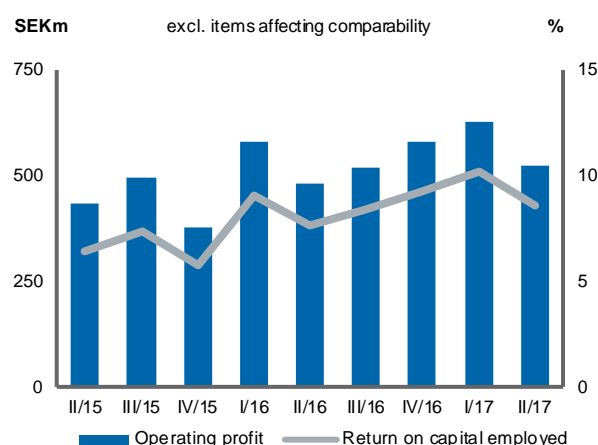
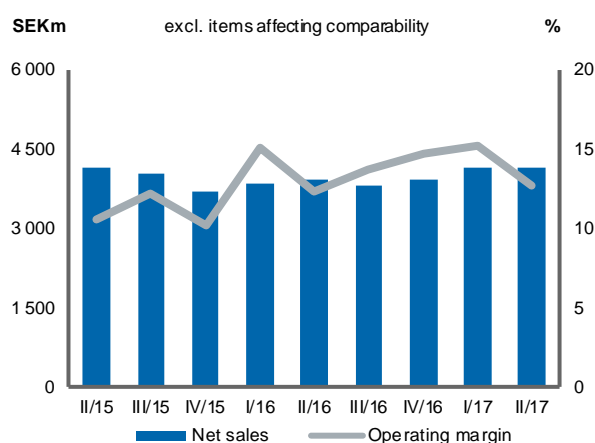


Holmen's interim report January–June 2017

SEKm	2-17	Quarter 1-17	2-16	January–June 2017	January–June 2016	Full Year 2016
Net sales	4 148	4 131	3 937	8 278	7 765	15 513
Operating profit excl. items affecting comparability	525	627	483	1 152	1 063	2 162
Operating profit	525	627	483	1 152	831	1 930
Profit after tax	394	485	364	880	587	1 424
Earnings per share, SEK	4.7	5.8	4.3	10.5	7.0	16.9
Operating margin, % *	12.7	15.2	12.3	13.9	13.7	13.9
Return on capital employed, % *	8.5	10.2	7.7	9.4	8.4	8.6
Return on equity, %	7.5	9.2	7.1	8.4	5.7	6.9
Cash flow before investments and working capital	482	742	478	1 224	1 232	2 320
Debt/equity ratio	0.19	0.16	0.22	0.19	0.22	0.19

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

- Operating profit for January–June 2017 was SEK 1 152 million (January–June 2016: SEK 1 063 million, excluding items affecting comparability). The improvement in earnings was due to higher wood product prices, better earnings from forests and the divestiture of the newsprint mill in Madrid.
- Compared with the first quarter, operating profit decreased by SEK 102 million to SEK 525 million as a result of a maintenance shutdown within paperboard and seasonally lower hydro power production.
- Profit after tax for January–June amounted to SEK 880 million (587), which corresponds to earnings per share of SEK 10.5 (7.0).
- Return on capital employed increased to 9.4 (8.4) per cent.
- Production of paperboard, paper and wood products has been established at a higher level than previous years and the sales mix has developed well. Cash flow was strong and largely covered the SEK 1 billion dividend that was paid in April.



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.

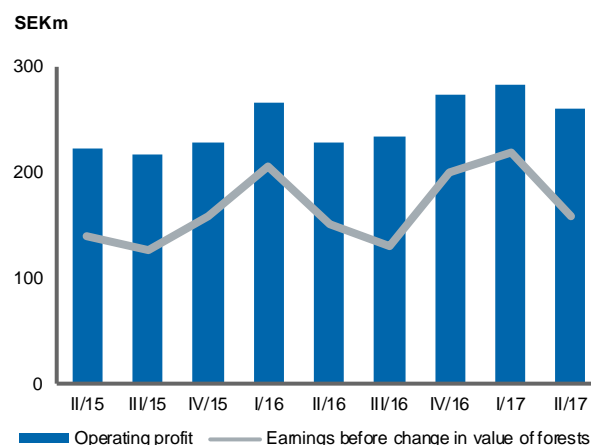
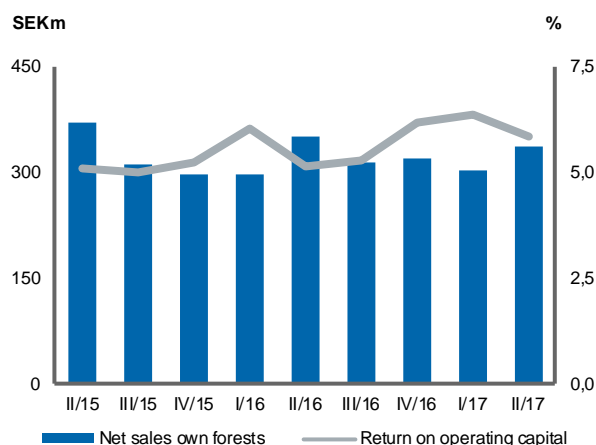
SEKm	Quarter			January-June		Full year
	2-17	1-17	2-16	2017	2016	2016
Net sales	1 407	1 451	1 355	2 858	2 722	5 302
of which from own forests	336	302	350	637	647	1 278
Operating costs	-1 240	-1 226	-1 197	-2 466	-2 354	-4 586
Depreciation and amortisation according to plan	-7	-7	-7	-14	-14	-29
Earnings before change in value of forests	159	219	150	378	355	686
Change in value of forests	102	64	77	165	139	315
Operating profit	261	283	227	544	494	1 001
Investments	14	10	12	24	15	30
Book value of company forests	17 594	17 493	17 297	17 594	17 297	17 448
Return on operating capital, %	5.8	6.3	5.2	6.1	5.6	5.7
Cash flow yield, %	3.6	5.0	3.5	4.3	4.1	4.0
Harvesting own forests, '000 m ³	760	713	818	1 473	1 533	2 986

The demand for logs and pulpwood in Sweden was good in the second quarter. Selling prices increased slightly.

