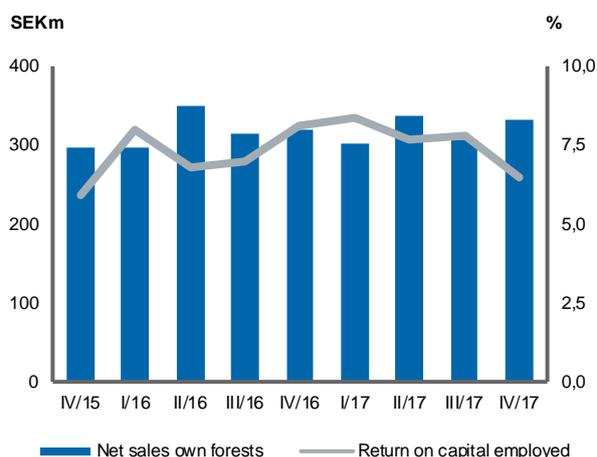
Demand for logs and pulpwood was high during the year and prices increased.

Profit for 2017 before changes in value was SEK 654 million (686). Earnings were positively affected by higher selling prices and reduced costs, but income from property sales was lower. Operating profit, which includes a change in value of SEK 415 million, totalled SEK 1 069 million (1 001).

Compared with the third quarter, operating profit decreased by SEK 9 million to SEK 258 million.

Profit for 2017, before changes in value, in relation to the book value of company forests corresponds to a yield of 3.7 per cent.

In January 2018, forest properties in north-west Jämtland were sold for SEK 100 million. The sale will have a positive effect on earnings for the first quarter of 2018 by just over SEK 70 million. The properties sold comprise 4 400 hectares of productive forest land, 2 000 hectares of which are actively managed.



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 500 000 tonnes per year.

SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Net sales	1 354	1 361	1 296	5 526	5 252
Operating costs	-1 129	-1 008	-948	-4 270	-3 870
EBITDA	226	352	348	1 257	1 382
Depreciation and amortisation according to plan	-120	-123	-116	-492	-479
Operating profit	106	229	232	764	903
Investments	173	34	48	375	413
Capital employed	5 433	5 440	5 546	5 433	5 546
EBITDA margin, %	17	26	27	23	26
Operating margin, %	8	17	18	14	17
Return on capital employed, %	8	17	17	14	16
Production, paperboard, '000 tonnes	129	137	132	530	503
Deliveries, paperboard, '000 tonnes	129	133	120	526	497

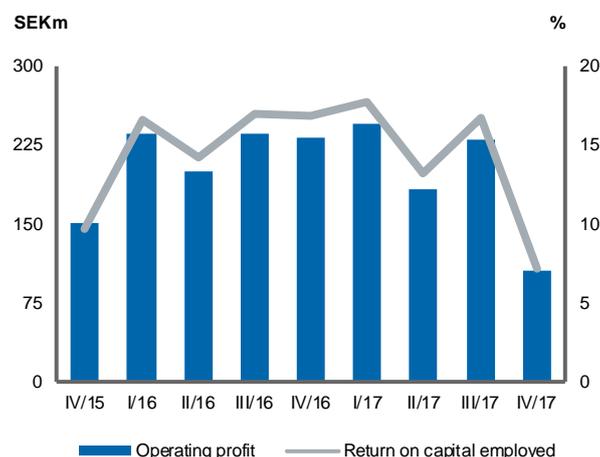
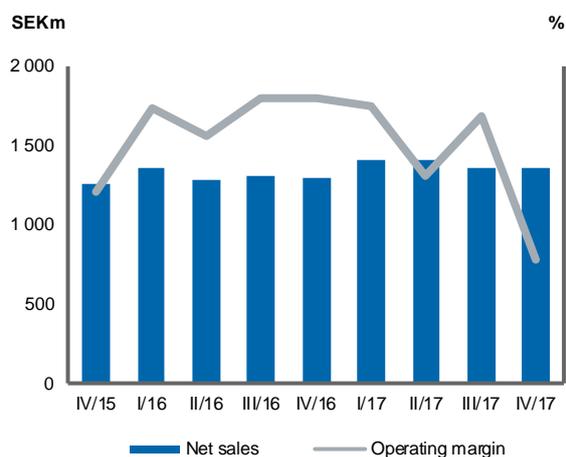
Paperboard demand in Europe increased by around 3 per cent in 2017 compared with 2016. Prices were unchanged in the fourth quarter.

Holmen's paperboard deliveries for 2017 increased by 6 per cent to 526 000 tonnes, despite maintenance shutdowns corresponding to just under 20 000 tonnes.

Operating profit for 2017 was SEK 764 million (903). Profit for 2017 was impacted by SEK 220 million from production losses and increased costs from two significant maintenance shutdowns. Higher production and deliveries had a positive income effect but were offset by higher costs for shipping and input goods.

Compared with the previous quarter, operating profit decreased by SEK 123 million to SEK 106 million. A significant maintenance shutdown had an impact on earnings of SEK 170 million, which was higher than previously assessed as a result of production disruptions during start-up and significant maintenance work. During the quarter, additional income of SEK 40 million was received for the production of renewable energy in the UK.

A maintenance shutdown is planned for the third quarter of 2018 at Iggesund Mill, with an expected earnings impact of around SEK 50 million.



