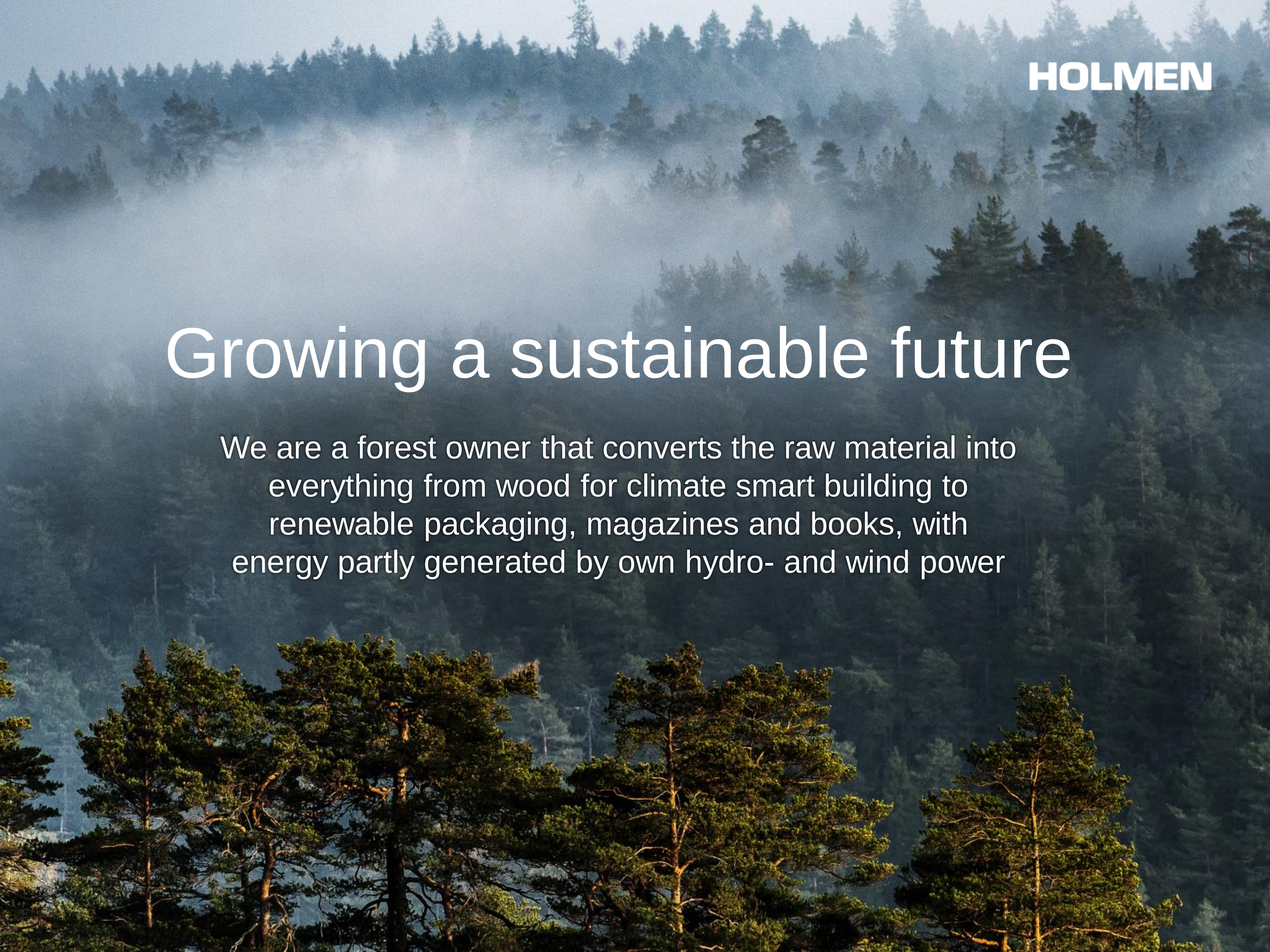


HOLMEN

Growing a sustainable future

We are a forest owner that converts the raw material into everything from wood for climate smart building to renewable packaging, magazines and books, with energy partly generated by own hydro- and wind power

Interim report presentation

January-September 2020

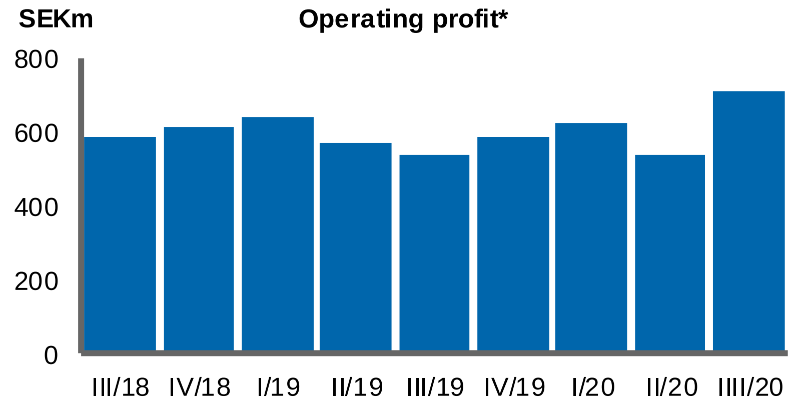
Henrik Sjölund, CEO
Anders Jernhall, CFO

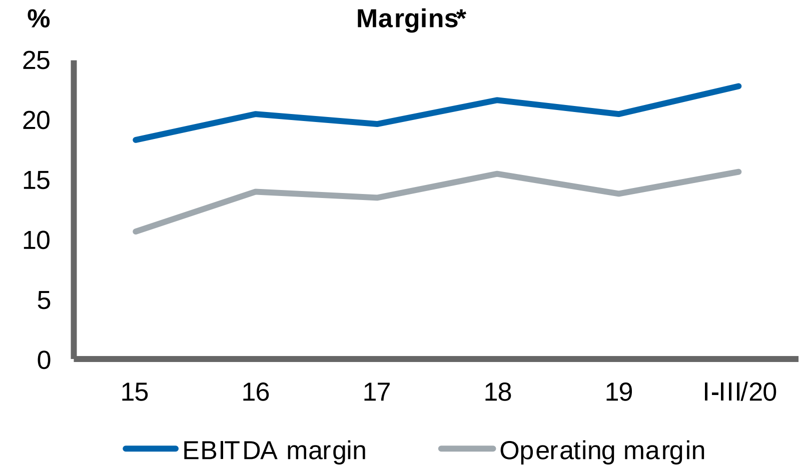
October 21 2020

Highlights

Q3 EBIT SEKm 714 (Q2: 542)