Profit for January–June before changes in value was SEK 378 million (355). The increase was due to higher selling prices and lower costs. Operating profit, which includes changes in value of SEK 165 million, increased by SEK 50 million to SEK 544 million.

Compared with the first quarter, profit before changes in value decreased by SEK 60 million to SEK 159 million as a result of seasonally higher silviculture costs and the fact that first quarter earnings included income from the sale of a small property. Operating profit for the second quarter amounted to SEK 261 million (283).

Profit for January–June, before changes in value, in relation to book value of company forests corresponds to a yield of 4.3 per cent.



Paperboard

Holmen is a market leader in the highest quality segments for consumer packaging and board for advanced graphics printing. Production amounts to 500 000 tonnes a year at one Swedish mill and one UK mill.

SEKm	Quarter			January-June		Full year
	2-17	1-17	2-16	2017	2016	2016
Net sales	1 408	1 403	1 285	2 811	2 648	5 252
Operating costs	-1 100	-1 033	-963	-2 133	-1 969	-3 870
EBITDA	309	370	321	678	679	1 382
Depreciation and amortisation according to plan	-125	-124	-121	-249	-244	-479
Operating profit	184	246	200	429	436	903
Investments	74	94	137	168	303	413
Operating capital	6 420	6 461	6 513	6 420	6 513	6 426
EBITDA margin, %	22	26	25	24	26	26
Operating margin, %	13	18	16	15	16	17
Return on operating capital, %	11	15	12	13	13	14
Production, paperboard, '000 tonnes	130	134	127	264	243	503
Deliveries, paperboard, '000 tonnes	133	131	121	264	250	497

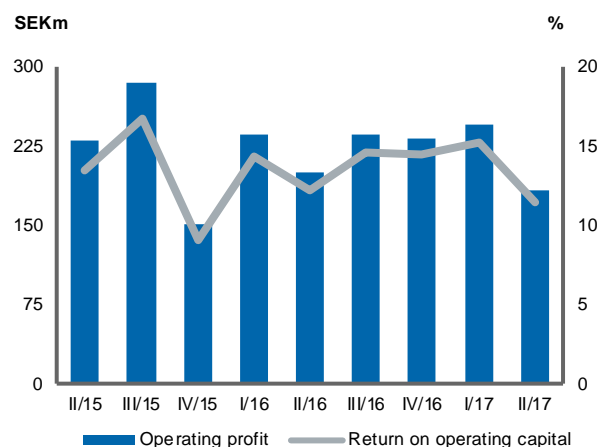
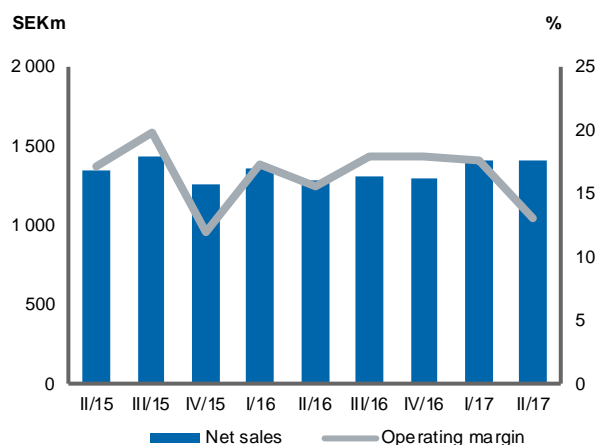
Deliveries to Europe from European producers increased by 3 per cent in the first six months of the year compared with the same period last year. Prices were largely unchanged.

Holmen's paperboard deliveries amounted to 264 000 tonnes in January–June, which was 6 per cent higher than the first six months of 2016 as a result of investments enabling increased production.

Operating profit for January–June totalled SEK 429 million (436). Higher production and deliveries made a positive contribution but were offset by higher shipping costs and slightly lower income from green electricity certificates. Operating profit was impacted by SEK 50 million as a result of costs and production losses from a maintenance shutdown at Workington. Earnings for the first six months of 2016 included a net amount of SEK -40 million from a rebuilding shutdown and a successful outcome in a dispute over water charges.

Compared with the previous quarter, profit decreased by SEK 62 million to SEK 184 million as a result of maintenance shutdowns and increased shipping costs.

Profit in the fourth quarter is expected to be negatively impacted by just over SEK 100 million as a result of maintenance shutdown at Iggesund Mill.



Paper

Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper choices. Production amounts to 1.1 million tonnes a year at two Swedish mills.