Paper

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

SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Net sales	1 376	1 387	1 265	5 408	5 431
Operating costs	-1 238	-1 231	-1 095	-4 781	-4 761
EBITDA	138	156	169	627	669
Depreciation and amortisation according to plan	-83	-86	-92	-339	-380
Operating profit*	55	69	77	288	289
Investments	59	42	60	141	259
Capital employed	2 193	2 308	2 507	2 193	2 507
EBITDA margin, %*	10	11	13	12	12
Operating margin, %*	4	5	6	5	5
Return on capital employed, % *	10	12	12	12	10
Production, '000 tonnes	279	261	275	1 088	1 176
Deliveries, '000 tonnes	282	287	260	1 117	1 134

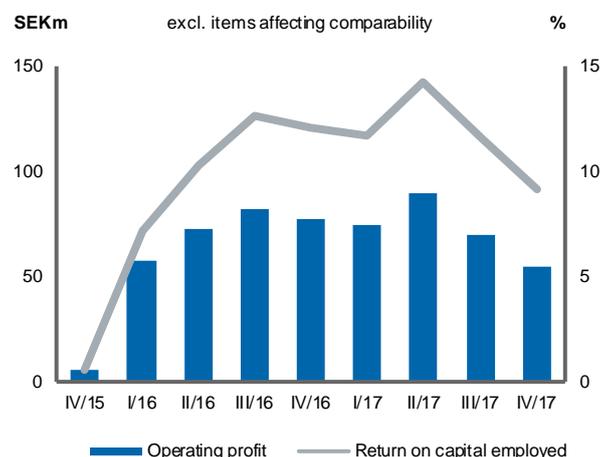
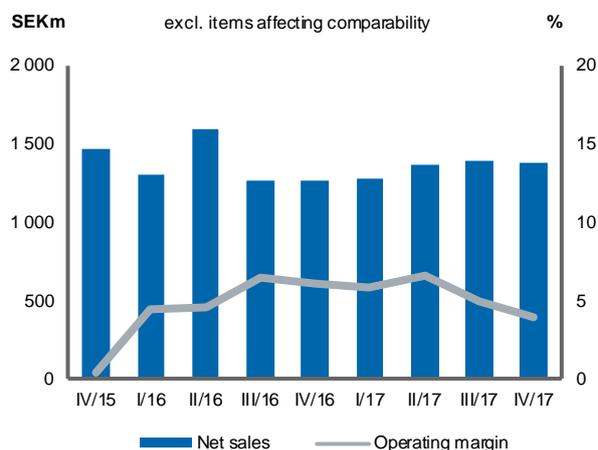
* Excluding items affecting comparability in 2016. See also page 15.

Demand for printing paper in Europe in 2017 decreased by around 4 per cent compared with 2016. Despite reduced demand for paper, the market balance is good as a result of production capacity shutdowns. Prices were largely unchanged in the quarter.

Holmen's deliveries for 2017 amounted to 1 117 000 tonnes, which is 6 per cent higher than the previous year, adjusted for the sale of the Spanish newsprint mill and the effects of a fire in 2016. The increase occurred in magazine and book papers, which now account for slightly more than 85 per cent of deliveries.

Operating profit for 2017 was SEK 288 million (2016: SEK 289 million excluding items affecting comparability). Higher deliveries had a positive effect on earnings but this was offset by increased wood costs.

Compared with the third quarter, earnings decreased by SEK 14 million to SEK 55 million as a result of seasonally higher costs.



Wood products

Holmen produces wood products for use in joinery and construction at three sawmills, whose by-products are used at the Group's paper and paperboard mills. Annual production volume is just over 800 000 cubic metres.

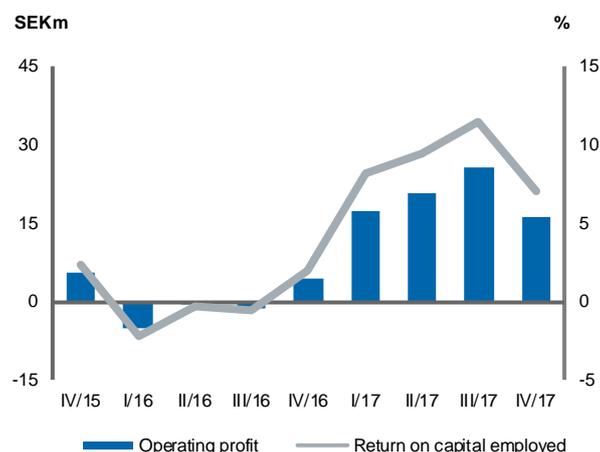
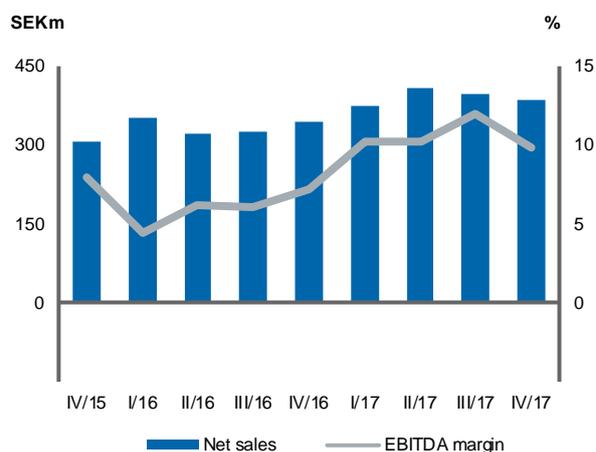
SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Net sales	385	397	344	1 562	1 342
Operating costs	-347	-349	-319	-1 397	-1 262
EBITDA	38	48	25	165	80
Depreciation and amortisation according to plan	-22	-22	-20	-86	-82
Operating profit	16	26	4	80	-3
Investments	30	15	22	100	52
Capital employed	862	891	859	862	859
EBITDA margin, %	10	12	7	11	6
Operating margin, %	4	6	1	5	0
Return on capital employed, %	7	11	2	9	neg
Production, '000 m ³	214	202	214	827	776
Deliveries, '000 m ³	206	215	196	852	776

Market conditions for wood products in Europe were good in the fourth quarter and selling prices increased slightly.

