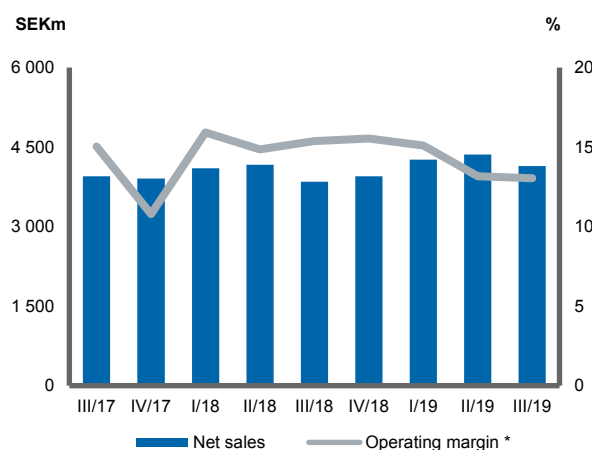


# Holmen Interim Report January–September 2019

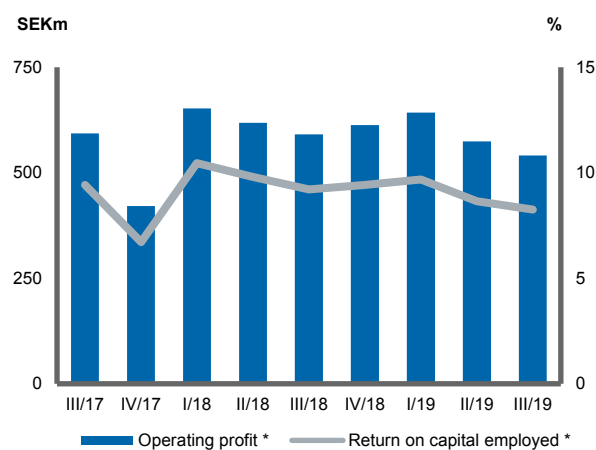
SEKm	Quarter			January-September		Full year 2018
	3-19	2-19	3-18	2019	2018	
Net sales	<b>4 144</b>	4 361	3 844	<b>12 765</b>	12 108	16 055
Operating profit excl. item affecting comparability	<b>541</b>	574	591	<b>1 758</b>	1 862	2 476
Operating profit	<b>541</b>	574	591	<b>1 758</b>	1 862	2 382
Profit after tax	<b>409</b>	451	458	<b>1 363</b>	1 724	2 268
Earnings per share, SEK	<b>2.5</b>	2.7	2.7	<b>8.1</b>	10.3	13.5
Operating margin, % *	<b>13.0</b>	13.2	15.4	<b>13.8</b>	15.4	15.4
Return on capital employed, % *	<b>8.3</b>	8.6	9.2	<b>8.9</b>	9.8	9.7
Return on equity, %	<b>7.2</b>	7.7	8.1	<b>7.8</b>	10.3	10.1
Cash flow before investments and working capital	<b>522</b>	884	581	<b>2 062</b>	1 829	2 500
Debt/equity ratio	<b>0.18</b>	0.14	0.13	<b>0.18</b>	0.13	0.12

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

- Operating profit for January–September was SEK 1 758 million (January–September 2018: SEK 1 862 million). There was a negative SEK 210 million impact from paperboard maintenance shutdowns, compared with SEK 60 million in 2018. Higher wood costs were offset by better selling prices.
- Operating profit in the third quarter totalled SEK 541 million, compared with SEK 574 million in the second quarter. A significant maintenance shutdown had a SEK 130 million impact on profit. Costs were seasonally low and paperboard production went well.
- Profit after tax for January–September was SEK 1 363 million (1 724), which corresponds to earnings per share of SEK 8.1 (10.3). Profit last year was positively affected by SEK 300 million as a result of a lower tax rate in Sweden.
- Following the Board's decision in August to begin repurchasing the company's own shares, 3.7 per cent of the total number of shares have been repurchased for SEK 1 430 million.
- The Board intends at year-end to change Holmen's accounting of forest holdings so that it is based on fair value calculated on basis of transactions in areas where Holmen owns land. According to preliminary calculations, the value is between SEK 39 billion and SEK 43 billion, compared with the current book value of SEK 19 billion.



\* Excl. items affecting comparability



\* Excl. items affecting comparability

## CEO comments

Operating profit in the third quarter was SEK 541 million, despite the impact of SEK 130 million from a significant maintenance shutdown. We are pleased about the good paperboard production, which boosted profit for the quarter, but we also note that ample supply is putting pressure on wood product margins. Our financial position remains strong, even after repurchasing almost 4 per cent of the company's shares since the middle of August.

The supply of forest raw material in southern Sweden is high as a result of the large harvest owing to measures to address a spruce bark beetle infestation. The market balance in other parts of Sweden has also been affected, reducing Swedish imports from the Baltic States. Following price increases in 2018, profit from our Forest business has stabilised at a higher level and was SEK 298 million for the third quarter. Although there is currently plenty of raw material available, a growing forest industry will consume more than can be sustainably harvested in Sweden. The transition to a bio-based economy implies that competition for raw material will remain significant, which benefits Holmen as a large forest owner, and also underlines the importance of having control over raw material supply for our own production.

The demand of paperboard for consumer packaging is good and we are seeing increased interest from brand owners in finding alternatives to plastic packaging. Prices are stable but high supply has increased competition for new business. Despite a significant maintenance shutdown, profit rose to SEK 99 million owing to good production at both mills and seasonally low costs. The maintenance shutdown at Iggesund Mill eliminated bottlenecks at the pulp mill, enabling higher pulp sales. As we increase sales in the premium segment the additional pulp will be converted into paperboard.

The market balance for paper has deteriorated over the year and there is pressure on pricing. Our profit remained robust in the third quarter at SEK 147 million, owing to seasonally low costs and largely unchanged prices. Our concept of bright and lightweight products from fresh fibre is performing well and has helped in repositioning the Paper business towards magazine and book paper. During the quarter we took the decision to invest SEK 100 million in Braviken Paper Mill to continue our development of the product offering.

Pricing pressure on wood products increased due to high supply, principally from Central Europe. Purchasing costs for logs decreased but not at the same pace as selling prices, and this is reflected in the negative result of SEK -14 million for the third quarter. High supply of spruce saw logs in southern Sweden means production at the Braviken Sawmill is temporarily being switched exclusively to sawing spruce.

Profit from Renewable Energy was seasonally low at SEK 42 million, as hydro power production was restricted in order to build up water reservoir levels prior to winter when prices are usually higher. Our large land holdings provide us with good opportunities to complement our hydro power business with wind power. There are strong indications that wind will be an important component in the transition to a fossil-free society, particularly as production costs have decreased considerably in recent years. We are now in the final phase of evaluating the profitability of establishing our own wind power operations.