SEKm	Quarter			January-June		Full year
	2-17	1-17	2-16	2017	2016	
Net sales	1 369	1 277	1 592	2 645	2 900	5 431
Operating costs	-1 194	-1 117	-1 428	-2 311	-2 571	-4 761
EBITDA	175	159	164	334	329	669
Depreciation and amortisation according to plan	-85	-85	-91	-170	-199	-380
Operating profit*	90	74	73	164	131	289
Investments	23	19	54	41	150	259
Operating capital	2 776	2 897	2 857	2 776	2 857	2 815
EBITDA margin, %*	13	12	10	13	11	12
Operating margin, %*	7	6	5	6	5	5
Return on operating capital, %*	13	10	9	12	8	9
Production, '000 tonnes	278	269	347	547	640	1 176
Deliveries, '000 tonnes	283	265	341	548	615	1 134

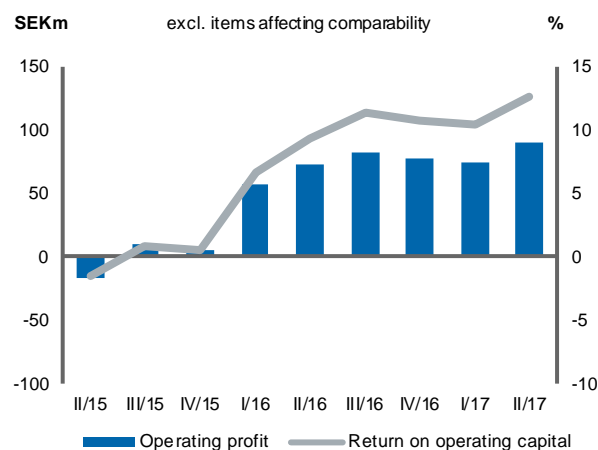
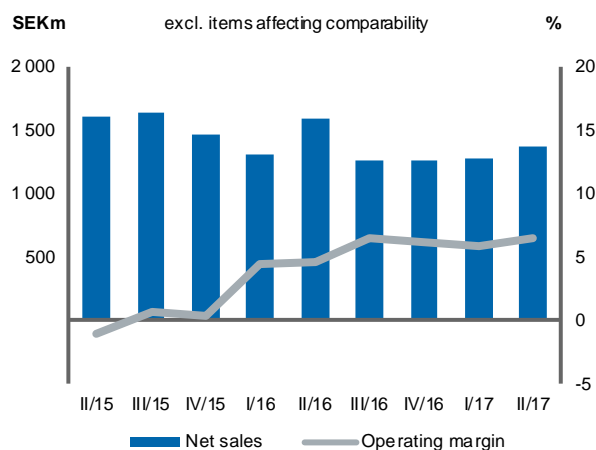
* Excluding items affecting comparability in 2016

Demand for printing paper in Europe decreased by 3 per cent during the January–May period compared with the same period last year. Selling prices were largely unchanged in the second quarter.

Holmen's deliveries for January–June amounted to 548 000 tonnes, which is 3 per cent higher than the same period last 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 paper, which now accounts for 85 per cent of deliveries.

Operating profit for January–June was SEK 164 million (SEK 131 million, excluding items affecting comparability). The earnings improvement was mainly due to the sale of the Spanish newsprint mill, which was carried out on 30 June 2016.

Compared with the first quarter, profit increased by SEK 16 million to SEK 90 million as a result of good production and high deliveries.



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. The annual production volume is 900 000 cubic metres following the acquisition of Lingham Sawmill.

SEKm	Quarter			January-June		Full year
	2-17	1-17	2-16	2017	2016	
Net sales	407	373	322	780	675	1 342
Operating costs	-365	-335	-302	-700	-639	-1 262
EBITDA	42	38	20	80	36	80
Depreciation and amortisation according to plan	-21	-21	-21	-42	-41	-82
Operating profit	21	17	-1	38	-6	-3
Investments	48	7	2	55	6	52
Operating capital	952	895	918	952	918	892
EBITDA margin, %	10	10	6	10	5	6
Operating margin, %	5	5	0	5	-1	0
Return on operating capital, %	9	8	neg	8	neg	neg
Production, '000 m ³	209	202	200	411	385	776
Deliveries, '000 m ³	222	208	188	430	396	776

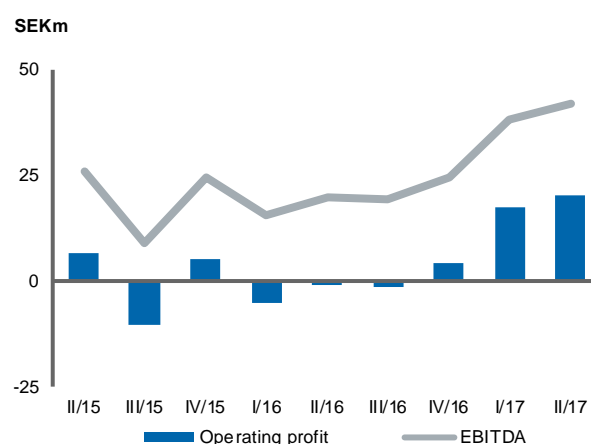
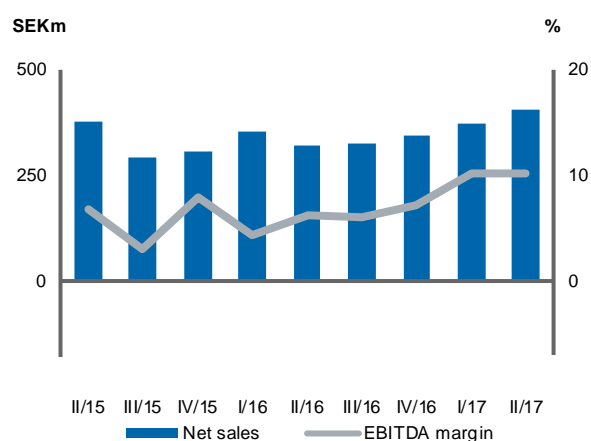
Market conditions for wood products in Europe were good in the second quarter and market prices increased slightly.