Holmen's deliveries of wood products for the year totalled 852 000 cubic metres, which was 10 per cent higher than the previous year as a result of better production, stronger demand and the acquisition of Linghem Sawmill.

Operating profit for 2017 amounted to SEK 80 million (-3). The improvement in earnings was due to higher prices and increased deliveries.

Compared with the third quarter, operating profit decreased by SEK 10 million to SEK 16 million as a result of high maintenance costs. Selling prices rose but the effect was offset by increased wood costs.



Renewable energy

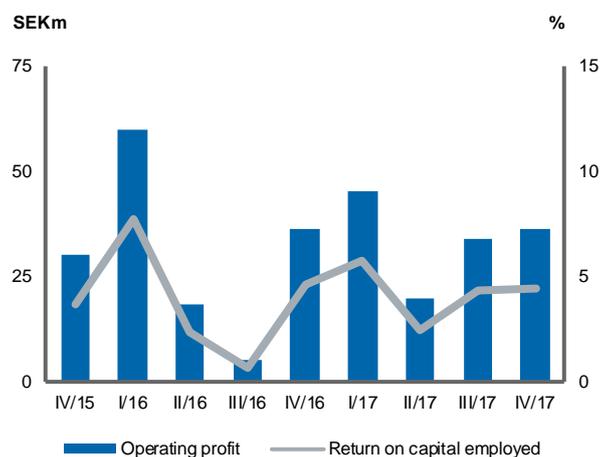
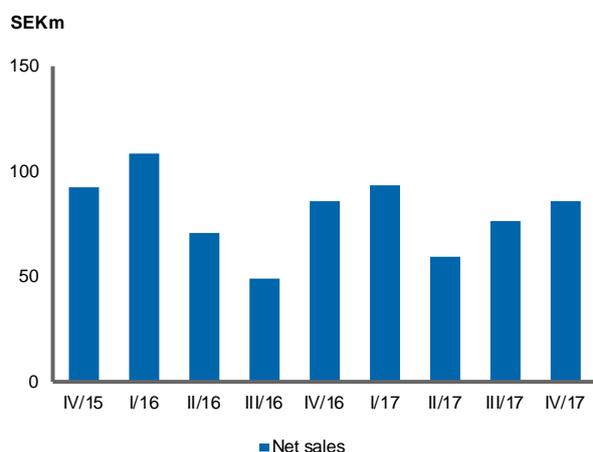
In a normal year Holmen produces over 1.2 TWh of renewable hydro and wind power.

SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Net sales	86	76	86	315	314
Operating costs	-43	-37	-43	-157	-172
Depreciation and amortisation according to plan	-6	-6	-6	-24	-23
Operating profit	36	34	36	135	120
Investments	10	1	15	26	23
Capital employed	3 115	3 132	3 153	3 115	3 153
Operating margin, %	42	45	42	43	38
Return on capital employed, %	5	4	5	4	4
Production hydro and wind power, GWh	318	285	270	1 169	1 080

Operating profit for 2017 amounted to SEK 135 million (120). Reduced property tax had a SEK 20 million positive effect on earnings. Production was higher than in 2016 but 5 per cent lower than in a normal year.

Compared with the third quarter, operating profit increased by SEK 2 million to SEK 36 million. Production was lower than normal for the season.

The levels in Holmen's water storage reservoirs were normal at the end of the year.



Cash flow, financing and net financial items

Cash flow from operating activities totalled SEK 2 509 million in 2017. Cash flow from investing activities was SEK -644 million. A dividend of SEK 1 008 million was paid in the second quarter.

The Group's net financial debt decreased by SEK 1 009 million to SEK 2 936 million in 2017. At 31 December, the debt/equity ratio was 0.13. Financial liabilities including pension provisions totalled SEK 3 366 million, SEK 2 775 million of which were current liabilities. Cash, cash equivalents and financial receivables totalled SEK 430 million. The Group has unused contractually agreed credit facilities of SEK 3 936 million, maturing in 2020–2021.

Net financial items for 2017 totalled SEK -53 million (-71).

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

Tax

Recognised tax for 2017 was SEK -445 million (-436). Recognised tax as a proportion of profit before tax was 21 per cent (23).

Holmen has requested an advance ruling on the entitlement to group relief in the parent company for tax losses that have arisen in the Group's Spanish operations. The Swedish tax authority has opposed the entitlement to group relief. The Supreme Administrative Court, which is judging the case, is obtaining an interpretation from the Court of Justice of the European Union in order to determine the issue. A positive decision could result in the Group's tax expense decreasing by approximately SEK 400 million. No deferred tax asset has been recognised.

Holmen has appealed against the property tax rate on hydro power assets for the 2011–2016 tax years as the higher tax rate that applied for these assets compared with other types of energy assets could constitute state aid. If the appeals are upheld, it is estimated that SEK 300 million in property tax will be repaid. No deferred tax asset has been recognised.

