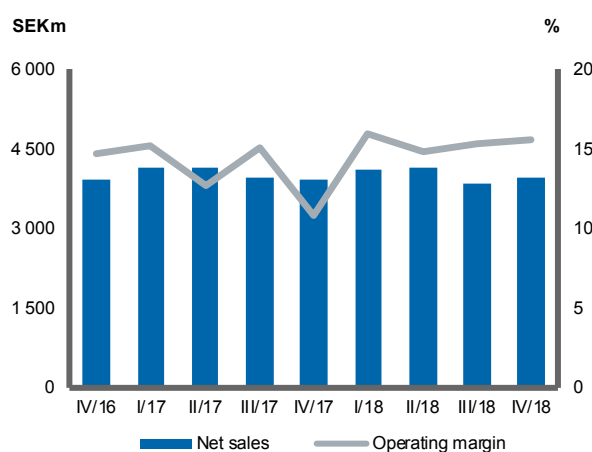


Holmen's year-end report 2018

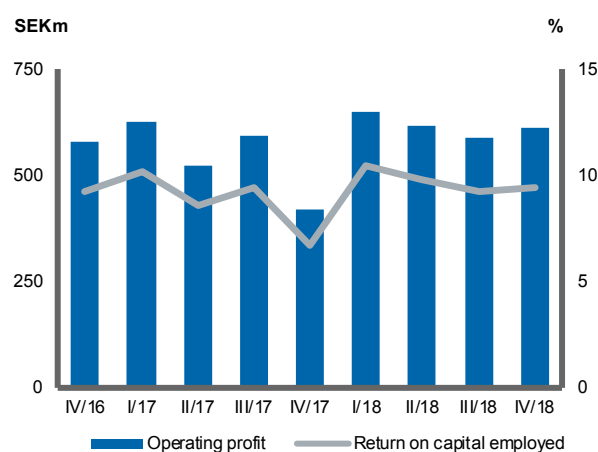
SEKm	Quarter			Full year	
	4-18	3-18	4-17	2018	2017
Net sales	3 948	3 844	3 908	16 055	16 133
Operating profit excl. items affecting comparability	613	591	421	2 476	2 166
Operating profit	519	591	421	2 382	2 166
Profit after tax	543	458	332	2 268	1 668
Earnings per share, SEK	3.2	2.7	2.0	13.5	9.9
Operating margin, %*	15.5	15.4	10.8	15.4	13.4
Return on capital employed, %*	9.4	9.2	6.7	9.7	8.7
Return on equity, %	9.4	8.1	6.1	10.1	7.8
Cash flow before investments and working capital	671	581	588	2 500	2 310
Debt/equity ratio	0.12	0.13	0.13	0.12	0.13

*Excluding an item affecting comparability of SEK -94 million in the fourth quarter of 2018

- Operating profit excluding items affecting comparability for 2018 increased by SEK 310 million to SEK 2 476 million as a result of higher profits from forests and wood products. In the fourth quarter of 2018, SEK 94 million was recognised as an item affecting comparability regarding costs for a savings programme in paperboard. Operating profit including items affecting comparability amounted to SEK 2 382 million (2 166).
- Compared with the third quarter, operating profit excluding items affecting comparability increased by SEK 22 million to SEK 613 million.
- Profit after tax for 2018 was SEK 2 268 million (1 668), which corresponds to earnings per share of SEK 13.5 (9.9).
- Return on capital employed increased to 9.7 per cent (8.7).
- The Board proposes a dividend of SEK 6.75 (6.50) per share.



*Excl. items affecting comparability



Excl. items affecting comparability

CEO comments

Operating profit for 2018 increased by just over SEK 300 million to almost SEK 2.5 billion (excluding items affecting comparability) and return on capital employed increased to almost 10 per cent. Cash flow was good and our financial position was further strengthened. The Board proposes that the dividend be raised to SEK 6.75 per share.

Demand for raw material from forests has been strong and prices have been gradually raised. Despite difficult winter weather and fires in the summer, profit for forest increased by just over SEK 100 million in 2018. Profit comprised almost half of the Group's earnings. In addition, our own forests provide the basis for the supply of wood for our own industries, which has been increasingly important over the past year amid greater competition for raw material. During the year a forest holding located far from our production facilities was sold for SEK 100 million and a better-located forest was acquired for just over SEK 300 million.

Earnings from hydro power increased by almost SEK 50 million as a result of rising electricity prices and a gradual reduction of the property tax to the same level as for other types of energy.

Demand for paperboard progressed well in 2018 but profit decreased by SEK 75 million as it was not possible to pass on rising raw material costs to customers owing to increased competition. Production was established at a higher level and our position in the premium packaging segment was advanced. However, weaker demand in Asia restricted sales in the fourth quarter. Our programme to reduce costs is continuing and negotiations to reduce staffing by 150 people have now been concluded. The planned large investment to increase solid bleached board production has been postponed. We will instead make smaller investments to increase production in line with the development of sales to the premium segment.

Market conditions for paper were good in 2018, with rising prices. However, raw material costs have increased significantly, limiting the rise in profit to SEK 40 million. The transition from newsprint is largely complete. The focus is now on ensuring good profitability for the long term by advancing our position in book, magazine and advertising paper towards products that make the best use of fresh fibre. Work on improving the product mix is moving in the right direction but the phasing-out of certain products had a negative impact on deliveries in the fourth quarter.

The wood products market has been strong for a few years and prices have risen significantly. Profit for 2018 increased by just over SEK 160 million and return on capital employed was 27 per cent. Market conditions weakened in the autumn, resulting in some pricing pressure. Even in a weaker market, we are well placed to develop our wood products business owing to a strong cost position and good control of the raw material.

We noted a slowdown in our industries activity in the fourth quarter. It is too soon to say whether this is temporary or longer lasting, but with large forest holdings, hydro power production and a strong financial position, we are well equipped to continue developing the business.

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 m³.