Holmen's deliveries of wood products for January–June totalled 430 000 cubic metres, which was 9 per cent higher than the same period last year as a result of better production and a stronger market.

Operating profit for January–June was SEK 38 million (-6). The improvement in earnings was due to higher prices and increased production.

Compared with the first quarter, operating profit rose by SEK 4 million to SEK 21 million.

The nearby Lingham Sawmill has been acquired to strengthen the raw material supply for Braviken Sawmill and expand the product offering. Lingham Sawmill has production capacity of 75 000 cubic metres. The acquisition took effect from 28 April 2017 and the purchase price was SEK 48 million.



Renewable energy

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

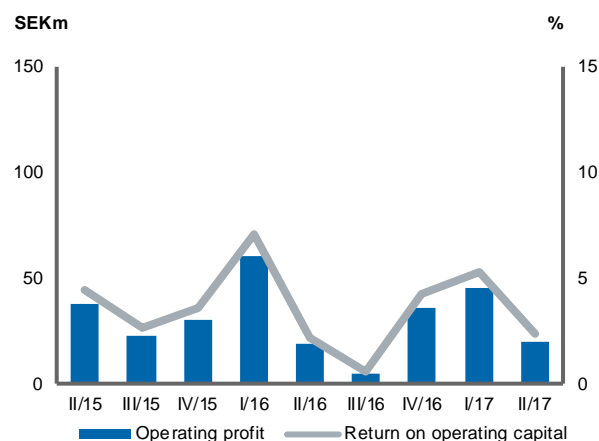
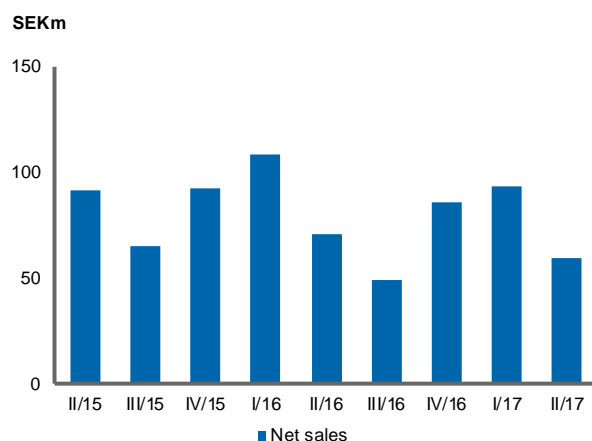
SEKm	Quarter			January-June		Full year
	2-17	1-17	2-16	2017	2016	2016
Net sales	60	94	71	153	180	314
Operating costs	-34	-43	-47	-77	-90	-172
Depreciation and amortisation according to plan	-6	-6	-6	-11	-11	-23
Operating profit	20	45	19	65	78	120
Investments	3	1	1	15	6	23
Operating capital	3 371	3 410	3 419	3 371	3 419	3 412
Operating margin, %	33	48	26	42	44	38
Return on operating capital, %	2	5	2	4	5	4
Production hydro and wind power, GWh	231	335	258	566	631	1 080

Operating profit for January–June was SEK 65 million (78). The decrease in profit was due to production being 13 per cent lower than normal as a result of low precipitation.

The Swedish Parliament has decided to gradually reduce property tax on hydro power by 2020. The reduced property tax had a positive effect of SEK 10 million on Holmen's profit for the first six months of the year.

Compared with the first quarter, operating profit decreased by SEK 25 million to SEK 20 million as a result of seasonally lower production.

At the end of the quarter, the levels in Holmen's water storage reservoirs were normal for the time of year.



Cash flow, financing and net financial items

Cash flow from operating activities for January–June totalled SEK 1 138 million. Cash flow from investing activities was SEK -265 million. A dividend of SEK 1 008 million was paid in the second quarter.

In January–June, the Group's net financial debt increased by SEK 46 million to SEK 3 991 million. At 30 June the debt/equity ratio was 0.19. Financial liabilities including pension provisions totalled SEK 4 189 million, SEK 3 500 million of which were current liabilities. Cash, cash equivalents and financial receivables totalled SEK 198 million. The Group has unused contractually agreed credit facilities of SEK 3 850 million, maturing in 2020–2021.

Net financial items for January–June amounted to SEK -26 million (-43). The cost of borrowing averaged 1.3 (1.3) per cent.

At the start of the third quarter, Standard & Poor's raised its long-term credit rating on Holmen to BBB+ (BBB).

Tax

Recognised tax for January–June amounted to SEK -246 million (-202). Recognised tax as a proportion of profit before tax was 22 per cent (26).

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, intends to obtain an interpretation from the EU Court in order to determine the issue. A ruling in Holmen's favour could enable deductions corresponding to approximately SEK 400 million in tax. No deferred tax asset has been recognised.

Equity

The Group's equity decreased by SEK 110 million in January–June to SEK 21 134 million. Profit for the period totalled SEK 880 million and the dividend paid was SEK -1 008 million. Other comprehensive income amounted to SEK 14 million.

Hedging exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for the first six months of the year includes currency hedges of SEK -30 million (24). The fair value of currency hedges not yet recognised as income amounted to SEK -26 million at 30 June.

For the next two years, 90 per cent of expected flows in EUR/SEK are hedged at an average of 9.56. For EUR/GBP, 90 per cent of one year's expected flows are hedged at 0.87. For other currencies, 4 months of flows are hedged. Currency effects on Group earnings were limited compared with both the previous quarter and the first six months of 2016.