Equity

The Group's equity increased by SEK 792 million in 2017 to SEK 22 035 million. Profit for the period totalled SEK 1 668 million and the dividend paid was SEK 1 008 million. Other comprehensive income amounted to SEK 119 million.

Hedging exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for 2017 includes currency hedges of SEK -90 million (-73). The fair value of currency hedges not yet recognised as income amounted to SEK -135 million at 31 December.

Currency had a negative SEK 50 million impact on Group earnings in 2017 compared with 2016. For just over the next two years, 90 per cent of expected flows in EUR/SEK are hedged at an average of 9.67. For EUR/GBP, 90 per cent of one year's expected flows are hedged at 0.89. For other currencies, 4 months of flows are hedged.

Prices for the Group's estimated net consumption of electricity in Sweden are 80–90 per cent hedged for 2018–2020 and 65 per cent for 2021.

Personnel

The average number of employees (full-time equivalents) in the Group was 2 976 (2 989).

Dividend

The Board proposes that the AGM to be held on 10 April 2018 approve a dividend of SEK 13 (12) per share, corresponding to 5.0 per cent of equity. The dividend proposal is based on an appraisal of the Group's profitability, future investment plans and financial position. The proposed record date for the dividend is 12 April 2018.

Share split

In order to make it easier for the shares to be traded on Nasdaq Stockholm, the Board proposes that the 2018 AGM approve a share split, involving each share, regardless of series, being divided into two shares (split 2:1) of the same series. The proposed record date for the division of the shares is 2 May 2018.

Share buy-backs

At the 2017 AGM, the Board's authorisation to purchase up to 10 per cent of the company's shares was renewed. No buy-backs took place during the period. The company owns 0.9 per cent of all shares outstanding. The Board proposes that the 2018 AGM approve corresponding authorisation for the Board.

Nomination committee proposals to the AGM

For the 2018 AGM, Holmen's nomination committee proposes the re-election of the current board members: Fredrik Lundberg (who is also proposed for re-election as Chairman of the Board), Carl Bennet, Lars Josefsson, Lars G Josefsson, Carl Kempe, Louise Lindh, Ulf Lundahl, Henrik Sjölund and Henriette Zeuchner.

The nomination committee's other proposals will be presented in the notice for Holmen's 2018 AGM, which will be held in Stockholm on 10 April at 15.00 CET.

Prior to the 2018 AGM, Holmen's nomination committee is made up of Mats Guldbrand, L E Lundbergföretagen, Alice Kempe, the Kempe Foundations, Hans Hedström, Carnegie funds and Fredrik Lundberg, Chairman. The chairman of the nomination committee is Mats Guldbrand.

Material risks and uncertainties

The Group and the parent company's material risks and uncertainties relate primarily to changes in demand and the prices of its products, the cost of key input goods, and changes in exchange rates. For a more detailed description of material risks and uncertainties see Holmen's annual report for 2016, pages 36–39 and note 26.

Transactions with related parties

There were no transactions between Holmen and related parties that had a significant effect on the company's financial position and performance.

Accounting policies

This report has been prepared in accordance with the Swedish Annual Accounts Act and Securities Market Act, and, for the Group, in accordance with IAS 34 Interim Financial Reporting. The parent company and the Group's accounting policies are unchanged from the latest published annual report. The figures in tables are rounded off. The new accounting standards IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', which come into effect from 1 January 2018, are not assessed to have any material impact on the Group's financial statements.

Stockholm, 30 January 2018
Holmen AB (publ)

Henrik Sjölund
President and CEO

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, Director of Sustainability and Communication, tel. +46 73 986 51 12

Group

Income statement, SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Net sales	3 908	3 947	3 937	16 133	15 513
Other operating income	327	259	354	1 136	1 559
Change in inventories	-23	-82	169	-128	203
Raw materials and consumables	-2 134	-2 158	-2 379	-8 945	-8 801
Personnel costs	-598	-517	-574	-2 252	-2 268
Other operating costs	-914	-752	-747	-3 189	-3 432
Profit from investments in associates and joint ventures	1	-5	-6	-12	-18
Depreciation and amortisation according to plan	-246	-249	-249	-991	-1 018
Impairment losses	-	-	-	-	-122
Change in value of biological assets	100	150	72	415	315
Operating profit	421	593	579	2 166	1 930
Finance income	0	0	0	2	13
Finance costs	-14	-13	-15	-55	-84
Profit before tax	407	580	564	2 113	1 859
Tax	-75	-124	-122	-445	-436
Profit for the period	332	456	442	1 668	1 424
Earnings per share, SEK	4.0	5.4	5.3	19.9	16.9
Operating margin, % *	10.8	15.0	14.7	13.4	13.9
Return on capital employed, % *	6.7	9.4	9.3	8.7	8.6
Return on equity, %	6.1	8.5	8.5	7.8	6.9

* Excl. items affecting comparability.