- Good production efficiency
- Seasonally low costs
- Price increases on wood products
- Martinsons acquisition closed Oct 1
- SEK 3.5 dividend distributed

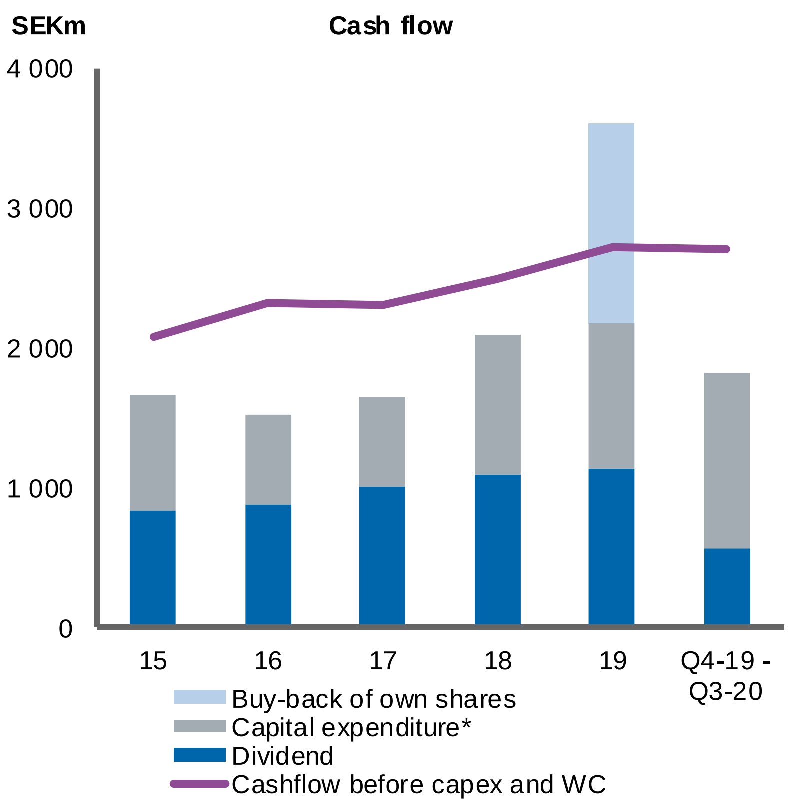


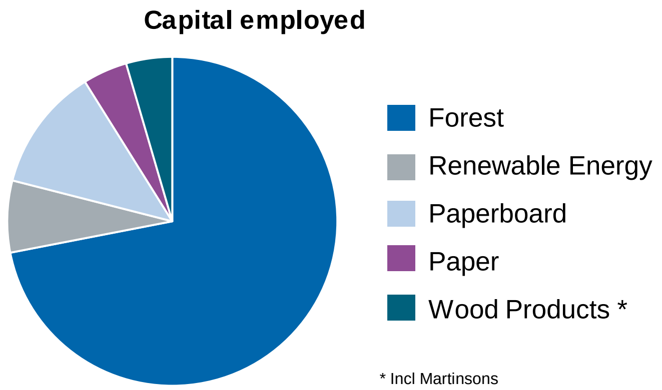


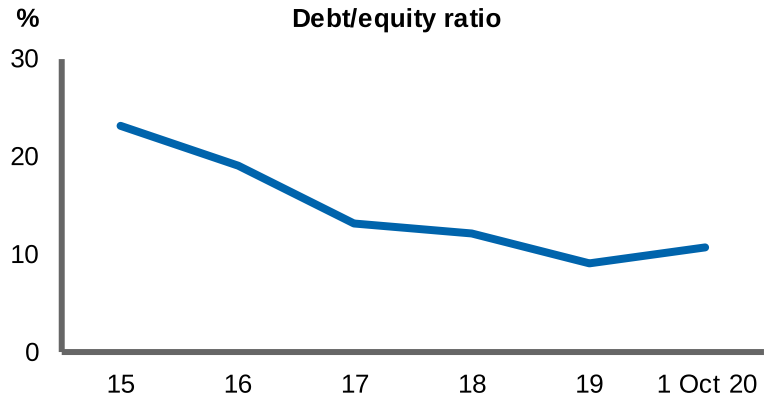
*Excl. items affecting comparability

Strong financial position and solid cash-flow

D/E at 10% after acquisition of Martinsons







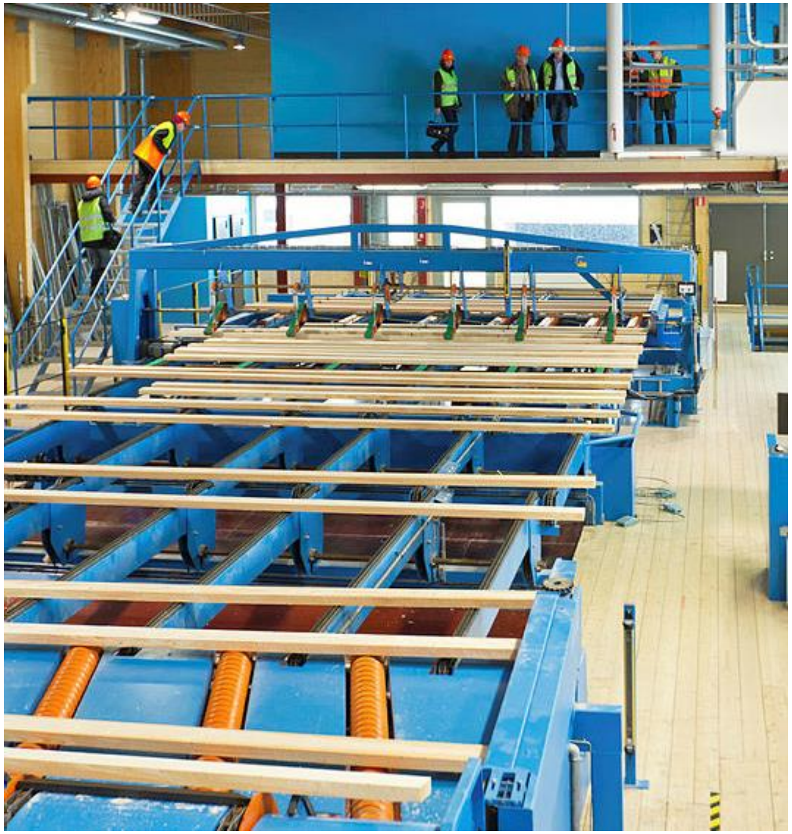
* Excl sale of the newsprint mill in Spain (2016) and acquisition of loan relating partly owned wind power company (2018))