Prices for the Group's estimated net consumption of electricity in Sweden are 80–90 per cent hedged for 2017–2020 and 60 per cent hedged for 2021.

Personnel

The average number of employees (full-time equivalents) in the Group was 2 925 (3 186). The decrease is largely due to the sale of the newsprint mill in Spain.

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.

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 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, 17 August 2017
Holmen AB (publ)

Fredrik Lundberg

Chairman

Lars G Josefsson

Board member

Carl Kempe

Deputy Chairman

Carl Bennet

Board member

Lars Josefsson

Board member

Henrik Sjölund

Board member and
Chief Executive Officer

Steewe Björklundh

Board member

Louise Lindh

Board member

Henriette Zeuchner

Board member

Kenneth Johansson

Board member

Ulf Lundahl

Board member

Tommy Åsenbrygg

Board member

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

For further information please contact:

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Stina Sandell, Sustainability and Communications Director, tel. +46 73 986 51 12

Group

Income statement, SEKm	Quarter			January–June		Full year
	2-17	1-17	2-16	2017	2016	2016
Net sales	4 148	4 131	3 937	8 278	7 765	15 513
Other operating income	282	267	300	549	836	1 559
Change in inventories	-43	19	45	-23	36	203
Raw materials and consumables	-2 281	-2 372	-2 167	-4 652	-4 303	-8 801
Personnel costs	-589	-548	-606	-1 136	-1 189	-2 268
Other operating costs	-842	-682	-851	-1 524	-1 804	-3 432
Profit from investments in associates and joint ventures	-3	-6	0	-9	-5	-18
Depreciation and amortisation according to plan	-249	-247	-252	-497	-521	-1 018
Impairment losses	-	-	-	-	-123	-122
Change in value of biological assets	102	64	77	165	139	315
Operating profit	525	627	483	1 152	831	1 930
Finance income	2	0	12	2	12	13
Finance costs	-13	-14	-39	-28	-55	-84
Profit before tax	513	613	455	1 126	789	1 859
Tax	-119	-127	-91	-246	-202	-436
Profit for the period	394	485	364	880	587	1 424
Earnings per share, SEK	4.7	5.8	4.3	10.5	7.0	16.9
Operating margin, % *	12.7	15.2	12.3	13.9	13.7	13.9
Return on capital employed, % *	8.5	10.2	7.7	9.4	8.4	8.6
Return on equity, %	7.5	9.2	7.1	8.4	5.7	6.9

* Excl. items affecting comparability.

Statement of comprehensive income, SEKm	Quarter			January–June		Full year
	2-17	1-17	2-16	2017	2016	2016
Profit for the period	394	485	364	880	587	1 424
Other comprehensive income						
Revaluations of defined benefit pension plans	-1	58	-78	57	-45	-159
Tax attributable to items that will not be reclassified to profit for the period	0	-11	14	-10	8	29
Items that will not be reclassified to profit for the period	-1	47	-64	46	-37	-130
Cash flow hedging	28	-22	-10	5	-67	190
Translation difference on foreign operation	-18	-10	9	-28	-137	-165
Hedging of currency risk in foreign operation	-12	1	-22	-11	7	1
Tax attributable to items that will be reclassified to profit for the period	-4	6	-1	2	4	-52
Items that will be reclassified to profit for the period	-7	-26	-24	-33	-193	-26
Total other comprehensive income after tax	-8	22	-87	14	-230	-157
Total comprehensive income	386	507	277	893	357	1 267

Change in equity, SEKm	January–June	
	2017	2016
Opening equity	21 243	20 853
Profit for the period	880	587
Other comprehensive income	14	-230
Total comprehensive income	893	357
Dividends paid	-1 008	-882
Share saving program	5	-
Closing equity	21 134	20 328

Share structure					
	Votes	No. of shares	No. of votes	Quotient value	SEKm
A share	10	22 623 234	226 232 340	50	1 131.2
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	2017	2016
	30 June	31 March	31 December
Non-current assets			
Intangible non-current assets	91	94	87
Property, plant and equipment	9 112	9 225	9 387
Biological assets	17 594	17 493	17 448
Investments in associates and joint ventures	1 764	1 772	1 773
Other shares and participating interests	2	2	2
Non-current financial receivables	40	39	39
Deferred tax assets	1	3	4
Total non-current assets	28 604	28 629	28 740
Current assets			
Inventories	2 931	2 974	2 981
Trade receivables	2 325	2 179	2 174
Current tax receivable	21	21	132
Other operating receivables	622	610	564
Current financial receivables	67	41	89
Cash and cash equivalents	91	1 292	210
Total current assets	6 057	7 116	6 151
Total assets	34 661	35 745	34 891
Equity	21 134	20 745	21 243
Non-current liabilities			
Non-current financial liabilities	561	574	882
Pension provisions	128	132	201
Other provisions	627	649	673
Deferred tax liabilities	5 644	5 631	5 613
Total non-current liabilities	6 961	6 985	7 368
Current liabilities			
Current financial liabilities	3 500	3 955	3 200
Trade payables	1 785	1 753	1 766
Current tax liability	36	55	6
Provisions	163	191	228
Other operating liabilities	1 083	2 061	1 079
Total current liabilities	6 567	8 015	6 279
Total liabilities	13 528	15 000	13 648
Total equity and liabilities	34 661	35 745	34 891
Debt/equity ratio, times	0.19	0.16	0.19
Equity/assets ratio, %	61.0	58.0	60.9
Operating capital	30 768	29 662	30 799
Capital employed	25 126	24 034	25 190
Net financial debt	3 991	3 288	3 945

Financial instruments, SEKm	Carrying amount		Fair value	
	2017	2016	2017	2016
	30 June	31 December	30 June	31 December
Assets at fair value	196	213	196	213
Assets at acquisition cost	2 491	2 459	2 491	2 459
Liabilities at fair value	337	385	337	385
Liabilities at acquisition cost	5 767	5 721	5 767	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 7.