Recent large forest land transactions demonstrate significant interest in investing in forests and that the fair value of Holmen's forest holdings is much higher than the book value. In order to reflect this to investors and other stakeholders, we intend at year-end to switch to recognising forest holdings at fair value calculated on the basis of transactions in areas where Holmen owns land. According to preliminary calculations, the value is between SEK 39 billion and SEK 43 billion, compared with the current book value of SEK 19 billion.

## Forest

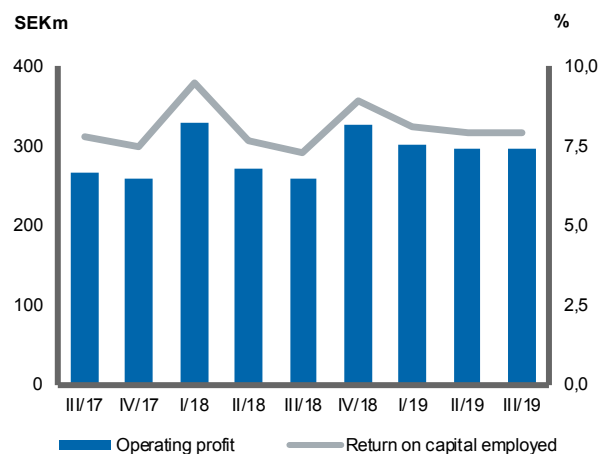
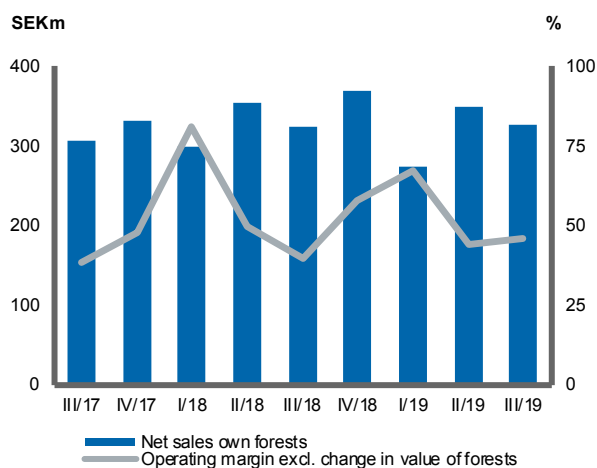
Holmen carries out active and sustainable forestry on over a million hectares of its own productive forest land. The annual harvest is 3 million m<sup>3</sup>.

SEKm	Quarter			January–September		Full year
	3-19	2-19	3-18	2019	2018	2018
Net sales	1 418	1 647	1 345	4 708	4 353	5 944
<i>of which from own forests</i>	327	350	325	950	980	1 350
Operating costs	-1 257	-1 482	-1 209	-4 186	-3 785	-5 153
Depreciation and amortisation according to plan	-11	-10	-8	-32	-22	-31
<b>Earnings before change in value of forests</b>	<b>151</b>	155	128	<b>490</b>	546	760
Change in value of forests	147	143	131	408	313	425
<b>Operating profit</b>	<b>298</b>	298	260	<b>897</b>	859	1 185
Investments	17	16	5	46	55	357
Capital employed	15 002	15 007	14 333	15 002	14 333	14 830
Return on capital employed, %	8	8	7	8	8	8
Harvesting own forests, '000 m <sup>3</sup>	654	688	671	1 893	2 099	2 831

Demand for logs and pulpwood has been good over the year. Supply is high in southern Sweden as a result of a spruce bark beetle infestation and prices primarily for logs have decreased.

Operating profit for January–September was SEK 897 million (859). The improvement in profit is due to higher selling prices. Earnings for the same period last year included SEK +70 million from the sale of a forest property and SEK -30 million in costs for forest fires.

Profit for the third quarter was SEK 298 million, which was the same as for the second quarter.



## Paperboard

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

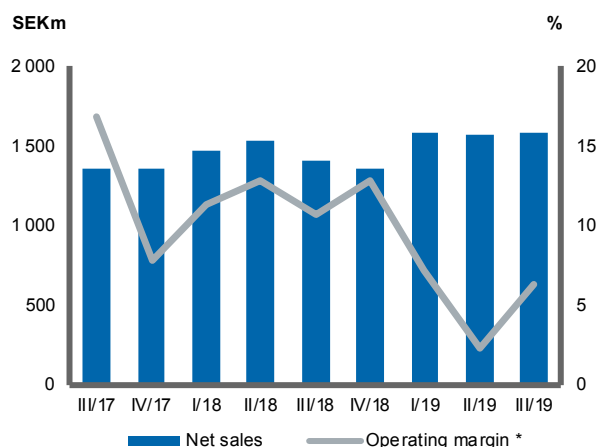
SEKm	Quarter			January-September		Full year
	3-19	2-19	3-18	2019	2018	2018
Net sales	1 588	1 573	1 413	4 739	4 424	5 785
Operating costs	-1 349	-1 400	-1 136	-4 068	-3 526	-4 590
<b>EBITDA</b>	<b>238</b>	174	277	<b>671</b>	898	1 196
Depreciation and amortisation according to plan	-139	-138	-127	-424	-384	-507
<b>Operating profit*</b>	<b>99</b>	36	151	<b>247</b>	514	689
Investments	71	113	145	268	318	471
Capital employed	5 564	5 625	5 579	5 564	5 579	5 316
EBITDA margin, %	15	11	20	14	20	21
Operating margin, %	6	2	11	5	12	12
Return on capital employed, %	7	2	11	6	12	12
Production, paperboard, '000 tonnes	134	135	128	401	407	538
Deliveries, paperboard, '000 tonnes	139	138	127	413	405	525

\*Excl. item affecting comparability in the fourth quarter of 2018

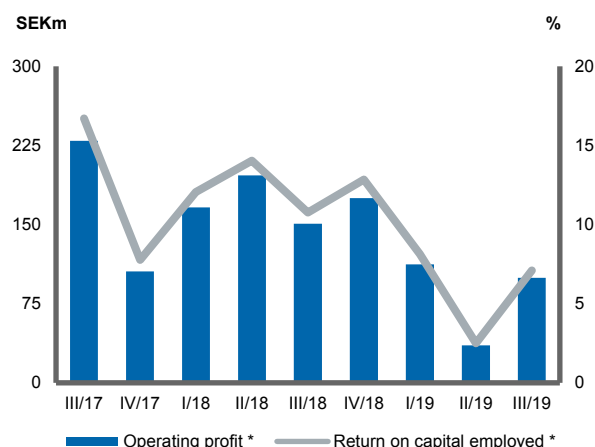
Demand for paperboard in Europe over the year has been at the same level as in 2018. Prices were largely unchanged.

Operating profit for January–September was SEK 247 million (514). Two large maintenance shutdowns have had a SEK 210 million impact on profit for the year, compared with SEK 60 million last year. In addition, profit was negatively affected by increased wood costs and production disruptions in the first half of the year.

Compared with the second quarter, profit rose by SEK 63 million to SEK 99 million. The improvement in profit was due to good production and seasonally low costs. Profit for the third quarter was negatively impacted by SEK 130 million in costs and production losses from a maintenance shutdown. There was a SEK 80 million negative impact on profit in the second quarter owing to a maintenance shutdown.