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Profit for the period	332	456	442	1 668	1 424
Other comprehensive income					
Revaluations of defined benefit pension plans	53	11	79	121	-159
Tax attributable to items that will not be reclassified to profit for the period	-12	-2	-14	-24	29
Items that will not be reclassified to profit for the period	42	9	65	97	-130
Cash flow hedging	-68	94	252	31	190
Translation difference on foreign operation	70	-5	-11	36	-165
Hedging of currency risk in foreign operation	-38	0	9	-49	1
Tax attributable to items that will be reclassified to profit for the period	22	-21	-57	3	-52
Items that will be reclassified to profit for the period	-14	68	194	21	-26
Total other comprehensive income after tax	28	77	259	119	-157
Total comprehensive income	360	533	701	1 786	1 267

Change in equity, SEKm	Full year	
	2017	2016
Opening equity	21 243	20 853
Profit for the period	1 668	1 424
Other comprehensive income	119	-157
Total comprehensive income	1 786	1 267
Dividends paid	-1 008	-882
Share saving program	13	5
Closing equity	22 035	21 243

Share structure	Votes	No. of shares	No. of votes	Quotient value	SEKm
B share	1	62 132 928	62 132 928	50	3 106.6
Total number of shares		84 756 162	288 365 268		4 237.8
Holding of own B shares bought back		-760 000	-760 000		
Total number of shares issued		83 996 162	287 605 268		

Group

Balance sheet, SEKm	2017		2016	
	31 December	30 September	31 December	31 December
Non-current assets				
Intangible non-current assets	90	87	87	87
Property, plant and equipment	9 078	8 987	9 387	9 387
Biological assets	17 831	17 744	17 448	17 448
Investments in associates and joint ventures	1 749	1 756	1 773	1 773
Other shares and participating interests	2	2	2	2
Non-current financial receivables	42	40	39	39
Deferred tax assets	1	1	4	4
Total non-current assets	28 793	28 617	28 740	28 740
Current assets				
Inventories	2 905	2 853	2 981	2 981
Trade receivables	2 089	2 310	2 174	2 174
Current tax receivable	36	151	132	132
Other operating receivables	658	643	564	564
Current financial receivables	32	40	89	89
Cash and cash equivalents	356	376	210	210
Asset held for sale	23	-	-	-
Total current assets	6 098	6 373	6 151	6 151
Total assets	34 891	34 991	34 891	34 891
Equity	22 035	21 669	21 243	21 243
Non-current liabilities				
Non-current financial liabilities	552	557	882	882
Pension provisions	39	111	201	201
Other provisions	662	686	673	673
Deferred tax liabilities	5 650	5 647	5 613	5 613
Total non-current liabilities	6 903	7 001	7 368	7 368
Current liabilities				
Current financial liabilities	2 775	3 374	3 200	3 200
Trade payables	1 957	1 847	1 766	1 766
Current tax liability	21	26	6	6
Provisions	144	177	228	228
Other operating liabilities	1 056	897	1 079	1 079
Total current liabilities	5 952	6 321	6 279	6 279
Total liabilities	12 856	13 322	13 648	13 648
Total equity and liabilities	34 891	34 991	34 891	34 891
Debt/equity ratio, times	0.13	0.17	0.19	0.19
Equity/assets ratio, %	63	62	61	61
Net financial debt	24 972	25 255	25 190	25 190
	2 936	3 585	3 945	3 945

Financial instruments, SEKm	Carrying amount		Fair value	
	2017 31 December	2016 31 December	2017 31 December	2016 31 December
Assets at fair value	200	213	200	213
Assets at acquisition cost	2 498	2 459	2 498	2 459
Liabilities at fair value	351	385	351	385
Liabilities at acquisition cost	5 234	5 721	5 234	5 721

Holmen measures financial instruments at fair value or acquisition cost in the balance sheet depending on classification. In addition to items in net financial debt, with the exception of the pension liability, financial instruments cover trade receivables and trade payables. Financial instruments measured at fair value in the balance sheet belong to measurement level 2 pursuant to IFRS 13.

Group

Cash flow statement, SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Operating activities					
Profit before tax	407	580	564	2 113	1 859
Adjustments for non-cash items *	135	70	92	418	965
Paid income taxes	46	-152	-129	-221	-504
Cash flow from operating activities before changes in working capital	588	498	527	2 310	2 320
Cash flow from changes in working capital					
Change in inventories	-47	72	-167	73	-62
Change in trade receivables and other operating receivables	223	-13	16	22	-189
Change in trade payables and other operating liabilities	129	-79	-79	104	-109
Cash flow from operating activities	893	478	297	2 509	1 961
Investing activities					
Acquisition of non-current assets	-297	-100	-150	-702	-785
Disposal of non-current assets	14	4	154	58	662
Cash flow from investing activities	-283	-96	3	-644	-123
Financing activities					
Change in financial liabilities and current financial receivables	-632	-95	-282	-710	-966
Dividends paid to the shareholders of the parent company	-	-	-	-1 008	-882
Cash flow from financing activities	-632	-95	-282	-1 718	-1 848
Cash flow for the period	-21	287	19	147	-10
Opening cash and cash equivalents	376	91	193	210	221
Exchange difference in cash and cash equivalents	1	-1	-2	-1	-1
Closing cash and cash equivalents	356	376	210	356	210

Change in net financial debt, SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Opening net financial debt	-3 585	-3 991	-4 320	-3 945	-4 799
Cash flow from operating activities	893	478	297	2 509	1 961
Cash flow from investing activities (excl financial receivables)	-283	-96	3	-644	-123
Dividends paid	-	-	-	-1 008	-882
Revaluations of defined benefit pension plans	54	11	80	120	-158
Foreign exchange effects and changes in fair value	-15	13	-7	32	56
Closing net financial debt	-2 936	-3 585	-3 945	-2 936	-3 945

* The adjustments consist primarily of depreciation according to plan, impairment losses, change in value of biological assets, change in provisions, interests in earnings of associated companies, currency effects and revaluations of financial instruments as well as capital gains/losses on sale of fixed assets.