Forest

1.0 million ha productive forest land
(1.3 million ha total land area)

Strong demand for saw logs

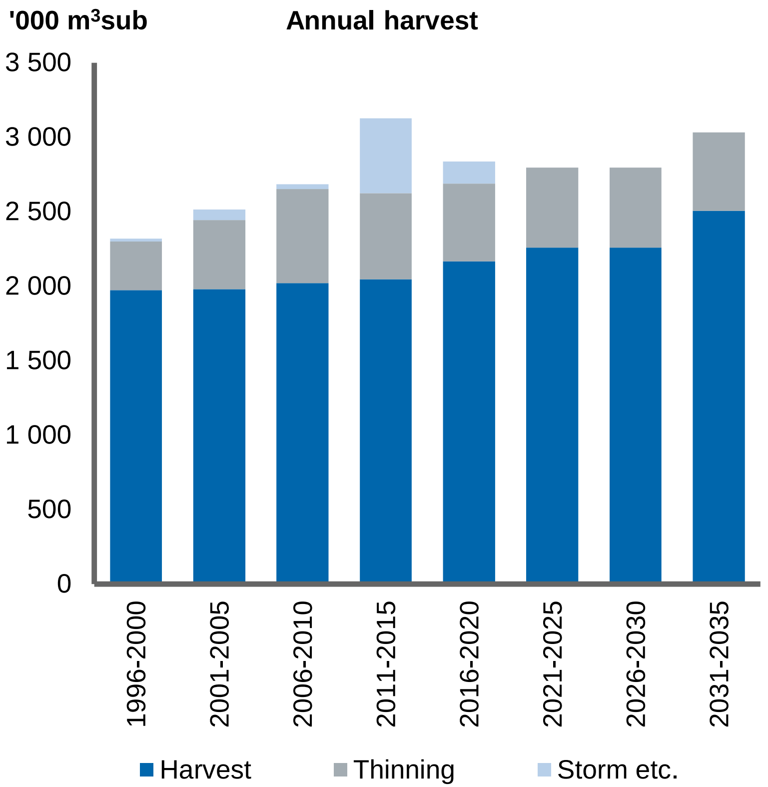
But pulp & paper mills are not running full



New harvesting plan 2021-2030

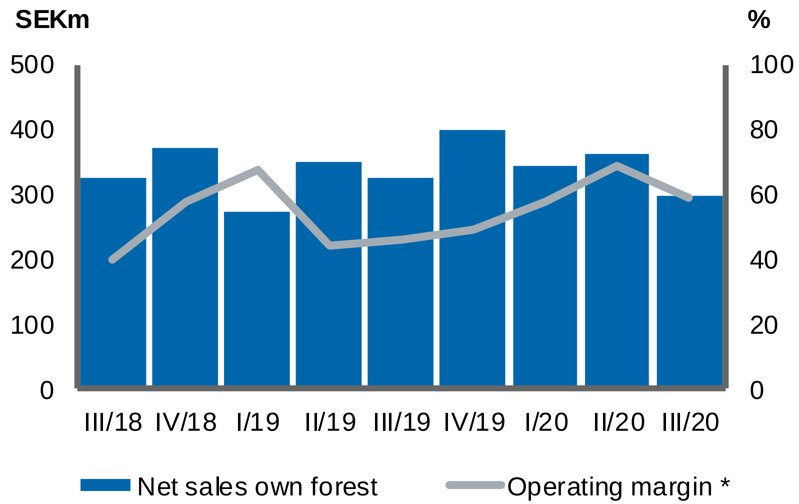
No effect on cash-flow

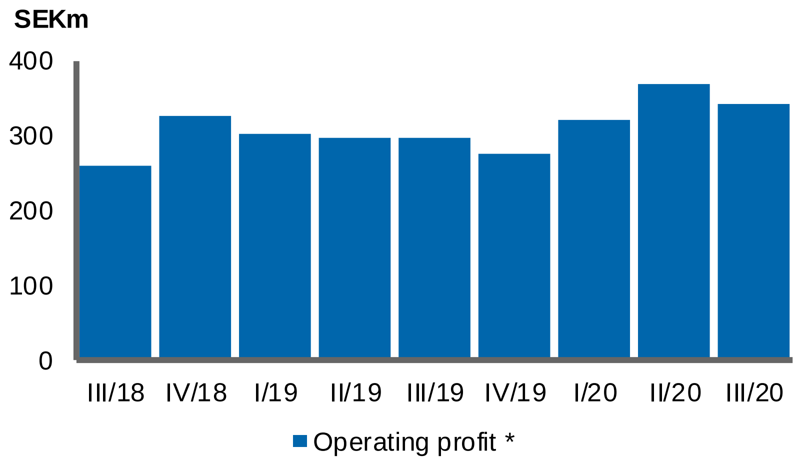
- Harvesting to increase slighlty
  - 2,3 Mm^3 vs 2,2 Mm^3 2016-2020
- Thinning unchanged at 0,5 Mm^3
  - Somewhat lower than previously predicted for the period
- Potential to increase harvesting 5-10% in ten years time
- Climate’s effect on growth not included



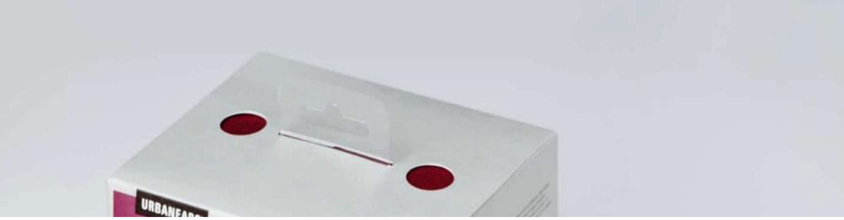
Forest financials

- Q3 SEKm 342 (Q2: 370)
  - – Sale of forest holding in Q2
- YTD SEKm 1 034 (PY: 897)
  - – Higher change in value of forests
  - – Sale of forest holdings
  - – Lower selling prices