\*Excl. items affecting comparability



\*Excl. items affecting comparability

## Paper

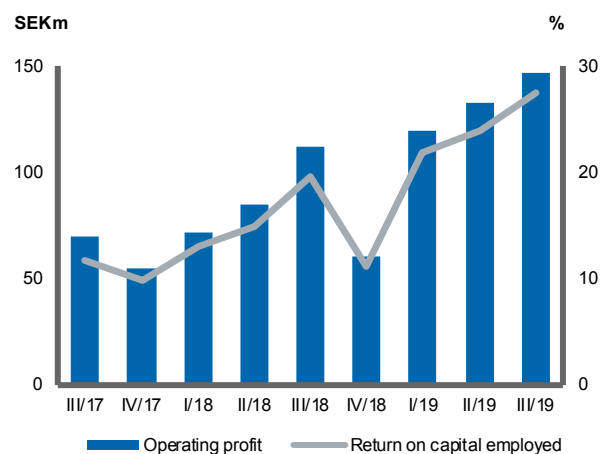
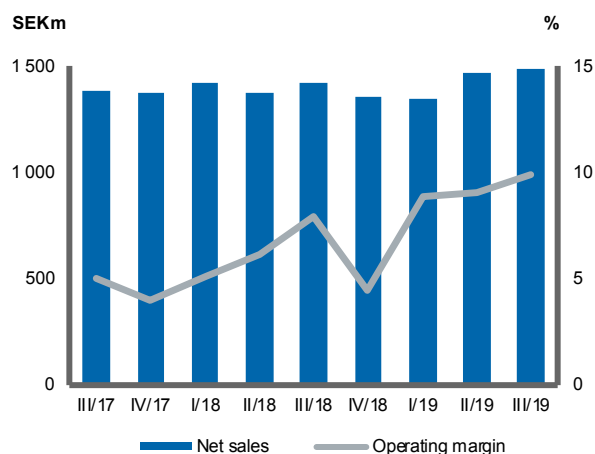
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production at two Swedish mills amounts to a little over 1 million tonnes per year.

SEKm	Quarter			January-September		Full year
	3-19	2-19	3-18	2019	2018	2018
Net sales	1 486	1 470	1 419	4 301	4 214	5 571
Operating costs	-1 243	-1 239	-1 222	-3 612	-3 692	-4 905
<b>EBITDA</b>	<b>243</b>	230	197	<b>689</b>	522	665
Depreciation and amortisation according to plan	-96	-97	-84	-290	-253	-336
<b>Operating profit</b>	<b>147</b>	133	112	<b>399</b>	269	329
Investments	47	23	41	119	92	173
Capital employed	2 099	2 153	2 299	2 099	2 299	2 072
EBITDA margin, %	16	16	14	16	12	12
Operating margin, %	10	9	8	9	6	6
Return on capital employed, %	28	24	20	24	16	15
Production, '000 tonnes	239	231	258	729	799	1 069
Deliveries, '000 tonnes	256	251	256	737	790	1 036

Demand for paper has decreased during the year and market prices are declining.

Operating profit for January–September was SEK 399 million (269). Profit increased as a result of previous price increases, but the effect was partly offset by lower deliveries and higher wood costs.

Compared with the second quarter, profit rose by SEK 14 million to SEK 147 million as a result of seasonally lower costs. Lower market prices had a limited impact in the third quarter.



## Wood Products

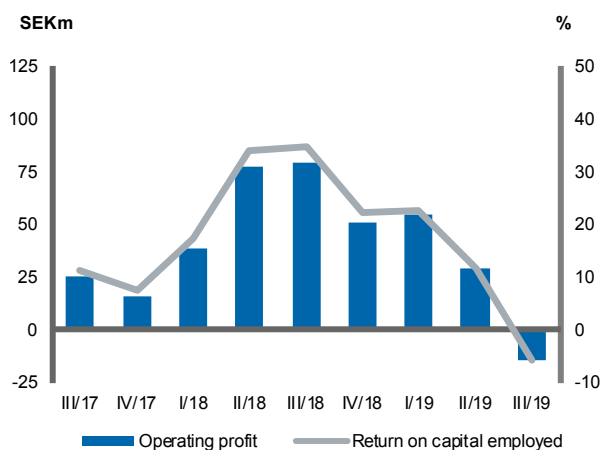
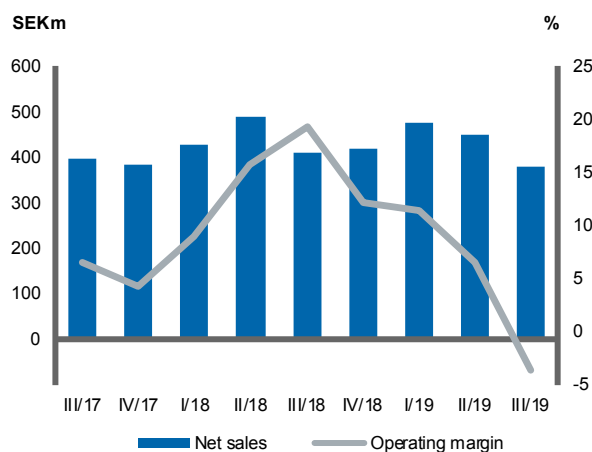
Holmen produces wood products for joinery and construction at three sawmills where by-products are used at the Group's paper and paperboard mills. Annual production volume is almost 1 million m<sup>3</sup>.

SEKm	Quarter			January-September	Full year	
	3-19	2-19	3-18	2019	2018	2018
Net sales	381	450	412	1 309	1 328	1 747
Operating costs	-371	-397	-309	-1 167	-1 064	-1 410
<b>EBITDA</b>	<b>10</b>	53	102	<b>142</b>	264	337
Depreciation and amortisation according to plan	-24	-25	-23	-73	-70	-92
<b>Operating profit</b>	<b>-14</b>	29	79	<b>69</b>	195	246
Investments	52	26	13	120	65	76
Capital employed	998	1 004	902	998	902	927
EBITDA margin, %	3	12	25	11	20	19
Operating margin, %	-4	6	19	5	15	14
Return on capital employed, %	neg	12	35	9	29	27
Production, '000 m <sup>3</sup>	211	217	212	653	639	873
Deliveries, '000 m <sup>3</sup>	209	224	185	664	630	828

Production of wood products has been high throughout the year owing to the high supply of raw material in Central Europe. Prices have gradually decreased.

Compared with the second quarter, profit decreased by SEK 43 million to SEK -14 million, as a result of declining selling prices.

Operating profit for January–September was SEK 69 million (195). The decrease was due to lower selling prices.