Parent company

Income statement, SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Operating income	3 617	3 644	3 703	14 910	14 616
Operating costs	-3 575	-3 409	-4 183	-14 069	-14 281
Operating profit	42	233	- 480	841	335
Net financial items	301	-17	1 075	416	759
Profit after net financial items	343	216	595	1 257	1 094
Appropriations	141	350	115	787	404
Profit before tax	483	566	710	2 044	1 499
Tax	-30	13	-60	-197	-301
Profit for the period	454	579	650	1 847	1 197

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Profit for the period	454	579	650	1 847	1 197
Other comprehensive income					
Cash flow hedging	-63	98	238	38	211
Tax attributable to other comprehensive income	14	-22	-52	-8	-46
Items that will be reclassified to profit for the period	-49	76	185	29	164
Total comprehensive income	405	656	835	1 876	1 362

Balance sheet, SEKm	2017	2017	2017
	31 December	30 September	31 December
Non-current assets	16 658	17 486	17 653
Current assets	4 888	5 177	4 950
Total assets	21 545	22 663	22 602
Restricted equity	5 915	5 915	5 915
Non-restricted equity	5 803	5 392	4 921
Untaxed reserves	2 032	2 123	2 290
Provisions	1 392	1 424	1 503
Liabilities	6 403	7 809	7 974
Total equity and liabilities	21 545	22 663	22 602

SEK 115 million (99) of operating income for 2017, relates to sales to Group companies.

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 32 million (29).

Balance sheet appropriations include group contributions of SEK 530 million (700).

Group

Quarterly figures, SEKm	2017				2016				Full year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2017	2016
Income statement										
Net sales	3 908	3 947	4 148	4 131	3 937	3 810	3 937	3 828	16 133	15 513
Operating costs	-3 342	-3 250	-3 472	-3 315	-3 176	-3 139	-3 275	-3 036	-13 379	-12 626
Profit from investments in associates and joint ventures	1	-5	-3	-6	-6	-7	-5	-5	-12	-22
Earnings before depreciation and change in value	567	692	672	810	756	665	658	787	2 742	2 865
Depreciation and amortisation according to plan	-246	-249	-249	-247	-249	-247	-252	-269	-991	-1 018
Change in value of forests	100	150	102	64	72	103	77	62	415	315
Operating profit excl. items affecting comparability	421	593	525	627	579	520	483	580	2 166	2 162
Items affecting comparability *	-	-	-	-	-	-	-	-232	-	-232
Operating profit	421	593	525	627	579	520	483	348	2 166	1 930
Net financial items	-15	-13	-12	-14	-15	-14	-28	-15	-53	-71
Profit before tax	407	580	513	613	564	507	455	333	2 113	1 859
Tax	-75	-124	-119	-127	-122	-112	-91	-111	-445	-436
Profit for the period	332	456	394	485	442	395	364	222	1 668	1 424
Earnings per share, SEK	4.0	5.4	4.7	5.8	5.3	4.7	4.3	2.6	19.9	16.9
Net sales										
Forest	1 391	1 286	1 407	1 451	1 387	1 192	1 355	1 368	5 535	5 302
Paperboard	1 354	1 361	1 408	1 403	1 296	1 308	1 285	1 364	5 526	5 252
Paper	1 376	1 387	1 369	1 277	1 265	1 266	1 592	1 308	5 408	5 431
Wood products	385	397	407	373	344	324	322	353	1 562	1 342
Renewable energy	86	76	60	94	86	49	71	108	315	314
Elimination of intra-group net sales ***	-684	-560	-503	-467	-440	-328	-688	-672	-2 214	-2 128
Group	3 908	3 947	4 148	4 131	3 937	3 810	3 937	3 828	16 133	15 513
EBITDA by business area**										
Forest	167	124	166	226	209	138	157	211	683	716
Paperboard	226	352	309	370	348	354	321	358	1 257	1 382
Paper	138	156	175	159	169	170	164	165	627	669
Wood products	38	48	42	38	25	19	20	16	165	80
Renewable energy	43	40	25	51	42	11	24	66	159	143
Group-wide	-45	-27	-44	-33	-38	-28	-29	-29	-149	-124
Group	567	692	672	810	756	665	658	787	2 742	2 865
Operating profit/loss by business area**										
Forest	258	267	261	283	273	234	227	267	1 069	1 001
Paperboard	106	229	184	246	232	235	200	236	764	903
Paper	55	69	90	74	77	82	73	57	288	289
Wood products	16	26	21	17	4	-1	-1	-5	80	-3
Renewable energy	36	34	20	45	36	5	19	60	135	120
Group-wide	-50	-32	-50	-38	-44	-34	-35	-35	-170	-148
Group	421	593	525	627	579	520	483	580	2 166	2 162
Operating margin, %**										
Paperboard	7.8	16.9	13.0	17.5	17.9	18.0	15.6	17.3	13.8	17.2
Paper	4.0	5.0	6.5	5.8	6.1	6.5	4.6	4.4	5.3	5.3
Wood products	4.2	6.5	5.1	4.6	1.3	-0.4	-0.2	-1.4	5.1	-0.2
Group	10.8	15.0	12.7	15.2	14.7	13.7	12.3	15.1	13.4	13.9
Return on capital employed, %**										
Forest	7.5	7.8	7.7	8.4	8.1	7.0	6.8	7.9	7.8	7.4
Paperboard	7.8	16.7	13.2	17.7	16.8	16.9	14.2	16.6	13.9	16.2
Paper	9.8	11.6	14.2	11.7	12.0	12.6	10.3	7.2	11.9	10.4
Wood products	7.4	11.4	9.4	8.1	2.0	neg	neg	neg	9.1	neg
Renewable energy	4.7	4.3	2.5	5.7	4.6	0.7	2.4	7.7	4.3	3.8
Group	6.7	9.4	8.5	10.2	9.3	8.4	7.7	9.1	8.7	8.6
Key indicators										
Return on equity, %	6.1	8.5	7.5	9.2	8.5	7.7	7.1	4.3	7.8	6.9
Deliveries										
Harvesting own forests, '000 m³	734	697	760	713	729	724	818	715	2 904	2 986
Paperboard, '000 tonnes	129	133	133	131	120	126	121	129	526	497
Paper ****, '000 tonnes	282	287	283	265	260	260	341	273	1 117	1 134
Wood products, '000 m³	206	215	222	208	196	184	188	209	852	776
Own production of hydro and wind power, GWh	318	285	231	335	270	178	258	373	1 169	1 080