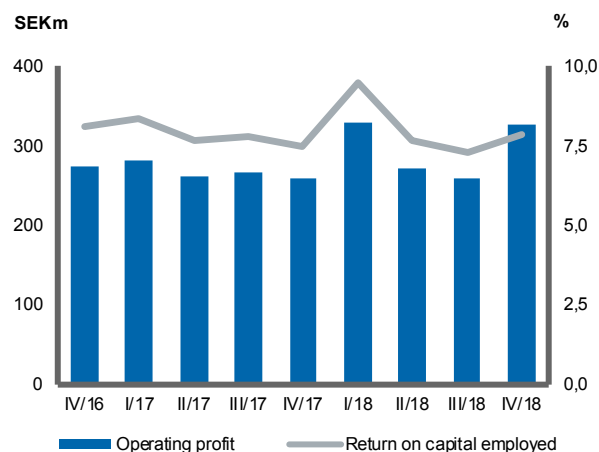
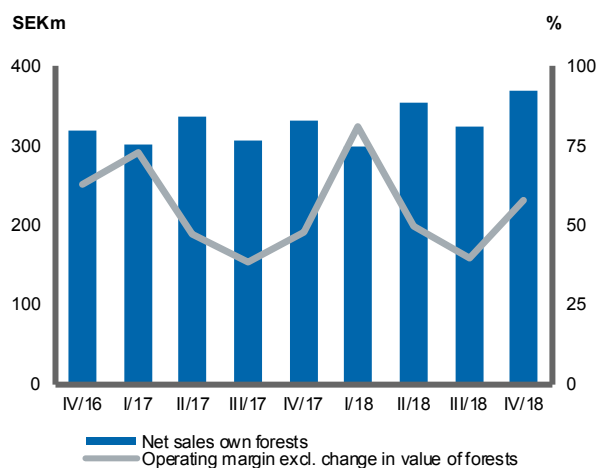
SEKm	Quarter			Full year	
	4-18	3-18	4-17	2018	2017
Net sales	1 590	1 345	1 391	5 944	5 535
<i>of which from own forests</i>	371	325	331	1 350	1 275
Operating costs	-1 368	-1 209	-1 224	-5 153	-4 852
Depreciation and amortisation according to plan	-9	-8	-9	-31	-30
Earnings before change in value of forests	214	128	158	760	654
Change in value of forests	112	131	100	425	415
Operating profit	326	260	258	1 185	1 069
Investments	302	5	21	357	49
Capital employed	14 830	14 333	13 824	14 830	13 824
Return on capital employed, %	8.9	7.3	7.5	8.3	7.8
Harvesting own forests, '000 m ³	732	671	734	2 831	2 904

Demand for logs and pulpwood was high in 2018 and prices increased, particularly for pulpwood. Holmen's harvest of its own forests amounted to 2.8 million m³ in 2018, which is slightly lower than in 2017 as a result of difficult weather conditions.

Operating profit for 2018 amounted to SEK 1 185 million (1 069). Profit was boosted by prices that were 9 per cent higher on average. Harvesting costs, however, were higher than usual owing to the weather conditions. Earnings include SEK +70 million from the sale of a forest holding and SEK -30 million from forest fires.

Compared with the third quarter, profit increased by SEK 66 million to SEK 326 million. Selling prices increased slightly and the share of logs in harvest was high. Profit for the previous quarter was impacted by costs relating to forest fires.

In the fourth quarter, the acquisition of a large cohesive forest holding of 5 700 hectares of productive forest land in Hälsingland was completed. The purchase price for the property, which is 30 kilometres from Holmen's sawmill and paperboard mill at Iggesund, was SEK 285 million.



Paperboard

Holmen supplies paperboard to the premium consumer packaging segment. Production, which takes place at one Swedish and one UK mill, amounts to just over 0.5 million tonnes a year.

SEKm	Quarter			Full year	
	4-18	3-18	4-17	2018	2017
Net sales	1 362	1 413	1 354	5 785	5 526
Operating costs	-1 064	-1 136	-1 129	-4 590	-4 270
EBITDA	298	277	226	1 196	1 257
Depreciation and amortisation according to plan	-123	-127	-120	-507	-492
Operating profit	175	151	106	689	764
Investments	153	145	173	471	375
Capital employed	5 316	5 579	5 433	5 316	5 433
EBITDA margin, %	22	20	17	21	23
Operating margin, %	13	11	8	12	14
Return on capital employed, %	13	11	8	12	14
Production, paperboard, '000 tonnes	131	128	129	538	530
Deliveries, paperboard, '000 tonnes	119	127	129	525	526

*Excl. items affecting comparability 2018

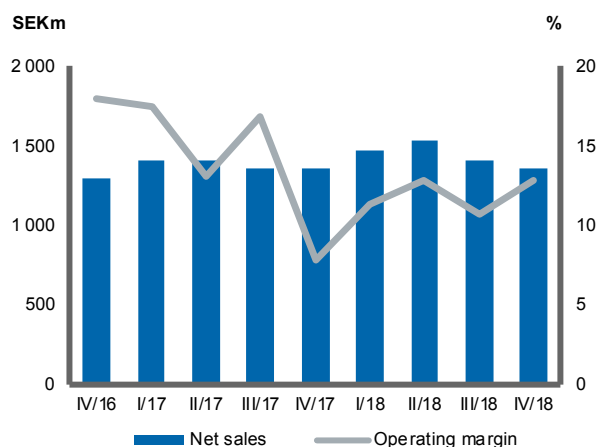
Demand for paperboard in Europe was good in 2018. Prices were stable. Holmen's paperboard deliveries in 2018 totalled 525 000 tonnes, which was the same level as in 2017.

Operating profit excluding items affecting comparability amounted to SEK 689 million (764) in 2018. The decrease in profit was due to higher prices for wood and chemicals, which were partly offset by lower costs for maintenance shutdowns.

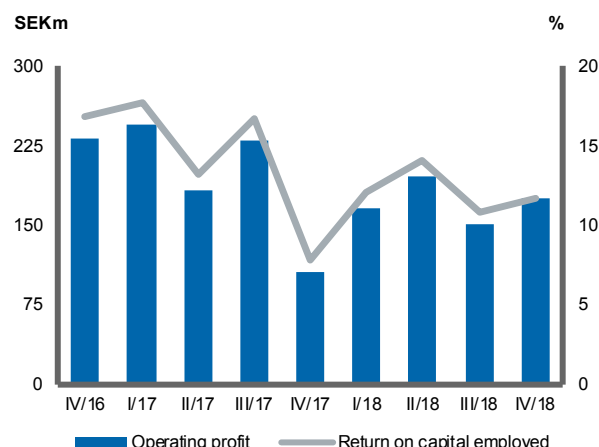
Compared with the third quarter, profit increased by SEK 24 million to SEK 175 million. Deliveries decreased owing to lower demand from Asia. Personnel costs increased seasonally. The previous quarter was impacted by SEK 60 million relating to a maintenance shutdown.