## Renewable Energy

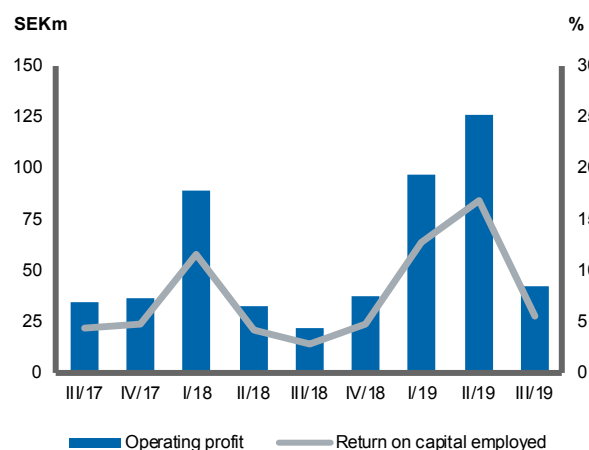
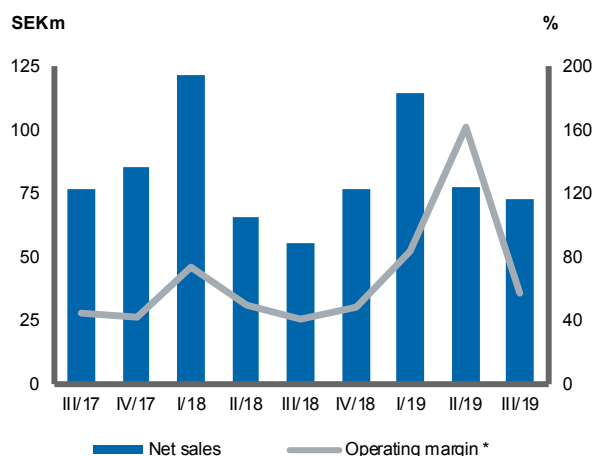
In a normal year Holmen produces 1.2 TWh of renewable hydropower and wind power.

SEKm	Quarter			January-September		Full year
	3-19	2-19	3-18	2019	2018	2018
Net sales	73	78	55	265	242	319
Operating costs	-25	54	-27	17	-81	-114
Depreciation and amortisation according to plan	-6	-6	-6	-18	-17	-24
<b>Operating profit</b>	<b>42</b>	126	22	<b>264</b>	144	181
Investments	6	2	4	8	12	22
Capital employed	2 971	2 991	3 169	2 971	3 169	3 052
Operating margin, %	57	162	40	100	59	57
Return on capital employed, %	6	17	3	12	6	6
Production hydro and wind power, GWh	247	263	224	829	870	1 145

\* Includes earnings from the sale of a wind farm permit in the second quarter of 2019.

Operating profit for January–September was SEK 264 million (144). The improvement in profit was due to the sale of wind power permit, higher electricity prices and lower property tax.

Compared with the second quarter, profit decreased by SEK 84 million to SEK 42 million. The decrease in profit was due to the fact that profit in the second quarter included SEK 80 million from the sale of permits to build wind power facilities on Holmen land.



**Cash flow, financing and net financial items**

Cash flow from operating activities for January–September totalled SEK 2 151 million (1 554) and capital expenditure totalled SEK 543 million (903). A dividend of SEK 1 134 million was paid and share buy-backs totalling SEK 1 430 million were made.

The Group's net financial debt has increased by SEK 1 258 million since the start of the year to SEK 4 065 million, of which SEK 205 was attributable to the adoption of IFRS 16 Leases. At 30 September, the debt/equity ratio was 0.18. The financial liability, including pension provisions and liabilities attributable to IFRS 16, totalled SEK 4 832 million, of which SEK 3 020 million was current liabilities. Cash and cash equivalents and financial receivables totalled SEK 767 million, of which SEK 453 million consisted of loans to a partly owned wind power company. The Group has unutilised committed credit facilities of SEK 4 284 million, of which SEK 303 million matures in 2020 and the remainder in 2021.

Net financial items for January–September amounted to SEK -25 million (-19).

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

**Tax**

Recognised tax for January–September amounted to SEK -370 million (-119). Recognised tax as a proportion of profit before tax was 21 per cent. Recognised tax for last year benefited from reduced Swedish corporate tax.

**Equity**

In January–September, the Group's equity decreased by SEK 1 386 million to SEK 22 067 million. Profit for the period totalled SEK 1 363 million (1 724), share buy-backs amounted to SEK 1 430 million and the dividend paid totalled SEK 1 134 million. Other comprehensive income amounted to SEK -188 million (148).

**Hedging of exchange rates and electricity prices**

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for January–September includes currency hedges of SEK -371 million (-255).

Currency had a positive impact of SEK 80 million between January and September compared with the same period in 2018. For just over the next two years, expected flows in EUR/SEK are hedged at an average of 10.32. 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 2020 and 65 per cent hedged for 2021.

**Personnel**

The average number of employees (full-time equivalents) in the Group was 2 932 (2 968).

**Share buy-backs**

On 15 August the Board took the decision to use the mandate from the 2019 AGM to acquire company shares up to a maximum of 10 per cent of the total number of shares in the company. In the third quarter 6 235 436 class B shares were repurchased for SEK 1 430 million, corresponding to an average price of SEK 229/share. The buy-backs correspond to 3.7 per cent of the total number of shares. The company already owned 0.8 per cent of its own shares, meaning that at 30 September 2019 Holmen held 4.5 per cent of the total number of shares.

**Review of accounting of forest holdings**

Every year there are a large number of forest property transactions between independent parties in those areas in which Holmen owns forest land. Most of the transactions relate to relatively small properties, while large transactions have been rare. However, several large forest transactions have taken place recently. The prices paid in these transactions are on par with the prices for smaller forest properties. These transactions show that the fair value of Holmen's forest holdings is significantly higher than their book value. In order to reflect this to investors and other stakeholders, Holmen intends at year-end to switch to recognising all its forest holdings at fair value calculated on the basis of transactions in areas where Holmen owns land. This amendment requires changing the accounting policy for forest land to the revaluation method, i.e. so that forest land is recognised at fair value, and revising the assumptions used in the valuation of growing trees. Forest land is currently recognised at cost, while trees growing on the land are valued at fair value. Preliminary calculations based on transactions in those areas in which Holmen has land indicate that the value of the entire forest holdings is between SEK 39 billion and SEK 43 billion, compared with the current book value of SEK 18.8 billion for growing trees and SEK 0.3 billion for the forest land. Deferred tax liability will be recognised based on the difference between the forest holdings' book value and their value for tax purposes in the same manner as today. The deferred tax liability will increase by 20.6 per cent of the change in the asset value, i.e. between SEK 4 billion and SEK 5 billion. Work on changing the accounting policy and calculating the fair value is expected to be completed in the fourth quarter.