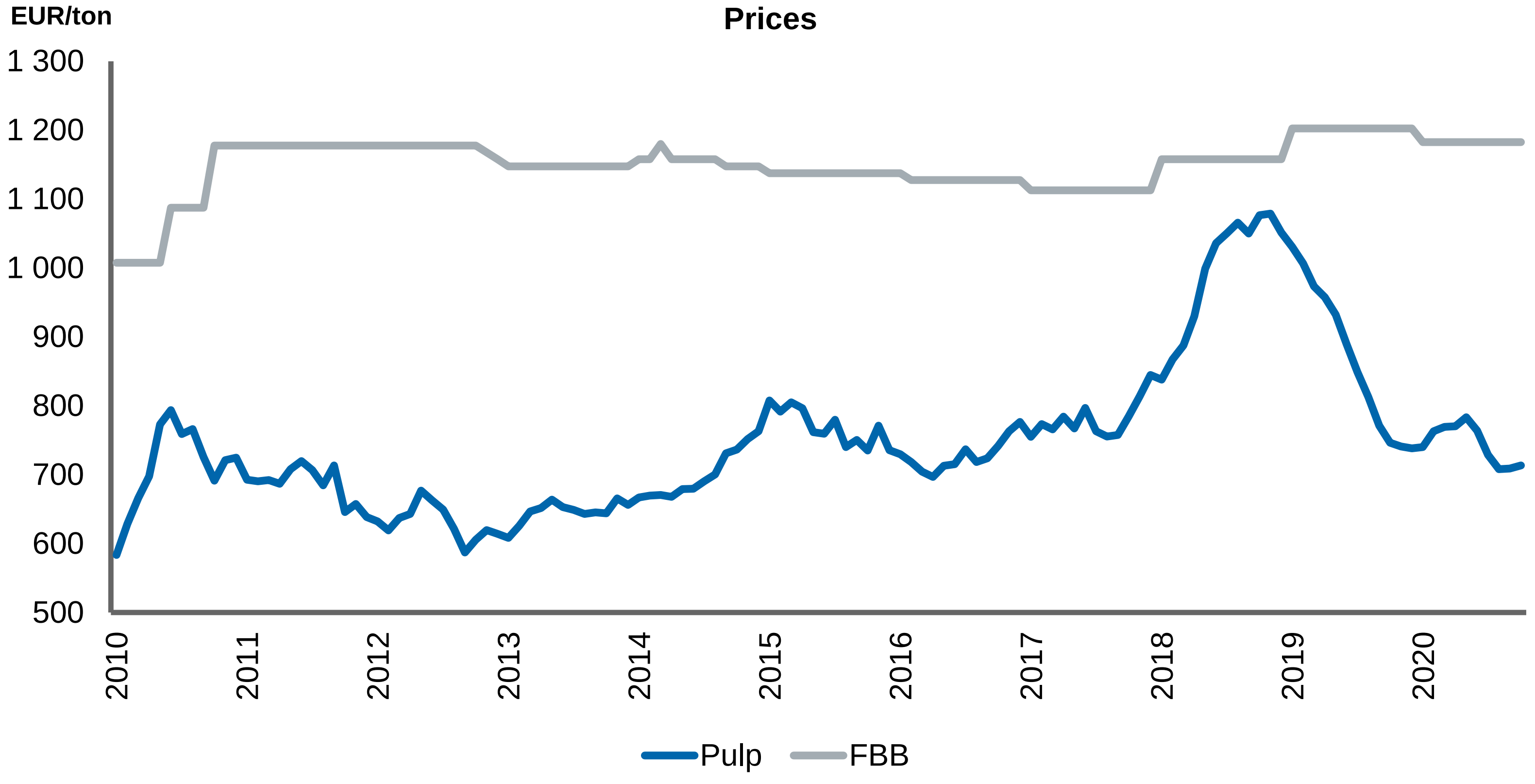
*Excl. items affecting comparability



Paperboard

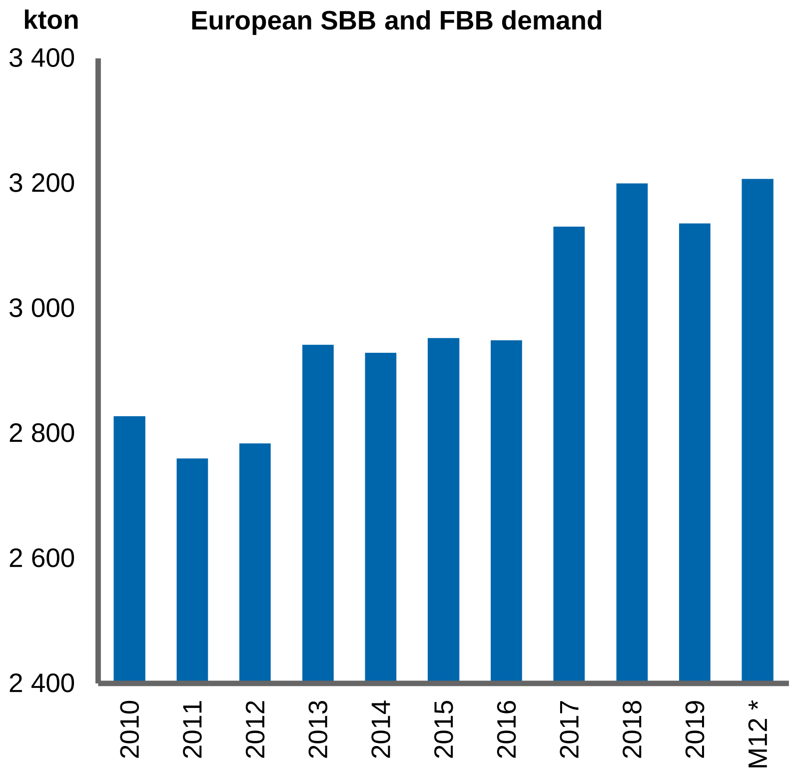
550 kton per year

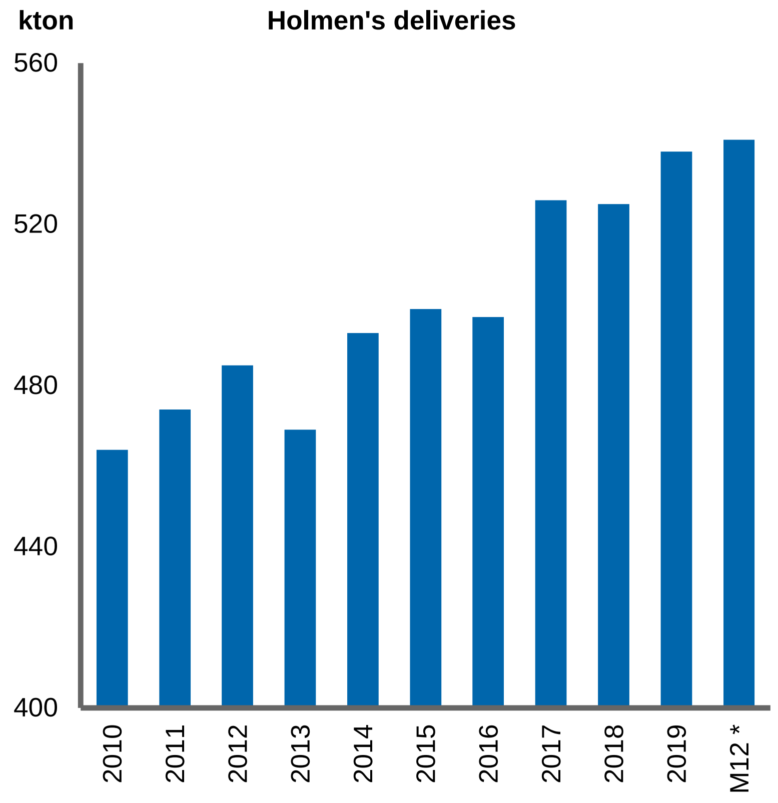
Stable board prices



Source: RISI, FOEX and CEPI

Solid demand development





* Q4-19 – Q3-20

Source: Holmen

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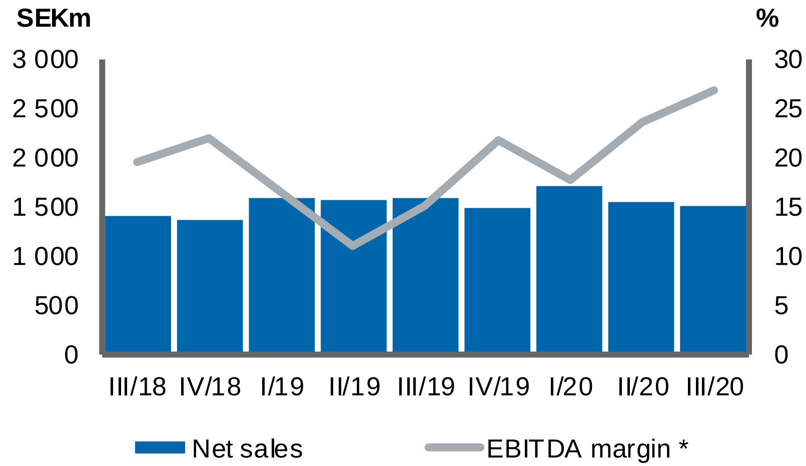