A programme to reduce costs in the business area is ongoing. The fourth quarter saw the conclusion of negotiations to reduce staffing by 150 people, which is expected to take effect in the second quarter of 2019. Restructuring costs are estimated to amount to SEK 94 million, which has been recognised as an item affecting comparability in the fourth quarter.

Significant maintenance shutdowns are expected to have a negative SEK 70 million impact on profit in the second quarter and SEK 150 million in the third quarter of 2019. In 2018 profit was impacted by SEK -60 million from a significant maintenance shutdown.



*Excl. items affecting comparability



*Excl. items affecting comparability

Paper

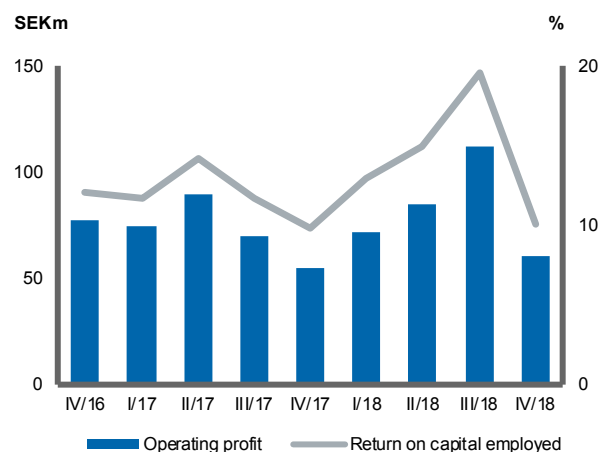
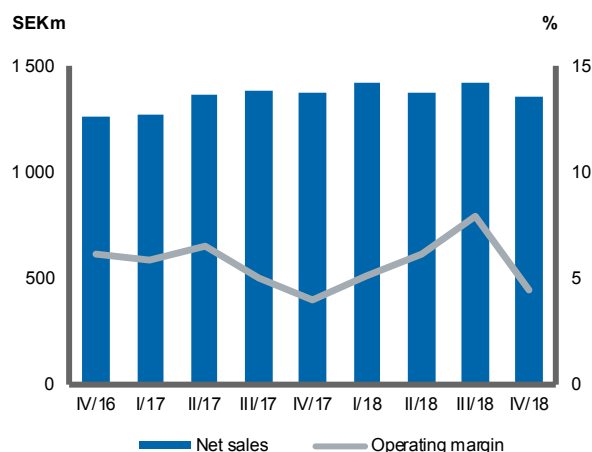
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production amounts to 1 million tonnes a year at two Swedish mills.

SEKm	Quarter			Full year	
	4-18	3-18	4-17	2018	2017
Net sales	1 357	1 419	1 376	5 571	5 408
Operating costs	-1 214	-1 222	-1 238	-4 905	-4 781
EBITDA	143	197	138	665	627
Depreciation and amortisation according to plan	-83	-84	-83	-336	-339
Operating profit*	61	112	55	329	288
Investments	79	41	59	173	141
Capital employed	2 072	2 299	2 193	2 072	2 193
EBITDA margin, %	11	14	10	12	12
Operating margin, %	4	8	4	6	5
Return on capital employed, %	11	20	10	15	12
Production, '000 tonnes	271	258	279	1 069	1 088
Deliveries, '000 tonnes	246	256	282	1 036	1 117

Market conditions for magazine and book paper in Europe were good in 2018 and prices increased. Holmen's deliveries in 2018 totalled 1 036 000 tonnes. That is 7 per cent lower than in 2017, mainly as a result of changes in inventory between the years. The product mix has been improved by an increased proportion of book and magazine paper.

Operating profit for 2018 was SEK 329 million (288). Selling prices increased by an average of 10 per cent, but the impact was offset by significant cost increases for wood, chemicals and electricity.

Compared with the third quarter, profit decreased by SEK 51 million to SEK 61 million. The decrease in profit was due to seasonally higher personnel costs and high maintenance 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 under 1 million cubic metres.

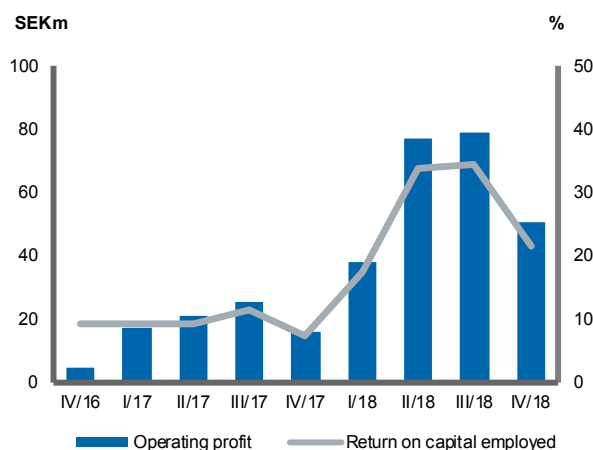
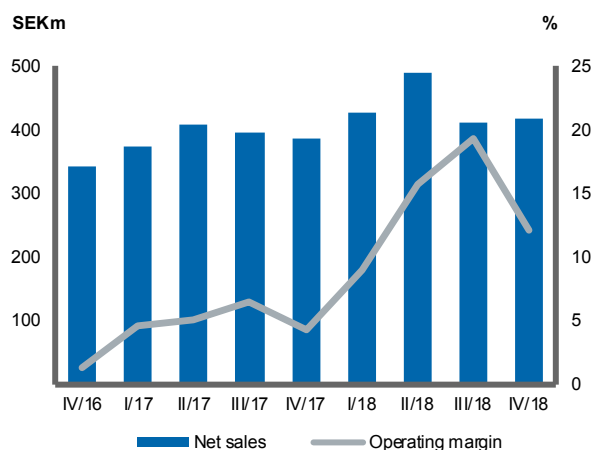
SEKm	Quarter			Full year	
	4-18	3-18	4-17	2018	2017
Net sales	419	412	385	1 747	1 562
Operating costs	-346	-309	-347	-1 410	-1 397
EBITDA	73	102	38	337	165
Depreciation and amortisation according to plan	-22	-23	-22	-92	-86
Operating profit	51	79	16	246	80
Investments*	11	13	30	76	100
Capital employed	927	902	862	927	862
EBITDA margin, %	17	25	10	19	11
Operating margin, %	12	19	4	14	5
Return on capital employed, %	22	35	7	27	9
Production, '000 m ³	234	212	214	873	827
Deliveries, '000 m ³	198	185	206	828	852

*Of which SEK 48 million for the full year 2017 relates to the acquisition of Lingham Sawmill.