**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 2018, 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 is 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 the Group's accounting policies are unchanged compared with the latest issued annual accounts, apart from the new accounting standard IFRS 16 Leases, which came into force on 1 January 2019 and replaces IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. This standard requires assets and liabilities attributable to leases, with some exceptions, to be recognised in the balance sheet. The leasing cost allocated by depreciation/amortisation and interest expenses is recognised in the income statement. Holmen's agreements affected by the new regulations mainly relate to office rent, leased vehicles and vessels. Holmen has used the simplified forward-looking method, which has involved an asset and liability being set at the same value in connection with the transition. Consequently, no direct effects on equity have been recognised as a result of this standard's introduction. Assets and liabilities were recognised at SEK 205 million at 1 January 2019. At 30 September 2019, assets amounted to SEK 198 million and liabilities SEK 199 million, SEK 16 million of which were recognised as current. Depreciation/amortisation of assets in the January–September period totalled SEK 73 million and other external costs decreased to a corresponding degree. The interest expense on debt was SEK 3 million based on an interest rate of just over 1 per cent. Key performance indicators affected by the new accounting policy are net debt, capital employed and earnings before EBITDA. The effect on these is marginal, however. The figures in tables are rounded off.

Stockholm, 18 October 2019  
Holmen AB (publ)

Henrik Sjölund  
President and CEO

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## **Review report**

### **Introduction**

We have reviewed the condensed interim financial information (interim report) for Holmen AB (publ) as per 30 September 2019 and the nine-month reporting period ending on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Focus and scope of the review**

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

### **Conclusion**

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

Stockholm, 18 October 2019

KPMG AB

Joakim Thilstedt  
Authorised public accountant

## Group

Income statement. SEKm	Quarter			January-September	Full year	
	3-19	2-19	3-18	2019	2018	2018
Net sales	4 144	4 361	3 844	12 765	12 108	16 055
Other operating income	273	316	268	877	910	1 284
Change in inventories	-142	-152	70	-221	85	439
Raw materials and consumables	-2 174	-2 305	-2 081	-6 955	-6 573	-9 027
Personnel costs	-529	-609	-528	-1 719	-1 711	-2 306
Other operating costs	-897	-894	-862	-2 541	-2 506	-3 443
Profit from investments in associates and joint ventures	1	-2	1	1	0	-9
Depreciation and amortisation according to plan	-283	-283	-252	-858	-763	-1 012
Impairment losses	-	-	-	-	-	-25
Change in value of biological assets	147	143	131	408	313	425
<b>Operating profit</b>	<b>541</b>	<b>574</b>	<b>591</b>	<b>1 758</b>	<b>1 862</b>	<b>2 382</b>
Finance income	3	3	4	10	10	13
Finance costs	-11	-12	-10	-34	-29	-38
<b>Profit before tax</b>	<b>533</b>	<b>565</b>	<b>585</b>	<b>1 733</b>	<b>1 843</b>	<b>2 356</b>
Tax	-124	-114	-127	-370	-119	-89
<b>Profit for the period</b>	<b>409</b>	<b>451</b>	<b>458</b>	<b>1 363</b>	<b>1 724</b>	<b>2 268</b>
Earnings per share. SEK						
basic	2.5	2.7	2.7	8.1	10.3	13.5
diluted	2.5	2.7	2.7	8.1	10.3	13.5
Operating margin. % *	13.0	13.2	15.4	13.8	15.4	15.4
Return on capital employed. % *	8.3	8.6	9.2	8.9	9.8	9.7
Return on equity. %	7.2	7.7	8.1	7.8	10.3	10.0

\* Excl. Items affecting comparability.

Statement of comprehensive income. SEKm	Quarter			January-September	Full year	
	3-19	2-19	3-18	2019	2018	2018
	409	451	458	1 363	1 724	2 268
<b>Other comprehensive income</b>						
Revaluations of defined benefit pension plans	-78	11	6	-47	-17	-52
Tax attributable to items that will not be reclassified to profit for the period	13	-2	-1	8	3	10
<b>Items that will not be reclassified to profit for the period</b>	<b>-64</b>	<b>9</b>	<b>4</b>	<b>-40</b>	<b>-15</b>	<b>-42</b>
Cash flow hedging	-63	-60	190	-332	111	306
Translation difference on foreign operation	47	-47	-41	116	87	55
Hedging of currency risk in foreign operation	-1	2	5	-4	-8	-8
Tax attributable to items that will be reclassified to profit for the period	13	12	-42	71	-27	-69
<b>Items that will be reclassified to profit for the period</b>	<b>-5</b>	<b>-93</b>	<b>112</b>	<b>-149</b>	<b>163</b>	<b>284</b>
<b>Total other comprehensive income after tax</b>	<b>-70</b>	<b>-84</b>	<b>117</b>	<b>-188</b>	<b>148</b>	<b>242</b>
<b>Total comprehensive income</b>	<b>339</b>	<b>367</b>	<b>575</b>	<b>1 174</b>	<b>1 873</b>	<b>2 510</b>

Change in equity, SEKm	January-September	
	2019	2018
<b>Opening equity</b>	<b>23 453</b>	<b>22 035</b>
Profit for the period	1 363	1 724
Other comprehensive income	-188	148
<b>Total comprehensive income</b>	<b>1 174</b>	<b>1 873</b>
Share saving program	3	-2
Buy-back of own shares	-1 430	0
Dividend	-1 134	-1092
<b>Closing equity</b>	<b>22 067</b>	<b>22 814</b>

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	1131.2
<b>Total number of shares</b>		<b>169 512 324</b>	<b>576 730 536</b>		<b>4 237.8</b>
Holding of own B shares bought back *		-7 586 639	-7 586 639		
<b>Total number of shares issued</b>		<b>161 925 685</b>	<b>569 143 897</b>		

\* For more information on share buy-backs, see page 8.

## Group

Balance sheet, SEKm	2019	2019	2018
	30 September	30 June	31 December
<b>Non-current assets</b>			
Intangible non-current assets	69	70	68
Property, plant and equipment	8 954	8 946	9 077
Biological assets	18 814	18 667	18 400
Right-of-use assets	198	203	-
Investments in associates and joint ventures	1 705	1 710	1 740
Other shares and participating interests	1	1	1
Non-current financial receivables	487	462	468
Deferred tax assets	1	1	1
<b>Total non-current assets</b>	<b>30 230</b>	<b>30 058</b>	<b>29 755</b>
<b>Current assets</b>			
Inventories	3 564	3 727	3 628
Trade receivables	2 154	2 228	1 929
Current tax receivable	21	23	328
Other operating receivables	800	921	959
Current financial receivables	19	38	35
Cash and cash equivalents	261	220	278
<b>Total current assets</b>	<b>6 820</b>	<b>7 157</b>	<b>7 157</b>
<b>Total assets</b>	<b>37 050</b>	<b>37 215</b>	<b>36 912</b>
<b>Equity</b>	<b>22 067</b>	<b>23 156</b>	<b>23 453</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	1 525	1 524	1 033
Non-current liabilities relating to right-of-use assets	183	185	-
Pension provisions	103	27	61
Other provisions	448	460	483
Deferred tax liabilities	5 676	5 711	5 839
<b>Total non-current liabilities</b>	<b>7 936</b>	<b>7 907</b>	<b>7 416</b>
<b>Current liabilities</b>			
Current financial liabilities	3 005	2 096	2 494
Current liabilities relating to right-of-use assets	16	19	-
Trade payables	2 379	2 422	2 232
Current tax liability	129	43	13
Provisions	183	190	197
Other operating liabilities	1 334	1 382	1 108
<b>Total current liabilities</b>	<b>7 046</b>	<b>6 152</b>	<b>6 044</b>
<b>Total liabilities</b>	<b>14 983</b>	<b>14 059</b>	<b>13 459</b>
<b>Total equity and liabilities</b>	<b>37 050</b>	<b>37 215</b>	<b>36 912</b>
Debt/equity ratio, times	0.18	0.14	0.12
Equity/assets ratio, %	60	62	64
Capital employed	26 132	26 288	26 261
Net financial debt	4 065	3 131	2 807