* Items affecting comparability in operating profit in Q1 2016 refer to the sale of the mill in Spain and the effects of a fire.

** Excl. items affecting comparability.

***Income and costs from the sale of newsprint from the divested Spanish mill are recognised under the 'Group' segment from Q3 2016

****Deliveries from own mills, i.e. not deliveries from the divested Spanish mill from Q3 2016.

Group

Full year review, SEKm	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Income statement										
Net sales	16 133	15 513	16 014	15 994	16 231	17 852	18 656	17 581	18 071	19 334
Operating costs	-13 379	-12 626	-13 348	-13 270	-13 919	-15 224	-15 501	-15 077	-15 191	-16 614
Profit from investments in associates and joint ventures	-12	-22	7	-7	3	47	84	28	45	50
Earnings before depreciation and change in value	2 742	2 865	2 673	2 717	2 315	2 676	3 240	2 531	2 925	2 771
Depreciation and amortisation according to plan	-991	-1 018	-1 240	-1 265	-1 370	-1 313	-1 260	-1 251	-1 320	-1 343
Change in value of forests	415	315	267	282	264	350	-	52	16	-16
Operating profit excl. items affecting comparability	2 166	2 162	1 700	1 734	1 209	1 713	1 980	1 332	1 620	1 412
Items affecting comparability	-	-232	-931	-450	-140	-193	3 593	264	-	-361
Operating profit	2 166	1 930	769	1 284	1 069	1 520	5 573	1 596	1 620	1 051
Net financial items	-53	-71	-90	-147	-198	-227	-244	-208	-255	-311
Profit before tax	2 113	1 859	679	1 137	871	1 294	5 328	1 388	1 366	740
Tax	-445	-436	-120	-230	-160	559	-1 374	-684	-360	-98
Profit for the year	1 668	1 424	559	907	711	1 853	3 955	704	1 006	642
Diluted earnings per share, SEK	19.9	16.9	6.7	10.8	8.5	22.1	47.1	8.4	12.0	7.6
EBITDA by business area*										
Forest	683	716	668	563	694	614	769	794	616	674
Paperboard	1 257	1 382	1 346	1 161	878	959	1 186	1 141	780	688
Paper	627	669	514	725	429	862	1 002	229	1 218	1 176
Wood products	165	80	86	160	45	-10	-26	49	52	47
Renewable energy	159	143	198	233	391	374	425	516	435	346
Group-wide	-149	-124	-138	-126	-121	-123	-116	-198	-176	-160
Group	2 742	2 865	2 673	2 717	2 315	2 676	3 240	2 531	2 925	2 771
Operating profit by business area*										
Forest	1 069	1 001	905	817	924	931	739	818	605	632
Paperboard	764	903	847	674	433	596	863	817	419	320
Paper	288	289	-74	141	-309	94	228	-618	340	280
Wood products	80	-3	9	37	-75	-130	-136	20	21	13
Renewable energy	135	120	176	212	371	355	406	495	414	327
Group-wide	-170	-148	-163	-146	-136	-132	-120	-200	-178	-159
Group	2 166	2 162	1 700	1 734	1 209	1 713	1 980	1 332	1 620	1 412
Deliveries										
Harvesting on forests, '000 m ³	2 904	2 986	3 213	3 297	3 465	3 211	2 988	2 999	2 897	2 649
Paperboard, '000 tonnes	526	497	499	493	469	485	474	464	477	494
Paper, '000 tonnes	1 117	1 134	1 325	1 305	1 574	1 651	1 668	1 732	1 745	2 044
Wood products, '000 m ³	852	776	730	725	686	660	487	285	313	266
Own production of hydro and wind power, GWh	1 169	1 080	1 441	1 113	1 041	1 353	1 235	1 149	1 090	1 128
Balance sheet										
Non-current assets	28 751	28 701	29 524	30 221	30 652	30 664	30 334	26 028	25 694	26 506
Current assets	5 710	5 852	5 607	5 964	5 774	6 005	6 642	6 950	6 075	7 268
Financial receivables	430	338	325	249	327	377	240	454	407	828
Total assets	34 891	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176	34 602
Equity	22 035	21 243	20 853	20 969	20 854	20 813	19 773	16 913	16 504	15 641
Deferred tax liability	5 650	5 613	5 508	5 480	5 804	5 504	6 630	5 910	5 045	4 819
Financial liabilities and interest-bearing provisions	3 366	4 283	5 124	6 156	6 443	6 967	6 499	6 227	6 091	8 332
Operating liabilities	3 840	3 752	3 971	3 829	3 653	3 762	4 313	4 382	4 536	5 809
Total equity and liabilities	34 891	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176	34 602
Cash flow										
Operating activities	2 509	1 961	2 526	2 176	2 011	2 254	2 101	1 523	2 873	1 660
Investing activities	-644	-123	-832	-834	-869	-1 920	-1 733	-1 597	-818	-1 124
Cash flow after investments	1 865	1 838	1 693	1 342	1 142	334	368	-74	2 054	536
Key indicators										
Return on capital employed, % *	9	9	6	6	4	7	9	6	7	6
Return on equity, %	8	7	3	4	3	9	23	4	6	4
Return on equity, % *	8	8	7	6	4	6	8	4	6	4
Debt/equity ratio	0.13	0.19	0.23	0.28	0.29	0.32	0.32	0.34	0.34	0.48
Dividend										
Dividend, SEK	13**	12	10.5	10	9	9	8	7	7	9