Demand for wood products was strong for large parts of 2018 and significant price increases were implemented. However, market conditions deteriorated in the fourth quarter and prices decreased slightly on some markets. Holmen's deliveries of wood products decreased from a high level in 2017 to 828 000 m³ in 2018.

Operating profit for 2018 amounted to SEK 246 million (80). The improvement is due to selling prices being 15 per cent higher on average. The effect was partly offset by increased costs for logs.

Compared with the third quarter, profit decreased by SEK 28 million to SEK 51 million. The decrease in profit was due to a worse sales mix and some price decreases, as well as rising raw material costs.



Renewable energy

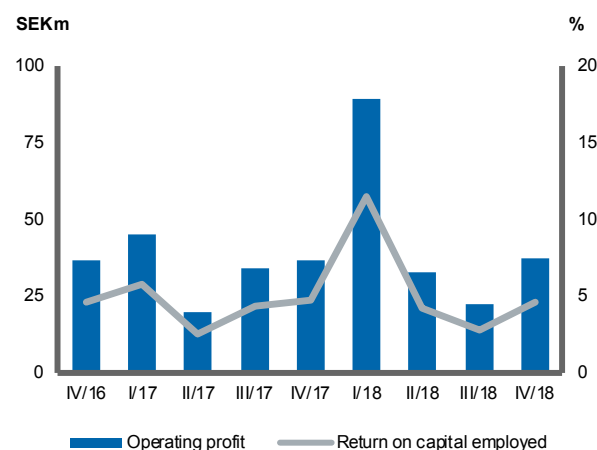
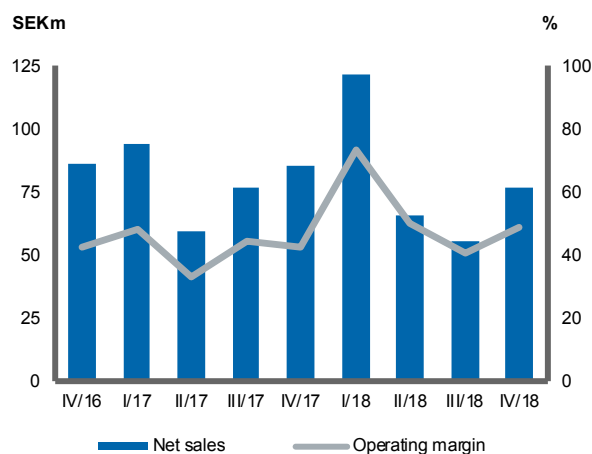
In a normal year Holmen produces over 1 TWh of renewable hydro and wind power.

SEKm	Quarter			Full year	
	4-18	3-18	4-17	2018	2017
Net sales	76	55	86	319	315
Operating costs	-33	-27	-43	-114	-157
Depreciation and amortisation according to plan	-7	-6	-6	-24	-24
Operating profit	37	22	36	181	135
Investments	10	4	10	22	26
Capital employed	3 052	3 169	3 115	3 052	3 115
Operating margin, %	49	40	42	57	43
Return on capital employed, %	5	3	5	6	4
Production hydro and wind power, GWh	275	224	318	1 145	1 169

Operating profit for 2018 amounted to SEK 181 million (135). The improvement in profit was due to higher prices and lower property tax. Production was in line with 2017 but 5 per cent lower than in a normal year.

Compared with the third quarter, profit increased by SEK 15 million to SEK 37 million. Production increased seasonally but was 20 per cent lower than usual.

The levels in Holmen's water storage reservoirs were slightly lower than usual at the end of the year.



Cash flow, financing and net financial items

Cash flow from operating activities totalled SEK 2 286 million (2 509) in 2018. Capital expenditures totalled SEK 1 140 million (702), whereof SEK 317 million related to the acquisition of forest holdings. A dividend of SEK 1 092 million (1 008) was paid.

The Group's net financial debt decreased by SEK 129 million to SEK 2 807 million in 2018. At 31 December, the debt/equity ratio was 0.12. Financial liabilities including pension provisions totalled SEK 3 587 million, SEK 2 494 million of which were current liabilities. Cash and cash equivalents and financial receivables totalled SEK 780 million, of which SEK 452 million consisted of loans to a partly owned wind power company. The Group has unutilised committed credit facilities of SEK 4 108 million, of which just under SEK 300 million matures in 2020 and the remainder in 2021.

Net financial items for 2018 totalled SEK -25 million (-53).

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

Tax

Recognised tax for 2018 was SEK -89 million (-445). The recognised tax expense was positively affected by just over SEK 300 million, arising from the decision by the Swedish Parliament to lower Sweden's corporation tax rate.

Equity

The Group's equity increased by SEK 1 418 million in 2018 to SEK 23 453 million. Profit for the period totalled SEK 2 268 million (1 668) and the dividend paid totalled SEK 1 092 million (1 008). Other comprehensive income amounted to SEK 242 million (119).

Hedging of exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for 2018 includes currency hedges of SEK -325 million (-90).

Currency had a positive impact of just under SEK 200 million on Group earnings in 2018 compared with 2017. For just over the next two years, expected flows in EUR/SEK are hedged at an average of 9.97. For other currencies, 4 months of flows are hedged.

Prices for the Group's estimated net consumption of electricity in Sweden are 80 per cent hedged for 2019–2020 and 65 per cent hedged for 2021.

Personnel

The average number of employees (full-time equivalents) in the Group was 2 955 (2 984).

Dividend

The Board proposes that the AGM to be held on 11 April 2019 approve a dividend of SEK 6.75 (6.5) per share, corresponding to 4.8 per cent of equity. The dividend proposal is based on an appraisal of the Group's profitability, future investment plans and financial position. The proposed record date for the dividend is 15 April 2019.