Financial instruments, SEKm	Carrying amount		Fair value	
	2019	2018	2019	2018
	30 September	31 December	30 September	31 December
Assets at fair value	276	557	276	557
Assets at acquisition cost	2 902	2 695	2 902	2 695
Liabilities at fair value	492	381	432	381
Liabilities at acquisition cost	7 046	5 726	7 046	5 726

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			January-September		Full year
	3-19	2-19	3-18	2019	2018	2018
<b>Operating activities</b>						
Profit before tax	533	565	585	1 733	1 843	2 356
Adjustments for non-cash items*	97	135	112	367	317	540
Paid income taxes	-107	183	-116	-39	-331	-396
<b>Cash flow from operating activities before changes in working capital</b>	<b>522</b>	<b>884</b>	<b>581</b>	<b>2 062</b>	<b>1 829</b>	<b>2 500</b>
<b>Cash flow from changes in working capital</b>						
Change in inventories	155	87	-139	119	-248	-705
Change in trade receivables and other operating receivables	240	-27	98	-280	-107	230
Change in trade payables and other operating liabilities	-144	170	-4	250	80	262
<b>Cash flow from operating activities</b>	<b>774</b>	<b>1 113</b>	<b>536</b>	<b>2 151</b>	<b>1 554</b>	<b>2 286</b>
<b>Investing activities</b>						
Acquisition of non-current assets	-195	-193	-205	-580	-582	-1 140
Disposal of non-current assets	8	10	1	20	126	135
Change in non-current financial receivables	0	18	-	18	-447	-431
<b>Cash flow from investing activities</b>	<b>-187</b>	<b>-165</b>	<b>-204</b>	<b>-543</b>	<b>-903</b>	<b>-1 436</b>
<b>Financing activities</b>						
Change in financial liabilities and current financial receivables	882	-254	-493	936	209	161
Buy-back of own shares	-1 430	-	-	-1 430	-	-
Dividends paid to the shareholders of the parent company	-	-1 134	-	-1 134	-1 092	-1 092
<b>Cash flow from financing activities</b>	<b>-548</b>	<b>-1 388</b>	<b>-493</b>	<b>-1 628</b>	<b>-883</b>	<b>-930</b>
<b>Cash flow for the period</b>	<b>40</b>	<b>-439</b>	<b>-162</b>	<b>-19</b>	<b>-233</b>	<b>-81</b>
Opening cash and cash equivalents	220	659	289	278	356	356
Exchange difference in cash and cash equivalents	1	0	-1	3	3	3
<b>Closing cash and cash equivalents</b>	<b>261</b>	<b>220</b>	<b>126</b>	<b>261</b>	<b>126</b>	<b>278</b>

Change in net financial debt, SEKm	Quarter			January-September		Full year
	3-19	2-19	3-18	2019	2018	2018
Opening net financial debt	-3 131	-2 932	-3 286	-2 807	-2 936	-2 936
New accounting principles IFRS 16 Leases	-	-	-	-205	-	-
Cash flow from operating activities	774	1 113	536	2 151	1 554	2 286
Cash flow from investing activities (excl financial receivables)	-186	-183	-204	-561	-456	-1 005
Buy-back of own shares	-1 430	-	-	-1 430	-	-
Dividends paid	-	-1 134	-	-1 134	-1 092	-1 092
Liabilities arising from new right-of-use agreements	-21	-32	-	-66	-	-
Revaluations of defined benefit pension plans	-78	10	4	-50	-19	-47
Foreign exchange effects and changes in fair value	6	26	-13	35	-14	-13
<b>Closing net financial debt</b>	<b>-4 065</b>	<b>-3 131</b>	<b>-2 963</b>	<b>-4 065</b>	<b>-2 963</b>	<b>-2 807</b>

\* The adjustments consist primarily of depreciation according to plan, 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			January-September		Full year
	3-19	2-19	3-18	2019	2018	2018
Operating income	3 825	4 006	3 477	11 709	11 005	15 012
Operating costs	-3 678	-3 927	-3 132	-11 233	-9 972	-13 605
<b>Operating profit</b>	<b>148</b>	<b>80</b>	<b>345</b>	<b>476</b>	<b>1 034</b>	<b>1 407</b>
Net financial items	-6	86	11	74	129	434
<b>Profit after net financial items</b>	<b>142</b>	<b>166</b>	<b>356</b>	<b>550</b>	<b>1 163</b>	<b>1 841</b>
Appropriations	443	647	58	1 434	135	-1 373
<b>Profit before tax</b>	<b>584</b>	<b>813</b>	<b>414</b>	<b>1 984</b>	<b>1 298</b>	<b>467</b>
Tax	-123	-141	-88	-390	-213	47
<b>Profit for the period</b>	<b>461</b>	<b>672</b>	<b>325</b>	<b>1 594</b>	<b>1 085</b>	<b>514</b>

Statement of comprehensive income, SEKm	Quarter			January-September		Full year
	3-19	2-19	3-18	2019	2018	2018
<b>Profit for the period</b>	<b>461</b>	<b>672</b>	<b>325</b>	<b>1 594</b>	<b>1 085</b>	<b>514</b>
<b>Other comprehensive income</b>						
Cash flow hedging	-62	-55	192	-328	128	326
Tax attributable to other comprehensive income	13	12	-41	70	-28	-70
<b>Items that will be reclassified to profit for the period</b>	<b>-49</b>	<b>-43</b>	<b>151</b>	<b>-257</b>	<b>100</b>	<b>255</b>
<b>Total comprehensive income</b>	<b>413</b>	<b>629</b>	<b>476</b>	<b>1 336</b>	<b>1 184</b>	<b>769</b>

Balance sheet, SEKm	2019	2018	2018
	30 September	30 June	31 December
Non-current assets	16 012	15 995	21 205
Current assets	5 612	5 846	5 942
<b>Total assets</b>	<b>21 623</b>	<b>21 841</b>	<b>27 147</b>
Restricted equity	5 915	5 915	5 915
Non-restricted equity	4 256	5 272	5 480
Untaxed reserves	1 515	1 330	1 012
Provisions	1 193	1 250	1 407
Liabilities	8 745	8 074	13 333
<b>Total equity and liabilities</b>	<b>21 623</b>	<b>21 841</b>	<b>27 147</b>

Of operating revenue for January–September, SEK 86 million (113) relates to sales to Group companies.