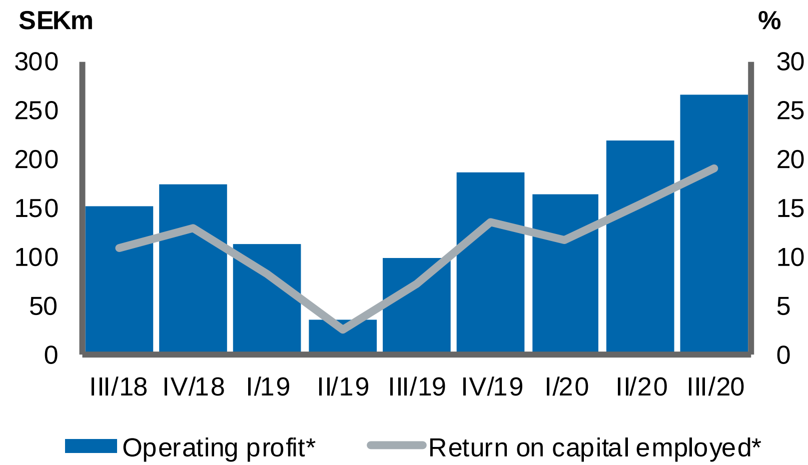
Paperboard financials

- Q3 SEKm 266 (Q2: 218)
  - – Seasonally low fixed costs
  - – Lower production costs
  - – Good product mix
- YTD SEKm 647 (PY: 247)
  - – Lower production costs
  - – Improved product mix
  - – Maintenance stop in 2019
- Upcoming maintenance stops
  - – Q4 SEKm 120