Share buy-backs

At the 2018 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 2019 AGM approve corresponding authorisation for the Board.

Nomination committee proposals to the AGM

Holmen's nomination committee proposes to the AGM 2019 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, Louise Lindh, Ulf Lundahl, Henrik Sjölund and Henriette Zeuchner. Carl Kempe has declined re-election.

The committee also proposes that Alice Kempe be elected as a new Board member. Alice Kempe is Chairman of Kempe Foundations and since 2001 employed by the Swedish Energy Agency

The nomination committee's other proposals will be presented in the notice convening Holmen's AGM 2019, held in Stockholm on 11 April at 15:00 CET.

Prior to the 2019 AGM, Holmen's nomination committee is made up of Mats Guldbrand, L E Lundbergföretagen, Torbjörn Widmark, Kempe Foundations, Hans Hedström, Carnegie funds and Fredrik Lundberg, Chairman of the Board. 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 2017, pages 32–35 and note 26. The UK's exit from the EU could affect the markets on which Holmen sells its products. Holmen also has paperboard

production in the UK. Holmen are following developments in the negotiations closely, but the outcome and consequences are hard to predict.

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 Group's accounting policies are unchanged from the most recently published annual accounts, with the exception of new accounting standards IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers,' which came into force on 1 January 2018. Under IFRS 9, impairments of financial assets should be based on a model based on expected future losses. Hedge accounting rules have changed, with requirements for hedging relations to be the same as the Group's risk management targets. Under IFRS 15, income should be recognised when the customer gains control over the goods in question. Other changes in IFRS 15 include the accounting of rights of return and discounts. The new policies have only a marginal effect on Holmen's accounting and no effects have been recognised in equity as a result of their introduction. The figures in tables are rounded off.

IFRS 16 'Leases' is replacing the previous IAS 17 'Leases' and the related interpretations IFRIC 4, SIC-15 and SIC-27 from 1 January 2019. This standard requires assets and liabilities attributable to all leases, with some exceptions, to be recognised in the balance sheet. The leasing cost allocated by depreciation and interest expenses is recognised in the income statement. Holmen will use the simplified forward-looking method, which involves an asset and liability being set at the same value in connection with the transition. An asset and liability will be recognised for an amount of approximately SEK 200 million at 1 January 2019. Under the new regulations, in 2019 depreciation are estimated to increase by approximately SEK 80 million, interest expenses by around SEK 5 million, while other external costs are expected to decrease by approximately SEK 85 million. Profit before tax will be largely unaffected. The change will have some effect on key indicators such as net debt, capital employed and profit before depreciation. Agreements for Holmen that are affected by the new regulations mainly relate to office rent, leased vehicles and vessels.

Stockholm, 31 January 2019
Holmen AB (publ)

Henrik Sjölund
President and CEO

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

For further information please contact:

Henrik Sjölund, President and CEO, tel. +46 8 666 21 05
Anders Jernhall, Executive Vice President and CFO, tel. +46 8 666 21 22
Stina Sandell, Senior Vice President Sustainability and Communications, tel. +46 73 986 51 12

Group

Income statement, SEKm	Quarter			Full year	
	4-18	3-18	4-17	2018	2017
Net sales	3 948	3 844	3 908	16 055	16 133
Other operating income	373	268	327	1 284	1 136
Change in inventories	354	70	-23	439	-128
Raw materials and consumables	-2 454	-2 081	-2 134	-9 027	-8 945
Personnel costs	-595	-528	-598	-2 306	-2 252
Other operating costs	-936	-862	-914	-3 443	-3 189
Profit from investments in associates and joint ventures	-8	1	1	-9	-12
Depreciation and amortisation according to plan	-249	-252	-246	-1 012	-991
Impairment losses	-25	-	-	-25	-
Change in value of biological assets	112	131	100	425	415
Operating profit	519	591	421	2 382	2 166
Finance income	3	4	0	13	2
Finance costs	-9	-10	-14	-38	-55
Profit before tax	513	585	407	2 356	2 113
Tax	30	-127	-75	-89	-445
Profit for the period	543	458	332	2 268	1 668
Earnings per share, SEK					
basic	3.2	2.7	2.0	13.5	9.9
diluted	3.2	2.7	2.0	13.5	9.9
Operating margin, %	15.5	15.4	10.8	15.4	13.4
Return on capital employed, %	9.4	9.2	6.7	9.7	8.7
Return on equity, %	9.4	8.1	6.1	10.1	7.8

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-18	3-18	4-17	2018	2017
Profit for the period	543	458	332	2 268	1 668
Other comprehensive income					
Revaluations of defined benefit pension plans	-34	6	53	-52	121
Tax attributable to items that will not be reclassified to profit for the period	7	-1	-12	10	-24
Items that will not be reclassified to profit for the period	-27	4	42	-42	97
Cash flow hedging	195	190	-68	306	31
Translation difference on foreign operation	-31	-41	70	55	36
Hedging of currency risk in foreign operation	-0	5	-38	-8	-49
Tax attributable to items that will be reclassified to profit for the period	-42	-42	22	-69	3
Items that will be reclassified to profit for the period	122	112	-14	284	21
Total other comprehensive income after tax	94	117	28	242	119
Total comprehensive income	638	575	360	2 510	1 786

Change in equity, SEKm	Full year	
	2018	2017
Opening equity	22 035	21 243
Profit for the period	2 268	1 668
Other comprehensive income	242	119
Total comprehensive income	2 510	1 786
Dividends paid	-1 092	-1 008
Share saving program	0	13
Closing equity	23 453	22 035

Share structure					
	Votes	No. of shares	No. of votes	Quotient value	SEKm
A share	10	45 246 468	452 464 680	25	1 131.2
B share	1	124 265 856	124 265 856	25	3 106.6
Total number of shares		169 512 324	576 730 536		4 237.8
Holding of own B shares bought back		-1 520 000	-1 520 000		
Total number of shares issued		167 992 324	575 210 536		