* Excl. items affecting comparability.

** Proposed by the Board

Use of performance measures

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

Earnings measures

Operating profit is the principal measure of earnings that is used to monitor financial performance. It includes all income and costs, as well as depreciation/amortisation of non-current assets. EBITDA is used as a supplementary measure to illustrate the cash flow that a business area generates before investments and changes in working capital, excluding items affecting comparability. For the Forest business area, the measure 'profit before changes in value' is used, which summarises operating profit/loss excluding changes in the fair value of biological assets. To clarify how these earnings measures are affected by matters outside normal business operations, such as impairment, disposal, closure and fire, the term 'items affecting comparability' is used. The purpose is also to increase comparability between different periods. The effects of maintenance and rebuilding shutdowns are not treated as an item affecting comparability.

SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
EBITDA	567	692	756	2 742	2 865
Depreciation and amortisation according to plan	-246	-249	-249	-991	-1 018
Change in value of forests	100	150	72	415	315
Operating profit excl. items affecting comp.	421	593	579	2 166	2 162
Items affecting comparability	-	-	-	-	-232
Operating profit	421	593	579	2 166	1 930

SEKm	Quarter			Full year	
	4-17	3-17	4-16	2017	2016
Earnings before change in value of forests	158	117	201	654	686
Change in value of forests	100	150	72	415	315
Operating profit of forest	258	267	273	1 069	1 001

For 2016, earnings were impacted by a net amount of SEK -232 million from the sale of the mill in Spain and insurance compensation for reconstruction following a fire at Hallsta Paper Mill, which were treated as items affecting comparability.

Margin, return and debt measures

Operating profit, excluding items affecting comparability, as a proportion of sales is known as the operating margin. Profit before depreciation/amortisation as a proportion of sales is known as the EBITDA margin. The key figure of return on capital employed is used to measure operating profit, excluding items affecting comparability, as a proportion of capital employed. Capital employed is calculated as fixed capital plus working capital less the net sum of deferred tax liabilities and deferred tax assets. This corresponds to equity plus net financial debt. For the Forest business area, the key figure of yield is used, which is calculated as profit before changes in value in relation to the book value of biological assets.

SEKm	2017	2017	2016
	31 December	30 September	31 December
Fixed capital *	28 751	28 576	28 697
Working capital **	1 870	2 325	2 100
Deferred tax assets	1	1	4
Deferred tax liabilities	-5 650	-5 647	-5 613
Capital employed	24 972	25 255	25 190

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	2017	2017	2016
	31 December	30 September	31 December
Non-current financial liabilities	552	557	882
Current financial liabilities	2 775	3 374	3 200
Pension provisions	39	111	201
Non-current financial receivables	-42	-40	-39
Current financial receivables	-32	-40	-89
Cash and cash equivalents	-356	-376	-210
Net financial debt	2 936	3 585	3 945

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

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

Holmen in brief

Holmen's strategy is to own forest and energy assets and to develop industrial operations in paperboard, paper and wood products. The substantial forest and energy assets are intended to deliver stable revenue that grows over time. Large-scale industrial operations at efficient facilities aim to generate good profitability through the processing of forest raw material into high-performance paperboard, cost-effective printing paper and wood products for use in joinery and construction.

Press and analyst conference

Following publication of the year-end report, a press and analyst conference will be held at 14.30 CET on Tuesday, 30 January. Venue: Tändstickspalatset, Kreugersalen. Västra Trädgårdsgatan 15, Stockholm. Holmen President and CEO Henrik Sjölund will present and comment on the report. The presentation will be held in English.

The conference is also directly available as a webcast on Holmen's website, www.holmen.com. You may also participate in the conference by telephone, by calling 08 505 564 74 (within Sweden), +44 (0) 203 364 53 74 (from the rest of Europe) or +1 855 753 22 30 (from the US) no later than 14.25 CET.

Financial reports

Week 12 2018	Annual report 2017 is published on the Group's website
25 April 2018	Interim report January–March 2018
15 August 2018	Interim report January–June 2018
24 October 2018	Interim report January–September 2018
31 January 2019	Year-end report 2018

This information is information 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, on 30 January 2018 at 11.45 CET.

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.