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 54 million (57).

Balance sheet appropriations include group contributions totalling SEK 1 936 million (489).

### Group

Quarterly figures, SEKm	2019			2018			January-September Full year			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2019	2018	2018
<b>Income statement</b>										
Net sales	4 144	4 361	4 260	3 948	3 844	4 164	4 099	12 765	12 108	16 055
Operating costs	-3 468	-3 644	-3 446	-3 189	-3 133	-3 385	-3 278	-10 558	-9 795	-12 984
Profit from investments in associates and joint ventures	1	-2	2	-8	1	0	-2	1	0	-9
<b>Earnings before depreciation and change in value</b>	<b>677</b>	<b>715</b>	<b>816</b>	<b>751</b>	<b>712</b>	<b>780</b>	<b>820</b>	<b>2 208</b>	<b>2 312</b>	<b>3 063</b>
Depreciation and amortisation according to plan	-283	-283	-291	-249	-252	-256	-254	-858	-763	-1 012
Change in value of forests	147	143	118	112	131	95	87	408	313	425
<b>Operating profit excl. items affecting comparability</b>	<b>541</b>	<b>574</b>	<b>643</b>	<b>613</b>	<b>591</b>	<b>618</b>	<b>653</b>	<b>1 758</b>	<b>1 862</b>	<b>2 476</b>
Items affecting comparability *	-	-	-	-94	-	-	-	-	-	-94
<b>Operating profit</b>	<b>541</b>	<b>574</b>	<b>643</b>	<b>519</b>	<b>591</b>	<b>618</b>	<b>653</b>	<b>1 758</b>	<b>1 862</b>	<b>2 382</b>
Net financial items	-8	-9	-8	-6	-6	-5	-8	-25	-19	-25
<b>Profit before tax</b>	<b>533</b>	<b>565</b>	<b>635</b>	<b>513</b>	<b>585</b>	<b>614</b>	<b>644</b>	<b>1 733</b>	<b>1 843</b>	<b>2 356</b>
Tax	-124	-114	-132	30	-127	145	-137	-370	-119	-89
<b>Profit for the period</b>	<b>409</b>	<b>451</b>	<b>503</b>	<b>543</b>	<b>458</b>	<b>759</b>	<b>507</b>	<b>1 363</b>	<b>1 724</b>	<b>2 268</b>
Earnings per share, SEK	2.5	2.7	3.0	3.2	2.7	4.5	3.0	8.1	10.3	13.5
<b>Net sales**</b>										
Forest	1 418	1 647	1 642	1 590	1 345	1 543	1 465	4 708	4 353	5 944
Paperboard	1 588	1 573	1 578	1 362	1 413	1 538	1 473	4 739	4 424	5 785
Paper	1 486	1 470	1 345	1 357	1 419	1 376	1 418	4 301	4 214	5 571
Wood Products	381	450	478	419	412	491	426	1 309	1 328	1 747
Renewable Energy	73	78	114	76	55	66	122	265	242	319
Elimination of intra-group net sales	-801	-858	-898	-857	-799	-849	-805	-2 557	-2 454	-3 311
<b>Group</b>	<b>4 144</b>	<b>4 361</b>	<b>4 260</b>	<b>3 948</b>	<b>3 844</b>	<b>4 164</b>	<b>4 099</b>	<b>12 765</b>	<b>12 108</b>	<b>16 055</b>
<b>EBITDA by business area ***</b>										
Forest	161	165	195	223	136	183	249	521	568	791
Paperboard	238	174	259	298	277	327	294	671	898	1 196
Paper	243	230	216	143	197	169	156	689	522	665
Wood Products	10	53	79	73	102	101	61	142	264	337
Renewable Energy	48	132	102	44	28	39	95	282	161	205
Group-wide	-24	-40	-35	-30	-28	-38	-35	-99	-101	-132
<b>Group</b>	<b>677</b>	<b>715</b>	<b>816</b>	<b>751</b>	<b>712</b>	<b>780</b>	<b>820</b>	<b>2 208</b>	<b>2 312</b>	<b>3 063</b>
<b>Operating profit/loss by business area ***</b>										
Forest	298	298	302	326	260	271	329	897	859	1 185
Paperboard	99	36	112	175	151	197	166	247	514	689
Paper	147	133	119	61	112	85	72	399	269	329
Wood Products	-14	29	54	51	79	77	38	69	195	246
Renewable Energy	42	126	96	37	22	33	89	264	144	181
Group-wide	-30	-47	-42	-36	-33	-44	-41	-119	-117	-154
<b>Group</b>	<b>541</b>	<b>574</b>	<b>643</b>	<b>613</b>	<b>591</b>	<b>618</b>	<b>653</b>	<b>1 758</b>	<b>1 862</b>	<b>2 476</b>
<b>Operating margin, % ***</b>										
Paperboard	6.3	2.3	7.1	12.9	10.7	12.8	11.3	5.2	11.6	11.9
Paper	9.9	9.1	8.9	4.5	7.9	6.1	5.1	9.3	6.4	5.9
Wood Products	-3.7	6.4	11.4	12.1	19.3	15.8	9.0	5.3	14.7	14.1
<b>Group</b>	<b>13.0</b>	<b>13.2</b>	<b>15.1</b>	<b>15.5</b>	<b>15.4</b>	<b>14.9</b>	<b>15.9</b>	<b>13.8</b>	<b>15.4</b>	<b>15.4</b>
<b>Return on capital employed, % ***</b>										
Forest	7.9	7.9	8.1	8.9	7.3	7.7	9.5	8.0	8.1	8.3
Paperboard	7.1	2.5	8.1	12.9	10.8	14.0	12.1	5.9	12.3	12.4
Paper	27.6	23.9	21.8	11.1	19.6	15.0	13.0	24.4	15.9	14.7
Wood Products	neg	11.6	22.7	22.2	34.6	33.8	17.3	9.4	28.7	27.1
Renewable Energy	5.6	16.9	12.7	4.8	2.8	4.2	11.5	11.7	6.2	5.8
<b>Group</b>	<b>8.3</b>	<b>8.6</b>	<b>9.7</b>	<b>9.4</b>	<b>9.2</b>	<b>9.8</b>	<b>10.5</b>	<b>8.9</b>	<b>9.8</b>	<b>9.7</b>
<b>Key indicators</b>										
Return on equity, %	7.2	7.7	8.5	9.4	8.1	13.6	9.1	7.8	10.3	10.1
<b>Deliveries</b>										
Harvesting own forests, '000 m³	654	688	551	732	671	761	666	1 893	2 099	2 831
Paperboard, '000 tonnes	139	138	136	119	127	141	138	413	405	525
Paper, '000 tonnes	256	251	230	246	256	256	278	737	790	1 036
Wood products, '000 m³	209	224	232	198	185	230	215	664	630	828
Own production of hydro and wind power, GWh	247	263	319	275	224	261	385	829	870	1 145

\* 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, 77 per cent of sales during first nine months were to Europe, while 16 per cent went to Asia and 7 per cent to the rest of the world. For the paper business area, sales to Europe accounted for 83 per cent while sales to Asia accounted for 12 per cent and 5 per cent to the rest of the world. For the wood products business area, sales to Europe accounted for 54 per cent, to 13 per cent to Asia and other sales were mainly to North Africa and the

\*\*\* Excl. Items affecting comparability.