Group

Balance sheet, SEKm	2018	2018	2017
	31 December	30 September	31 December
Non-current assets			
Intangible non-current assets	68	89	90
Property, plant and equipment	9 077	8 921	9 078
Biological assets	18 400	18 159	17 831
Investments in associates and joint ventures	1 740	1 750	1 749
Other shares and participating interests	1	1	2
Non-current financial receivables	468	486	42
Deferred tax assets	1	1	1
Total non-current assets	29 755	29 408	28 793
Current assets			
Inventories	3 628	3 184	2 905
Trade receivables	1 929	2 179	2 089
Current tax receivable	328	54	36
Other operating receivables	959	975	658
Current financial receivables	35	37	32
Cash and cash equivalents	278	126	356
Asset held for sale	-	-	23
Total current assets	7 157	6 556	6 098
Total assets	36 912	35 964	34 891
Equity	23 453	22 814	22 035
Non-current liabilities			
Non-current financial liabilities	1 033	1 043	552
Pension provisions	61	33	39
Other provisions	483	637	662
Deferred tax liabilities	5 839	5 490	5 650
Total non-current liabilities	7 416	7 204	6 903
Current liabilities			
Current financial liabilities	2 494	2 536	2 775
Trade payables	2 232	2 068	1 957
Current tax liability	13	35	21
Provisions	197	127	144
Other operating liabilities	1 108	1 180	1 056
Total current liabilities	6 044	5 946	5 952
Total liabilities	13 459	13 150	12 856
Total equity and liabilities	36 912	35 964	34 891
Debt/equity ratio, times	0.12	0.13	0.13
Equity/assets ratio, %	64	63	63
	26 261	25 778	24 972
Net financial debt	2 807	2 963	2 936

Financial instruments, SEKm	Carrying amount	Fair value		
	2018	2017	2018	2017
	31 December	31 December	31 December	31 December
Assets at fair value	557	200	557	200
Assets at acquisition cost	2 695	2 498	2 695	2 498
Liabilities at fair value	381	351	381	351
Liabilities at acquisition cost	5 726	5 234	5 726	5 234

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	
	4-18	3-18	4-17	2018	2017
Operating activities					
Profit before tax	513	585	407	2 356	2 113
Adjustments for non-cash items*	222	112	135	540	418
Paid income taxes	-65	-116	46	-396	-221
Cash flow from operating activities before changes in working capital	671	581	588	2 500	2 310
Cash flow from changes in working capital					
Change in inventories	-457	-139	-47	-705	73
Change in trade receivables and other operating receivables	337	98	223	230	22
Change in trade payables and other operating liabilities	181	-4	129	262	104
Cash flow from operating activities	732	536	893	2 286	2 509
Investing activities					
Acquisition of non-current assets	-558	-205	-297	-1 140	-702
Disposal of non-current assets	9	1	14	135	58
Change in non-current financial receivables	15	0	-	-431	-
Cash flow from investing activities	-533	-204	-283	-1 436	-644
Financing activities					
Change in financial liabilities and current financial receivables	-47	-493	-632	161	-710
Dividends paid to the shareholders of the parent company	-	-	-	-1 092	-1 008
Cash flow from financing activities	-47	-493	-632	-930	-1 718
Cash flow for the period	151	-162	-21	-81	147
Opening cash and cash equivalents	126	289	376	356	210
Exchange difference in cash and cash equivalents	0	-1	1	3	-1
Closing cash and cash equivalents	277	126	356	278	356

Change in net financial debt, SEKm	Quarter			Full year	
	4-18	3-18	4-17	2018	2017
Opening net financial debt	-2 963	-3 286	-3 585	-2 936	-3 945
Cash flow from operating activities	732	536	893	2 286	2 509
Cash flow from investing activities (excl financial receivables)	-549	-204	-283	-1 005	-644
Dividends paid	-	-	-	-1 092	-1 008
Revaluations of defined benefit pension plans	-28	4	54	-47	120
Foreign exchange effects and changes in fair value	1	-13	-15	-13	32
Closing net financial debt	-2 808	-2 963	-2 936	-2 807	-2 936

* 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	4-18	Quarter 3-18	4-17	Full year 2018	2017
Operating income	4 007	3 477	3 617	15 012	14 910
Operating costs	-3 633	-3 132	-3 575	-13 605	-14 069
Operating profit	373	345	42	1 407	841
Net financial items	305	11	301	434	416
Profit after net financial items	678	356	343	1 841	1 257
Appropriations	-1 508	58	141	-1 373	787
Profit before tax	-831	414	483	467	2 044
Tax	260	-88	-30	47	-197
Profit for the period	-571	325	454	514	1 847

Statement of comprehensive income, SEKm	4-18	Quarter 3-18	4-17	Full year 2018	2017
Profit for the period	-571	325	454	514	1 847
Other comprehensive income					
Cash flow hedging	198	192	-63	326	38
Tax attributable to other comprehensive income	-42	-41	14	-70	-8
Items that will be reclassified to profit for the period	156	151	-49	255	29
Total comprehensive income	-415	476	405	769	1 876

Balance sheet, SEKm	2018 31 December	2018 30 September	2017 31 December
Non-current assets	21 205	17 111	16 658
Current assets	5 942	5 392	4 888
Total assets	27 147	22 503	21 545
Restricted equity	5 915	5 915	5 915
Non-restricted equity	5 480	5 893	5 803
Untaxed reserves	1 012	2 386	2 032
Provisions	1 407	1 309	1 392
Liabilities	13 333	7 000	6 403
Total equity and liabilities	27 147	22 503	21 545

Of operating income for 2018, SEK 151 million (115) relates to sales to Group companies.

Balance sheet appropriations include a group contribution totalling SEK -2 394 million (530) and a reversal of the tax allocation reserve of SEK 996 million (260).

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 135 million (32).