Group

Cash flow statement, SEKm	Quarter 2-17	Quarter 1-17	Quarter 2-16	January-June 2017	January-June 2016	Full year 2016
Operating activities						
Profit before tax	513	613	455	1 126	789	1 859
Adjustments for non-cash items *	94	119	137	213	654	965
Paid income taxes	-125	11	-115	-114	-210	-504
Cash flow from operating activities before changes in working capital	482	742	478	1 224	1 232	2 320
Cash flow from changes in working capital						
Change in inventories	29	19	-34	48	97	-62
Change in trade receivables and other operating receivables	-137	-52	-183	-189	-316	-189
Change in trade payables and other operating liabilities	69	-15	308	54	97	-109
Cash flow from operating activities	444	693	569	1 138	1 110	1 961
Investing activities						
Acquisition of non-current assets	-162	-144	-206	-306	-483	-785
Disposal of non-current assets	4	37	484	41	498	662
Cash flow from investing activities	-158	-107	278	-265	16	-123
Financing activities						
Change in financial liabilities and current financial receivables	-480	496	479	17	148	-966
Dividends paid to the shareholders of the parent company	-1 008	-	-882	-1 008	-882	-882
Cash flow from financing activities	-1 487	496	-403	-991	-734	-1 848
Cash flow for the period	-1 201	1 082	443	-119	392	-10
Opening cash and cash equivalents	1 292	210	169	210	221	221
Exchange difference in cash and cash equivalents	-	-1	1	-	-1	-1
Closing cash and cash equivalents	91	1 292	613	91	613	210

Change in net financial debt, SEKm	Quarter 2-17	Quarter 1-17	Quarter 2-16	January-June 2017	January-June 2016	Full year 2016
Opening net financial debt	-3 288	-3 945	-4 476	-3 945	-4 799	-4 799
Cash flow from operating activities	444	693	569	1 138	1 110	1 961
Cash flow from investing activities (excl financial receivables)	-158	-107	278	-265	16	-123
Dividends paid	-1 008	-	-882	-1 008	-882	-882
Revaluations of defined benefit pension plans	-2	57	-77	56	-44	-158
Foreign exchange effects and changes in fair value	20	14	25	34	35	56
Closing net financial debt	-3 991	-3 288	-4 564	-3 991	-4 564	-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	2-17	Quarter 1-17	2-16	January-June 2017	2016	Full year 2016
Operating income	3 835	3 814	3 679	7 649	7 307	14 616
Operating costs	-3 573	-3 511	-3 437	-7 084	-6 734	-14 281
Operating profit	262	303	242	565	573	335
Net financial items	135	-2	-14	133	-300	759
Profit after net financial items	397	301	228	697	273	1 094
Appropriations	189	108	-16	297	70	404
Profit before tax	586	409	212	994	343	1 499
Tax	-92	-89	-45	-180	-142	-301
Profit for the period	494	320	167	814	201	1 197

Statement of comprehensive income, SEKm	2-17	Quarter 1-17	2-16	January-June 2017	2016	Full year 2016
Profit for the period	494	320	167	814	201	1 197
Other comprehensive income						
Cash flow hedging	32	-30	4	3	-45	211
Tax attributable to other comprehensive income	-7	7	-1	-1	10	-46
Items that will be reclassified to profit for the period	25	-23	3	2	-35	164
Total comprehensive income	519	297	170	816	166	1 362

Balance sheet, SEKm	2017 30 June	2016 31 March	2017 31 December
Non-current assets	17 510	17 451	17 653
Current assets	4 929	5 980	4 950
Total assets	22 440	23 431	22 602
Restricted equity	5 915	5 915	5 915
Non-restricted equity	4 734	4 213	4 921
Untaxed reserves	2 293	2 292	2 290
Provisions	1 444	1 489	1 503
Liabilities	8 054	9 523	7 974
Total equity and liabilities	22 440	23 431	22 602

SEK 52 million (43) of operating revenue for January–June relates to sales to Group companies.

Balance sheet appropriations include group contributions of SEK 300 million (200).

The parent company's investments in property, plant and equipment and intangible non-current assets totalled SEK 21 million (22).