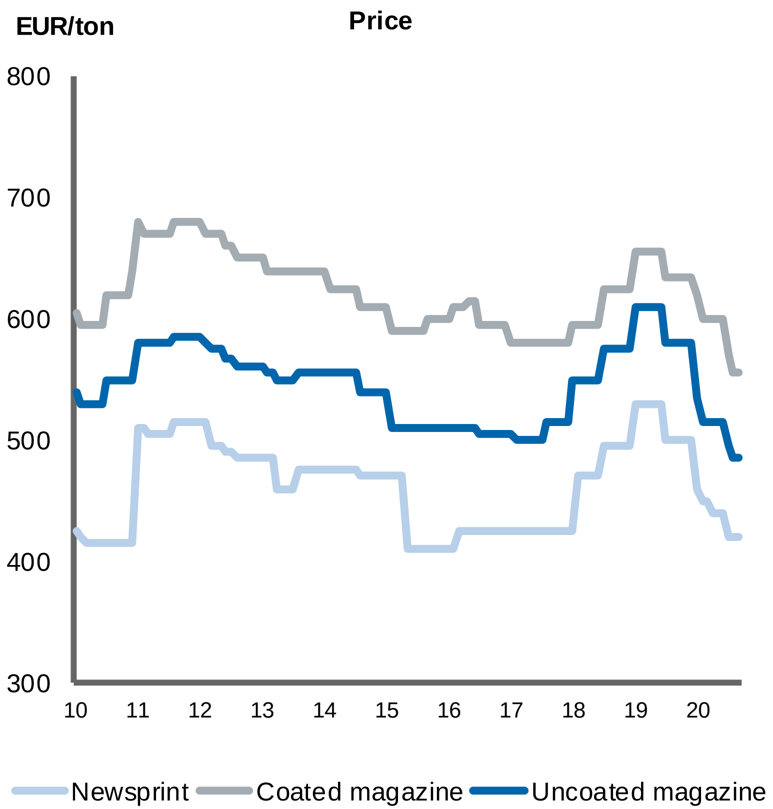
*Excl. items affecting comparability

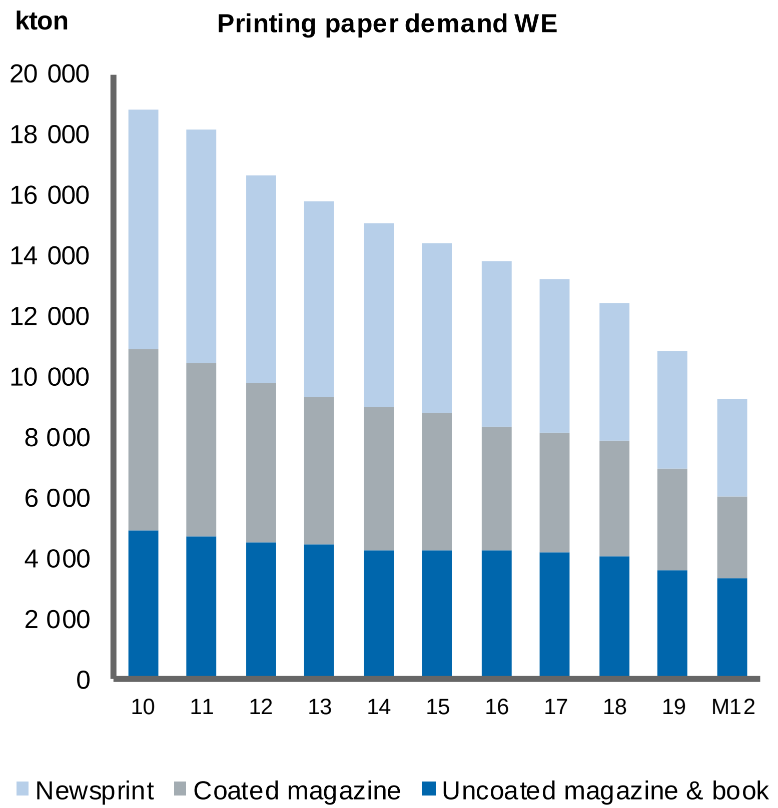
Paper

1 million tonnes per year

Newsprint & coated most affected

Prices under pressure

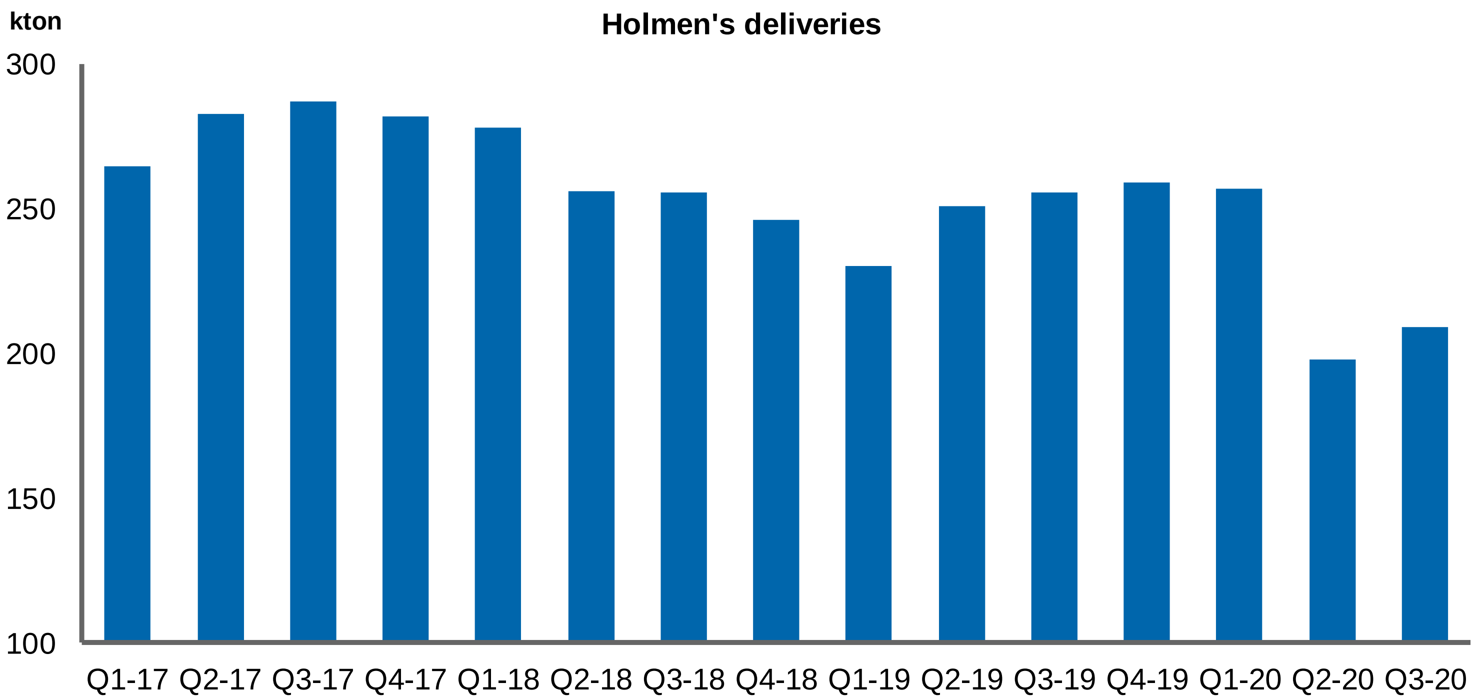




Source: RISI, FOEX, PPPC, Euro-Graph

Production curtailments in Q2-Q3

Keeping inventories under control