Group

Quarterly figures, SEKm	2018				2017				Full year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2018	2017
Income statement										
Net sales	3 948	3 844	4 164	4 099	3 908	3 947	4 148	4 131	16 055	16 133
Operating costs	-3 189	-3 133	-3 385	-3 278	-3 342	-3 250	-3 472	-3 315	-12 984	-13 379
Profit from investments in associates and joint ventures	-8	1	0	-2	1	-5	-3	-6	-9	-12
Earnings before depreciation and change in value	751	712	780	820	567	692	672	810	3 063	2 742
Depreciation and amortisation according to plan	-249	-252	-256	-254	-246	-249	-249	-247	-1 012	-991
Change in value of forests	112	131	95	87	100	150	102	64	425	415
Operating profit excl. items affecting comparability	613	591	618	653	421	593	525	627	2 476	2 166
Items affecting comparability *	-94	-	-	-	-	-	-	-	-94	-
Operating profit	519	591	618	653	421	593	525	627	2 382	2 166
Net financial items	-6	-6	-5	-8	-15	-13	-12	-14	-25	-53
Profit before tax	513	585	614	644	407	580	513	613	2 356	2 113
Tax	30	-127	145	-137	-75	-124	-119	-127	-89	-445
Profit for the period	543	458	759	507	332	456	394	485	2 268	1 668
Earnings per share, SEK	3.2	2.7	4.5	3.0	2.0	2.7	2.4	2.9	13.5	9.9
Net sales**										
Forest	1 590	1 345	1 543	1 465	1 391	1 286	1 407	1 451	5 944	5 535
Paperboard	1 362	1 413	1 538	1 473	1 354	1 361	1 408	1 403	5 785	5 526
Paper	1 357	1 419	1 376	1 418	1 376	1 387	1 369	1 277	5 571	5 408
Wood Products	419	412	491	426	385	397	407	373	1 747	1 562
Renewable Energy	76	55	66	122	86	76	60	94	319	315
Elimination of intra-group net sales	-857	-799	-849	-805	-684	-560	-503	-467	-3 311	-2 214
Group	3 948	3 844	4 164	4 099	3 908	3 947	4 148	4 131	16 055	16 133
EBITDA by business area ***										
Forest	223	136	183	249	167	124	166	226	791	683
Paperboard	298	277	327	294	226	352	309	370	1 196	1 257
Paper	143	197	169	156	138	156	175	159	665	627
Wood Products	73	102	101	61	38	48	42	38	337	165
Renewable Energy	44	28	39	95	43	40	25	51	205	159
Group-wide	-30	-28	-38	-35	-45	-27	-44	-33	-132	-149
Group	751	712	780	820	567	692	672	810	3 063	2 742
Operating profit/loss by business area ***										
Forest	326	260	271	329	258	267	261	283	1 185	1 069
Paperboard	175	151	197	166	106	229	184	246	689	764
Paper	61	112	85	72	55	69	90	74	329	288
Wood Products	51	79	77	38	16	26	21	17	246	80
Renewable Energy	37	22	33	89	36	34	20	45	181	135
Group-wide	-36	-33	-44	-41	-50	-32	-50	-38	-154	-170
Group	613	591	618	653	421	593	525	627	2 476	2 166
Operating margin, % ***										
Paperboard	12.9	10.7	12.8	11.3	7.8	16.9	13.0	17.5	11.9	13.8
Paper	4.5	7.9	6.1	5.1	4.0	5.0	6.5	5.8	5.9	5.3
Wood Products	12.1	19.3	15.8	9.0	4.2	6.5	5.1	4.6	14.1	5.1
Group	15.5	15.4	14.9	15.9	10.8	15.0	12.7	15.2	15.4	13.4
Return on capital employed, % ***										
Forest	8.9	7.3	7.7	9.5	7.5	7.8	7.7	8.4	8.3	7.8
Paperboard	12.9	10.8	14.0	12.1	7.8	16.7	13.2	17.7	12.4	13.9
Paper	11.1	19.6	15.0	13.0	9.8	11.6	14.2	11.7	14.7	11.9
Wood Products	22.2	34.6	33.8	17.3	7.4	11.4	9.4	8.1	27.1	9.1
Renewable Energy	4.8	2.8	4.2	11.5	4.7	4.3	2.5	5.7	5.8	4.3
Group	9.4	9.2	9.8	10.5	6.7	9.4	8.5	10.2	9.7	8.7
Key indicators										
Return on equity, %	9.4	8.1	13.6	9.1	6.1	8.5	7.5	9.2	10.1	7.8
Deliveries										
Harvesting own forests, '000 m³	732	671	761	666	734	697	760	713	2 831	2 904
Paperboard, '000 tonnes	119	127	141	138	129	133	133	131	525	526
Paper, '000 tonnes	246	256	256	278	282	287	283	265	1 036	1 117
Wood products, '000 m³	198	185	230	215	206	215	222	208	828	852
Own production of hydro and wind power, GWh	275	224	261	385	318	285	231	335	1 145	1 169

* Items affecting comparability in operating profit in Q4 2018 relate to restructuring costs in paperboard business area.

** Sales in the forest and renewable energy business areas take place in Sweden only. For the paperboard business area, 73 per cent of sales during 2018 were to Europe, while 19 per cent went to Asia and 8 per cent to the rest of the world. For the paper business area, sales to Europe accounted for 87 per cent while sales to Asia accounted for 10 per cent and 3 per cent to the rest of the world. For the wood products business area, sales to Europe accounted for 72 per cent, to 12 per cent to Asia and other sales were mainly to North Africa and the Middle East.