Group

Quarterly figures, SEK m	2017		2016				January-June		Full year
	Q2	Q1	Q4	Q3	Q2	Q1	2017	2016	2016
Income statement									
Net sales	4 148	4 131	3 937	3 810	3 937	3 828	8 278	7 765	15 513
Operating costs	-3 472	-3 315	-3 176	-3 139	-3 275	-3 036	-6 787	-6 311	-12 626
Profit from investments in associates and joint ventures	-3	-6	-6	-7	-5	-5	-9	-10	-22
Earnings before depreciation and change in value	672	810	756	665	658	787	1 483	1 444	2 865
Depreciation and amortisation according to plan	-249	-247	-249	-247	-252	-269	-497	-521	-1 018
Change in value of forests	102	64	72	103	77	62	165	139	315
Operating profit excl. items affecting comparability	525	627	579	520	483	580	1 152	1 063	2 162
Items affecting comparability*	-	-	-	-	-	-232	-	-232	-232
Operating profit	525	627	579	520	483	348	1 152	831	1 930
Net financial items	-12	-14	-15	-14	-28	-15	-26	-43	-71
Profit before tax	513	613	564	507	455	333	1 126	789	1 859
Tax	-119	-127	-122	-112	-91	-111	-246	-202	-436
Profit for the period	394	485	442	395	364	222	880	587	1 424
Earnings per share, SEK	4.7	5.8	5.3	4.7	4.3	2.6	10.5	7.0	16.9
Net sales									
Forest	1 407	1 451	1 387	1 192	1 355	1 368	2 858	2 722	5 302
Paperboard	1 408	1 403	1 296	1 308	1 285	1 364	2 811	2 648	5 252
Paper	1 369	1 277	1 265	1 266	1 592	1 308	2 645	2 900	5 431
Wood products	407	373	344	324	322	353	780	675	1 342
Renew able energy	60	94	86	49	71	108	153	180	314
Elimination of intra-group net sales	-503	-467	-440	-328	-688	-672	-969	-1 360	-2 128
Group	4 148	4 131	3 937	3 810	3 937	3 828	8 278	7 765	15 513
EBITDA by business area**									
Forest	166	226	209	138	157	211	392	369	716
Paperboard	309	370	348	354	321	358	678	679	1 382
Paper	175	159	169	170	164	165	334	329	669
Wood products	42	38	25	19	20	16	80	36	80
Renew able energy	25	51	42	11	24	66	76	90	143
Group-wide	-44	-33	-38	-28	-29	-29	-77	-58	-124
Group	672	810	756	665	658	787	1 483	1 444	2 865
Operating profit/loss by business area**									
Forest	261	283	273	234	227	267	544	494	1 001
Paperboard	184	246	232	235	200	236	429	436	903
Paper	90	74	77	82	73	57	164	131	289
Wood products	21	17	4	-1	-1	-5	38	-6	-3
Renew able energy	20	45	36	5	19	60	65	78	120
Group-wide	-50	-38	-44	-34	-35	-35	-88	-70	-148
Group	525	627	579	520	483	580	1 152	1 063	2 162
Operating margin, % **									
Paperboard	13.0	17.5	17.9	18.0	15.6	17.3	15.3	16.5	17.2
Paper	6.5	5.8	6.1	6.5	4.6	4.4	6.2	4.5	5.3
Wood products	5.1	4.6	1.3	-0.4	-0.2	-1.4	4.9	-0.9	-0.2
Group	12.7	15.2	14.7	13.7	12.3	15.1	13.9	13.7	13.9
Return on operating capital, % **									
Forest	5.8	6.3	6.2	5.3	5.2	6.1	6.1	5.6	5.7
Paperboard	11.4	15.3	14.5	14.6	12.2	14.3	13.1	13.2	13.9
Paper	12.6	10.4	10.8	11.3	9.3	6.6	11.5	7.9	9.4
Wood products	8.9	7.7	1.9	neg	neg	neg	8.4	neg	neg
Renew able energy	2.3	5.3	4.3	0.6	2.2	7.1	3.8	4.6	3.5
Group	6.9	8.3	7.6	6.9	6.3	7.5	7.6	6.9	7.0
Key indicators									
Return on capital employed, % **	8.5	10.2	9.3	8.4	7.7	9.1	9.4	8.4	8.6
Return on equity, %	7.5	9.2	8.5	7.7	7.1	4.3	8.4	5.7	6.9
Deliveries									
Harvesting own forests, '000 m³	760	713	729	724	818	715	1 473	1 533	2 986
Paperboard, '000 tonnes	133	131	120	126	121	129	264	250	497
Paper, '000 tonnes	283	265	260	260	341	273	548	615	1 134
Wood products, '000 m³	222	208	196	184	188	209	430	398	776
Own production of hydro and wind power, GWh	231	335	270	178	258	373	566	631	1 080