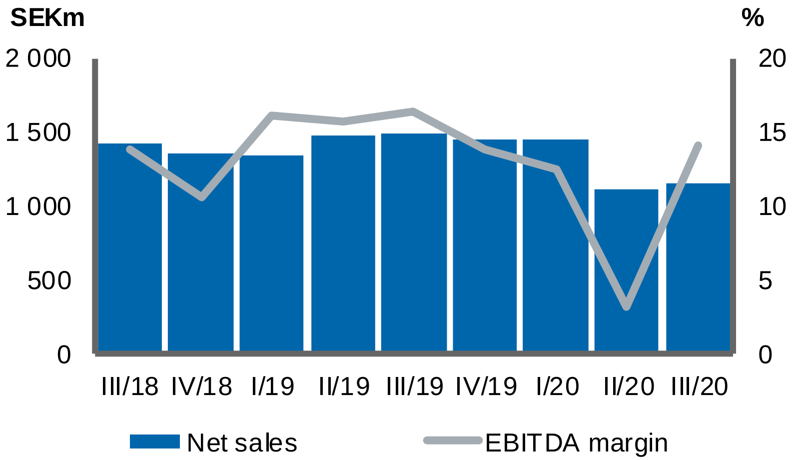


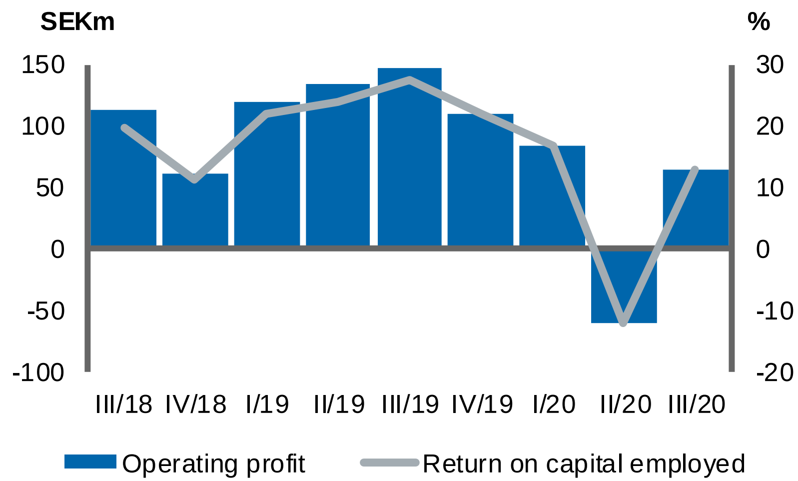
Source: Holmen

Paper financials

- Q3 SEKm 63 (Q2: -60)
  - Less curtailments
  - Low maintenance activity
  - Seasonally low fixed costs

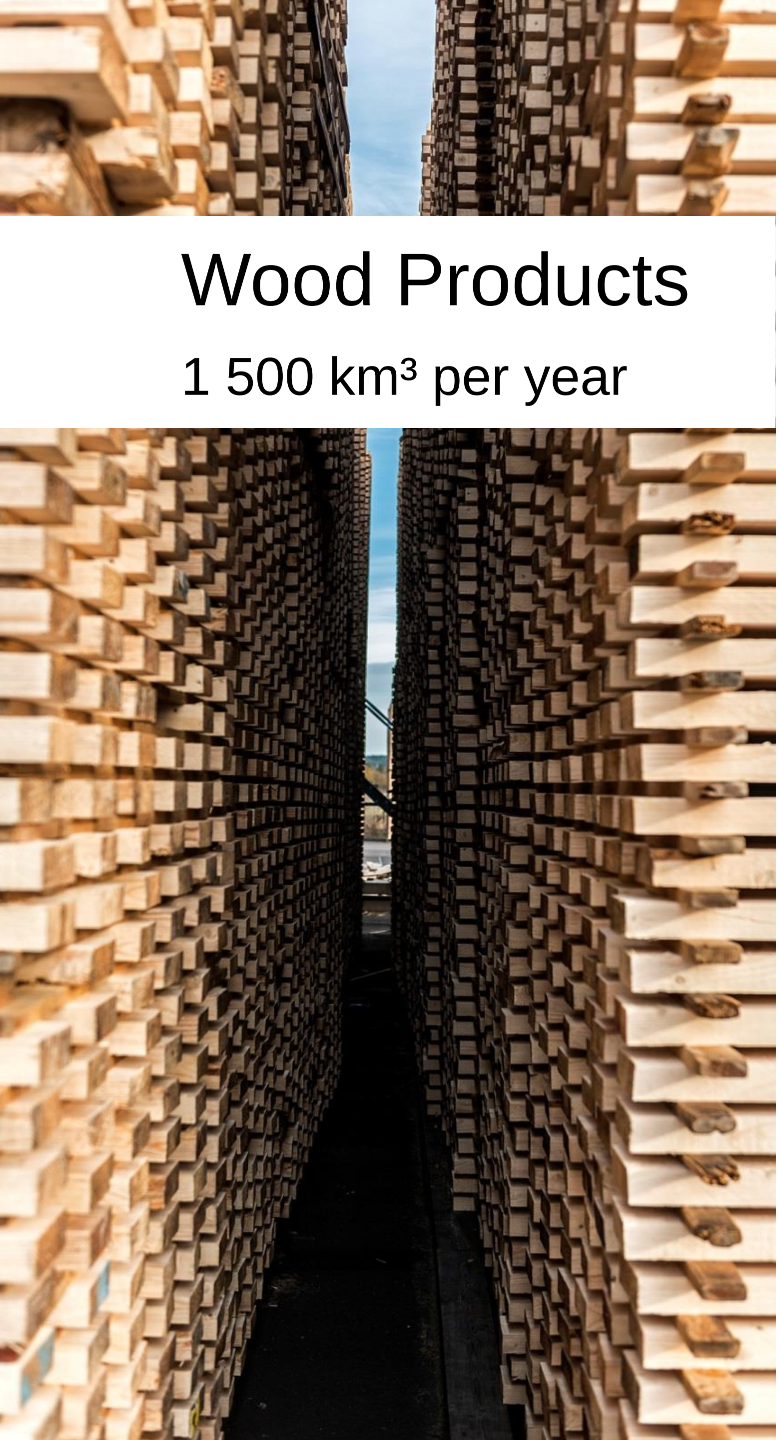
- YTD SEKm 86 (PY: 399)
  - Lower prices
  - Production curtailments