## Group

Full year review, SEKm	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Income statement</b>										
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
<b>Earnings before depreciation and change in value</b>	<b>3 063</b>	<b>2 742</b>	<b>2 865</b>	<b>2 673</b>	<b>2 717</b>	<b>2 315</b>	<b>2 676</b>	<b>3 240</b>	<b>2 531</b>	<b>2 925</b>
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
<b>Operating profit excl. items affecting comparability</b>	<b>2 476</b>	<b>2 166</b>	<b>2 162</b>	<b>1 700</b>	<b>1 734</b>	<b>1 209</b>	<b>1 713</b>	<b>1 980</b>	<b>1 332</b>	<b>1 620</b>
Items affecting comparability	-94	-	-232	-931	-450	-140	-193	3 593	264	-
<b>Operating profit</b>	<b>2 382</b>	<b>2 166</b>	<b>1 930</b>	<b>769</b>	<b>1 284</b>	<b>1 069</b>	<b>1 520</b>	<b>5 573</b>	<b>1 596</b>	<b>1 620</b>
Net financial items	-25	-53	-71	-90	-147	-198	-227	-244	-208	-255
<b>Profit before tax</b>	<b>2 356</b>	<b>2 113</b>	<b>1 859</b>	<b>679</b>	<b>1 137</b>	<b>871</b>	<b>1 294</b>	<b>5 328</b>	<b>1 388</b>	<b>1 366</b>
Tax	-89	-445	-436	-120	-230	-160	559	-1 374	-684	-360
<b>Profit for the year</b>	<b>2 268</b>	<b>1 668</b>	<b>1 424</b>	<b>559</b>	<b>907</b>	<b>711</b>	<b>1 853</b>	<b>3 955</b>	<b>704</b>	<b>1 006</b>
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
<b>EBITDA by business area*</b>										
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
<b>Group</b>	<b>3 063</b>	<b>2 742</b>	<b>2 865</b>	<b>2 673</b>	<b>2 717</b>	<b>2 315</b>	<b>2 676</b>	<b>3 240</b>	<b>2 531</b>	<b>2 925</b>
<b>Operating profit by business area*</b>										
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
<b>Group</b>	<b>2 476</b>	<b>2 166</b>	<b>2 162</b>	<b>1 700</b>	<b>1 734</b>	<b>1 209</b>	<b>1 713</b>	<b>1 980</b>	<b>1 332</b>	<b>1 620</b>
<b>Deliveries</b>										
Harvesting own forests, '000 m <sup>3</sup>	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 m <sup>3</sup>	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
<b>Balance sheet</b>										
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
<b>Total assets</b>	<b>36 912</b>	<b>34 891</b>	<b>34 891</b>	<b>35 456</b>	<b>36 434</b>	<b>36 753</b>	<b>37 046</b>	<b>37 217</b>	<b>33 432</b>	<b>32 176</b>
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
<b>Total equity and liabilities</b>	<b>36 912</b>	<b>34 891</b>	<b>34 891</b>	<b>35 456</b>	<b>36 434</b>	<b>36 753</b>	<b>37 046</b>	<b>37 217</b>	<b>33 432</b>	<b>32 176</b>
<b>Cash flow</b>										
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
<b>Cash flow after investments</b>	<b>1 281</b>	<b>1 865</b>	<b>1 838</b>	<b>1 702</b>	<b>1 361</b>	<b>1 139</b>	<b>297</b>	<b>310</b>	<b>-62</b>	<b>2 158</b>
<b>Key indicators</b>										
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
<b>Dividend</b>										
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.

## 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, fire and alterations to assumptions in the valuation of biological assets, the term 'items affecting comparability' is used. The purpose is also to increase comparability between different periods. The effects of maintenance and rebuilding shutdowns are not treated as an item affecting comparability. No items are reported as affecting comparability in 2019. On page 74 of Holmen's 2018 annual report a description is given of the items that are reported as affecting comparability in previous periods.

SEKm	Quarter			January-September		Full year
	3-19	2-19	3-18	2019	2018	2018
EBITDA	677	715	712	2 208	2 312	3 063
Depreciation and amortisation according to plan	-283	-283	-252	-858	-763	-1 012
Change in value of forests	147	143	131	408	313	425
Operating profit excl. items affecting comp.	541	574	591	1 758	1 862	2 476
Items affecting comparability	-	-	-	-	-	-94
Operating profit	541	574	591	1 758	1 862	2 382

SEKm	Quarter			January-September		Full year
	3-19	2-19	3-18	2019	2018	2018
Earnings before change in value of forests	151	155	128	490	546	760
Change in value of forests	147	143	131	408	313	425
Operating profit of forest	298	298	260	897	859	1 185

### 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	2019	2019		2018
	30 September	30 June	31 December	
Fixed capital*	29 741	29 596		29 286
Working capital**	2 065	2 401		2 812
Deferred tax assets	1	1		1
Deferred tax liabilities	-5 676	-5 711		-5 839
Capital employed	26 132	26 288		26 261

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	2019	2019		2018
	30 September	30 June	31 December	
Non-current financial liabilities	1 525	1 524		1 033
Non-current liabilities relating to right-of-use assets	183	185		-
Current financial liabilities	3 005	2 096		2 494
Current liabilities relating to right-of-use assets	16	19		-
Pension provisions	103	27		61
Non-current financial receivables	-487	-462		-468
Current financial receivables	-19	-38		-35
Cash and cash equivalents	-261	-220		-278
Net financial debt	4 065	3 131		2 807

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

\*\*Inventories, trade receivables, current tax assets, 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 interim report, a webcast press and analyst conference will be held at 14.00 CET on Friday 18 October. Holmen President and CEO Henrik Sjölund, together with CFO Anders Jernhall, will present and comment on the report. The presentation will be held in English.

The press and analyst conference will be webcast and may be followed via: [www.holmen.com/rapporter](http://www.holmen.com/rapporter). You may also participate in the conference by telephone, by calling no later than 13.55 on:

+46 8 566 427 06 (within Sweden)  
+44 3 333 009 266 (from the rest of Europe)  
+1 833 526 83 47 (from the US)

## Financial reports

30 January 2020	Year-end report 2019
29 April 2020	Interim report January–March 2020
13 August 2020	Interim report January–June 2020
21 October 2020	Interim report January–September 2020

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This information such that Holmen AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 12.20 CEST on Friday, 18 October 2019.

*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.*