* Items affecting comparability in operating profit in Q1 2016 refers 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-wide' 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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Income statement										
Net sales	15 513	16 014	15 994	16 231	17 852	18 656	17 581	18 071	19 334	19 159
Operating costs	-12 626	-13 348	-13 270	-13 919	-15 224	-15 501	-15 077	-15 191	-16 614	-15 637
Profit from investments in associates and joint ventures	-22	7	-7	3	47	84	28	45	50	12
Earnings before depreciation and change in value	2 865	2 673	2 717	2 315	2 676	3 240	2 531	2 925	2 771	3 534
Depreciation and amortisation according to plan	-1 018	-1 240	-1 265	-1 370	-1 313	-1 260	-1 251	-1 320	-1 343	-1 337
Change in value of forests	315	267	282	264	350	-	52	16	-16	89
Operating profit excl. items affecting comparability	2 162	1 700	1 734	1 209	1 713	1 980	1 332	1 620	1 412	2 286
Items affecting comparability	-232	-931	-450	-140	-193	3 593	264	-	-361	557
Operating profit	1 930	769	1 284	1 069	1 520	5 573	1 596	1 620	1 051	2 843
Net financial items	-71	-90	-147	-198	-227	-244	-208	-255	-311	-261
Profit before tax	1 859	679	1 137	871	1 294	5 328	1 388	1 366	740	2 582
Tax	-436	-120	-230	-160	559	-1 374	-684	-360	-98	-1 077
Profit for the year	1 424	559	907	711	1 853	3 955	704	1 006	642	1 505
Diluted earnings per share, SEK	16.9	6.7	10.8	8.5	22.1	47.1	8.4	12.0	7.6	17.8
EBITDA by business area*										
Forest	716	668	563	694	614	769	794	616	674	639
Paperboard	1 382	1 346	1 161	878	959	1 186	1 141	780	688	954
Paper	669	514	725	429	862	1 002	229	1 218	1 176	1 537
Wood products	80	86	160	45	-10	-26	49	52	47	169
Renewable energy	143	198	233	391	374	425	516	435	346	289
Group-wide	-124	-138	-126	-121	-123	-116	-198	-176	-160	-54
Group	2 865	2 673	2 717	2 315	2 676	3 240	2 531	2 925	2 771	3 534
Operating profit by business area*										
Forest	1 001	905	817	924	931	739	818	605	632	702
Paperboard	903	847	674	433	596	863	817	419	320	599
Paper	289	-74	141	-309	94	228	-618	340	280	623
Wood products	-3	9	37	-75	-130	-136	20	21	13	146
Renewable energy	120	176	212	371	355	406	495	414	327	272
Group-wide	-148	-163	-146	-136	-132	-120	-200	-178	-159	-56
Group	2 162	1 700	1 734	1 209	1 713	1 980	1 332	1 620	1 412	2 286
Deliveries										
Harvesting own forests, '000 m³	2 986	3 213	3 297	3 465	3 211	2 988	2 999	2 897	2 649	2 575
Paperboard, '000 tonnes	497	499	493	469	485	474	464	477	494	516
Paper, '000 tonnes	1 134	1 325	1 305	1 574	1 651	1 668	1 732	1 745	2 044	2 025
Wood products, '000 m³	776	730	725	686	660	487	285	313	266	262
Own production of hydro and wind power, GWh	1 080	1 441	1 113	1 041	1 353	1 235	1 149	1 090	1 128	1 193
Balance sheet										
Non-current assets	28 701	29 524	30 221	30 652	30 664	30 334	26 028	25 694	26 506	26 153
Current assets	5 852	5 607	5 964	5 774	6 005	6 642	6 950	6 075	7 268	6 549
Financial receivables	338	325	249	327	377	240	454	407	828	541
Total assets	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176	34 602	33 243
Equity	21 243	20 853	20 969	20 854	20 813	19 773	16 913	16 504	15 641	16 932
Deferred tax liability	5 613	5 508	5 480	5 804	5 504	6 630	5 910	5 045	4 819	5 482
Financial liabilities and interest-bearing provisions	4 283	5 124	6 156	6 443	6 967	6 499	6 227	6 091	8 332	6 518
Operating liabilities	3 752	3 971	3 829	3 653	3 762	4 313	4 382	4 536	5 809	4 310
Total equity and liabilities	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176	34 602	33 243
Cash flow										
Operating activities	1 961	2 526	2 176	2 011	2 254	2 101	1 523	2 873	1 660	2 476
Investing activities	-123	-832	-834	-869	-1 920	-1 733	-1 597	-818	-1 124	-1 315
Cash flow after investments	1 838	1 693	1 342	1 142	334	368	-74	2 054	536	1 161
Key indicators										
Return on capital employed, % *	9	6	6	4	7	9	6	7	6	10
Return on equity, %	7	3	4	3	9	23	4	6	4	9
Return on equity, % *	8	7	6	4	6	8	4	6	4	9
Debt/equity ratio	0.19	0.23	0.28	0.29	0.32	0.32	0.34	0.34	0.48	0.35
Dividend										
Dividend, SEK	12	10.5	10	9	9	8	7	7	9	12

* Excl. items affecting comparability.

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			January-June		Full year
	2-17	1-17	2-16	2017	2016	2016
EBITDA	672	810	658	1 483	1 444	2 865
Depreciation and amortisation according to plan	-249	-247	-252	-497	-521	-1 018
Change in value of forests	102	64	77	165	139	315
Operating profit excl. items affecting comp.	525	627	483	1 152	1 063	2 162
Items affecting comparability	-	-	-	-	-232	-232
Operating profit	525	627	483	1 152	831	1 930

SEKm	Quarter			January-June		Full year
	2-17	1-17	2-16	2017	2016	2016
Earnings before change in value of forests	159	219	150	378	355	686
Change in value of forests	102	64	77	165	139	315
Operating profit of forest	261	283	227	544	494	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.

Measure of margin, return and indebtedness

Operating profit, excluding items affecting comparability, as a proportion of sales is known as the operating margin. Profit before depreciation/amortisation as a proportion of sales is known as the EBITDA margin. For the Group, 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 net financial debt plus equity. For the business areas, the key figure of return on operating capital is used to measure operating profit, excluding items affecting comparability, in relation to operating capital. Operating capital is calculated as capital employed plus the net sum of deferred tax liabilities and deferred tax assets, which corresponds to non-current assets plus working capital. 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 carrying amount of biological assets.

SEKm	2017	2017	2016
	30 June	31 March	31 December
Equity	21 134	20 745	21 243
Net financial debt	3 991	3 288	3 945
Capital employed	25 126	24 034	25 190
Deferred tax assets	-1	-3	-4
Deferred tax liabilities	5 644	5 631	5 613
Operating capital	30 768	29 662	30 799

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
	30 June	31 March	31 December
Non-current financial liabilities	561	574	882
Current financial liabilities	3 500	3 955	3 200
Pension provisions	128	132	201
Non-current financial receivables	-40	-39	-39
Current financial receivables	-67	-41	-89
Cash and cash equivalents	-91	-1 292	-210
Net financial debt	3 991	3 288	3 945

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 interim report, a press and analyst conference will be held at 14.30 CET on Thursday, 17 August. 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

24 October 2017	Interim report January–September 2017
30 January 2018	Year-end report 2017
25 April 2018	Interim report January–March 2018
15 August 2018	Interim report January–June 2018
24 October 2018	Interim report January–September 2018

This information is information that Holmen AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 17 August 2017 at 12.45 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.