*** Excl. Items affecting comparability.

Group

Full year review, SEKm	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Income statement										
Net sales	16 055	16 133	15 513	16 014	15 994	16 231	17 852	18 656	17 581	18 071
Operating costs	-12 984	-13 379	-12 626	-13 348	-13 270	-13 919	-15 224	-15 501	-15 077	-15 191
Profit from investments in associates and joint ventures	-9	-12	-22	7	-7	3	47	84	28	45
Earnings before depreciation and change in value	3 063	2 742	2 865	2 673	2 717	2 315	2 676	3 240	2 531	2 925
Depreciation and amortisation according to plan	-1 012	-991	-1 018	-1 240	-1 265	-1 370	-1 313	-1 260	-1 251	-1 320
Change in value of forests	425	415	315	267	282	264	350	-	52	16
Operating profit excl. items affecting comparability	2 476	2 166	2 162	1 700	1 734	1 209	1 713	1 980	1 332	1 620
Items affecting comparability	-94	-	-232	-931	-450	-140	-193	3 593	264	-
Operating profit	2 382	2 166	1 930	769	1 284	1 069	1 520	5 573	1 596	1 620
Net financial items	-25	-53	-71	-90	-147	-198	-227	-244	-208	-255
Profit before tax	2 356	2 113	1 859	679	1 137	871	1 294	5 328	1 388	1 366
Tax	-89	-445	-436	-120	-230	-160	559	-1 374	-684	-360
Profit for the year	2 268	1 668	1 424	559	907	711	1 853	3 955	704	1 006
Diluted earnings per share, SEK	13.5	9.9	8.5	3.4	5.4	4.3	11.1	23.6	4.2	6.0
EBITDA by business area*										
Forest	791	683	716	668	563	694	614	769	794	616
Paperboard	1 196	1 257	1 382	1 346	1 161	878	959	1 186	1 141	780
Paper	665	627	669	514	725	429	862	1 002	229	1 218
Wood Products	337	165	80	86	160	45	-10	-26	49	52
Renewable Energy	205	159	143	198	233	391	374	425	516	435
Group-wide	-132	-149	-124	-138	-126	-121	-123	-116	-198	-176
Group	3 063	2 742	2 865	2 673	2 717	2 315	2 676	3 240	2 531	2 925
Operating profit by business area*										
Forest	1 185	1 069	1 001	905	817	924	931	739	818	605
Paperboard	689	764	903	847	674	433	596	863	817	419
Paper	329	288	289	-74	141	-309	94	228	-618	340
Wood Products	246	80	-3	9	37	-75	-130	-136	20	21
Renewable Energy	181	135	120	176	212	371	355	406	495	414
Group-wide	-154	-170	-148	-163	-146	-136	-132	-120	-200	-178
Group	2 476	2 166	2 162	1 700	1 734	1 209	1 713	1 980	1 332	1 620
Deliveries										
Harvesting own forests, '000 m³	2 831	2 904	2 986	3 213	3 297	3 465	3 211	2 988	2 999	2 897
Paperboard, '000 tonnes	525	526	497	499	493	469	485	474	464	477
Paper, '000 tonnes	1 036	1 117	1 134	1 325	1 305	1 574	1 651	1 668	1 732	1 745
Wood products, '000 m³	828	852	776	730	725	686	660	487	285	313
Own production of hydro and wind power, GWh	1 145	1 169	1 080	1 441	1 113	1 041	1 353	1 235	1 149	1 090
Balance sheet										
Non-current assets	29 287	28 751	28 701	29 524	30 221	30 652	30 664	30 334	26 028	25 694
Current assets	6 845	5 710	5 852	5 607	5 964	5 774	6 005	6 642	6 950	6 075
Financial receivables	781	430	338	325	249	327	377	240	454	407
Total assets	36 912	34 891	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176
Equity	23 453	22 035	21 243	20 853	20 969	20 854	20 813	19 773	16 913	16 504
Deferred tax liability	5 839	5 650	5 613	5 508	5 480	5 804	5 504	6 630	5 910	5 045
Financial liabilities and interest-bearing provisions	3 587	3 366	4 283	5 124	6 156	6 443	6 967	6 499	6 227	6 091
Operating liabilities	4 033	3 840	3 752	3 971	3 829	3 653	3 762	4 313	4 382	4 536
Total equity and liabilities	36 912	34 891	34 891	35 456	36 434	36 753	37 046	37 217	33 432	32 176
Cash flow										
Operating activities	2 286	2 509	1 961	2 526	2 176	2 011	2 254	2 101	1 523	2 873
Investing activities	-1 005	-644	-123	-824	-815	-872	-1 957	-1 791	-1 585	-714
Cash flow after investments	1 281	1 865	1 838	1 702	1 361	1 139	297	310	-62	2 158
Key indicators										
Return on capital employed, %*	10	9	9	6	6	4	7	9	6	7
Return on equity, %	10	8	7	3	4	3	9	23	4	6
Return on equity, %*	10	8	8	7	6	4	6	8	4	6
Debt/equity ratio	0.12	0.13	0.19	0.23	0.28	0.29	0.32	0.32	0.34	0.34
Dividend										
Dividend, SEK	6.75	6.5	6	5.25	5	4.5	4.5	4	3.5	3.5

*Excl. items affecting comparability.

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

*** Proposal of 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. This includes all income and costs except for financial items and tax. Depreciation/amortisation of non-current assets is also included. 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 'earnings before change in value of forests' 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, major restructuring measures 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. In 2018, SEK 94 million was recognised as an item affecting comparability in the fourth quarter regarding restructuring costs in the paperboard business area. On page 74 of Holmen's 2017 annual report a description is given of the items that are reported as affecting comparability in previous periods.

SEKm	Quarter			Full year	
	4-18	3-18	4-17	2018	2017
EBITDA	751	712	567	3 063	2 742
Depreciation and amortisation according to plan	-249	-252	-246	-1 012	-991
Change in value of forests	112	131	100	425	415
Operating profit excl. items affecting comp.	613	591	421	2 476	2 166
Items affecting comparability	-94	-	-	-94	-
Operating profit	519	591	421	2 382	2 166

SEKm	Quarter			Full year	
	4-18	3-18	4-17	2018	2017
Earnings before change in value of forests	214	128	158	760	654
Change in value of forests	112	131	100	425	415
Operating profit of forest	326	260	258	1 185	1 069

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. 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 capital plus working capital less the net sum of deferred tax liabilities and deferred tax assets. This corresponds to equity plus net financial debt.

SEKm	2018	2018	2017
	31 december	30 September	31 December
Fixed capital*	29 286	28 921	28 751
Working capital**	2 812	2 345	1 870
Deferred tax assets	1	1	1
Deferred tax liabilities	-5 839	-5 490	-5 650
Capital employed	26 261	25 778	24 972

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	2018	2018	2017
	30 December	30 September	31 December
Non-current financial liabilities	1 033	1 043	552
Current financial liabilities	2 494	2 536	2 775
Pension provisions	61	33	39
Non-current financial receivables	-468	-486	-42
Current financial receivables	-35	-37	-32
Cash and cash equivalents	-278	-126	-356
Net financial debt	2 807	2 963	2 936

*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 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 year-end report, a webcast press and analyst conference will be held at 14.00 CET on Wednesday 31 January. Holmen President and CEO Henrik Sjölund 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/rapporter. You may also participate in the conference by telephone, by calling no later than 13.55 on:

+46856642691 (within Sweden)

+442030089807 (from the rest of Europe)

+18557532235 (from the US).

Financial reports

Week 11 2019	Annual report 2018 is published on the Group's website
8 May 2019	Interim report January–March 2019
15 August 2019	Interim report January–June 2019
18 October 2019	Interim report January–September 2019
30 January 2020	Year-end report 2019

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 Thursday 31 January 2019 at 12.15.

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.