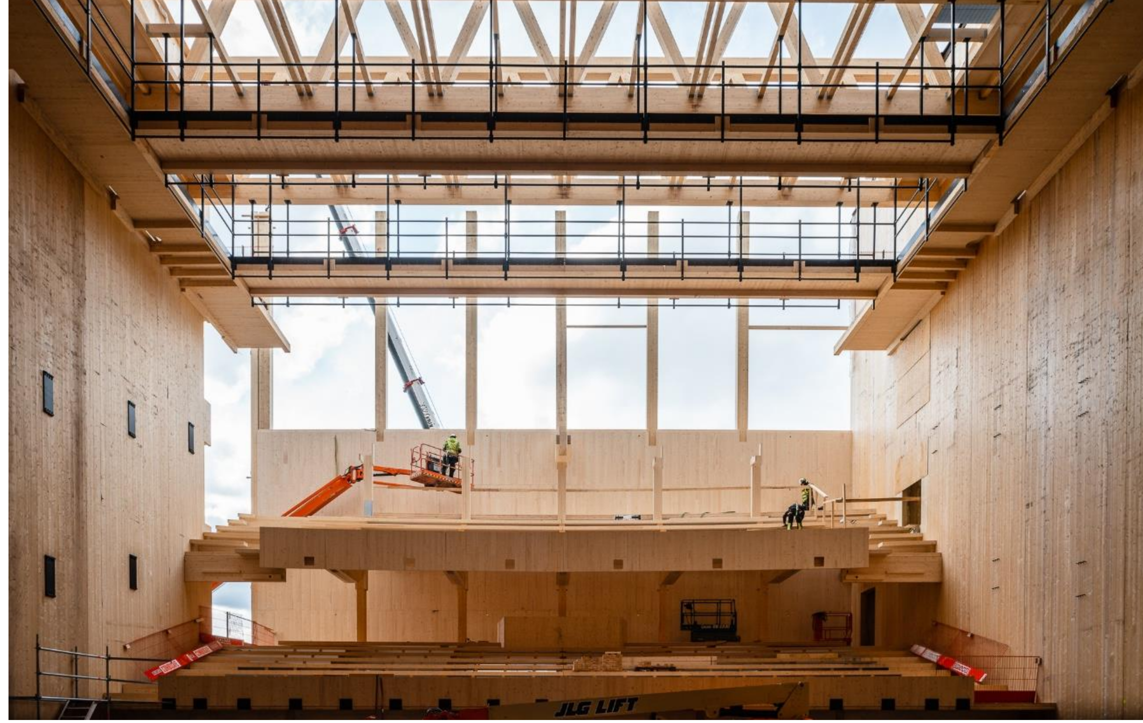




Wood Products

1 500 km³ per year





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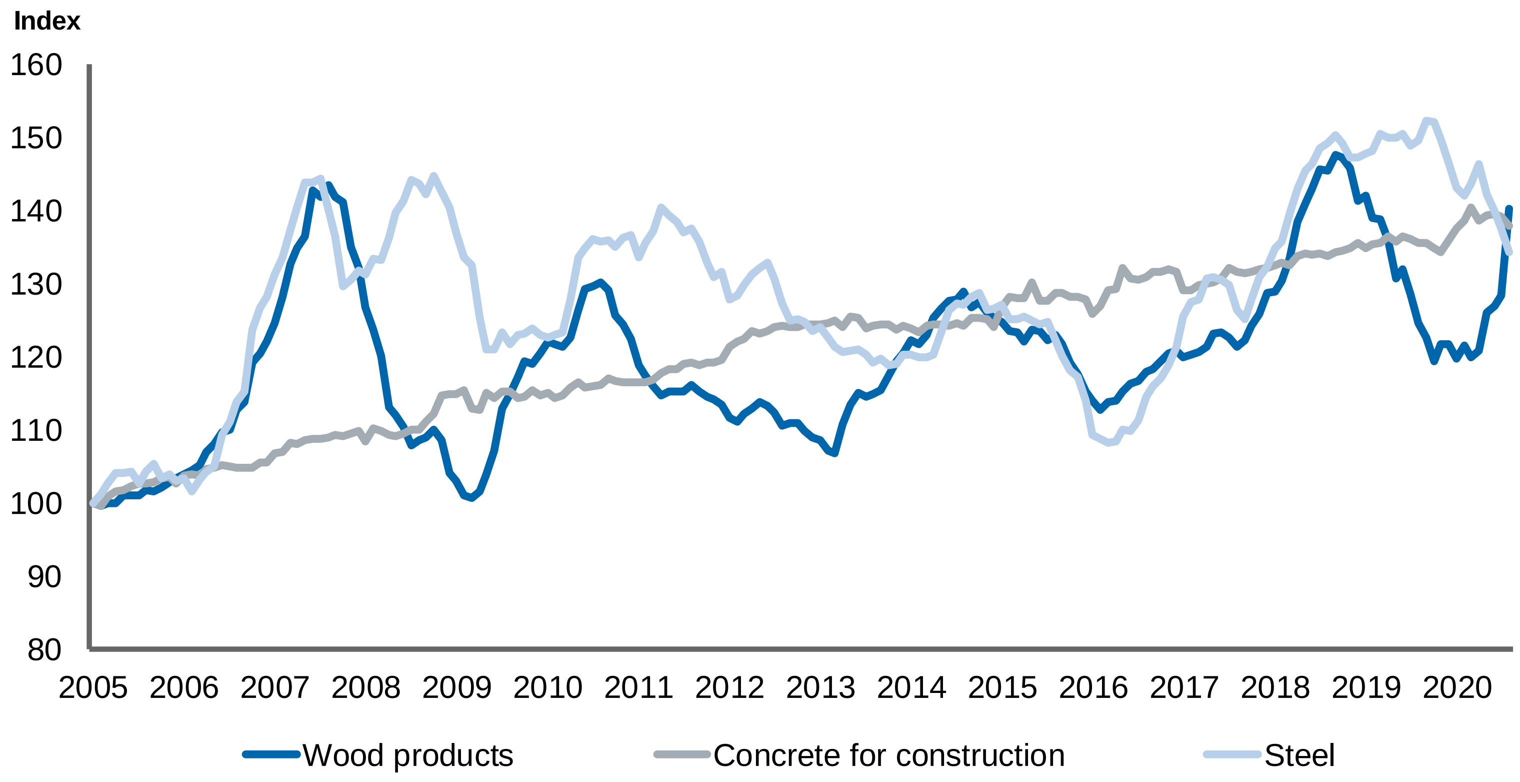
Rapid price increases in Q3

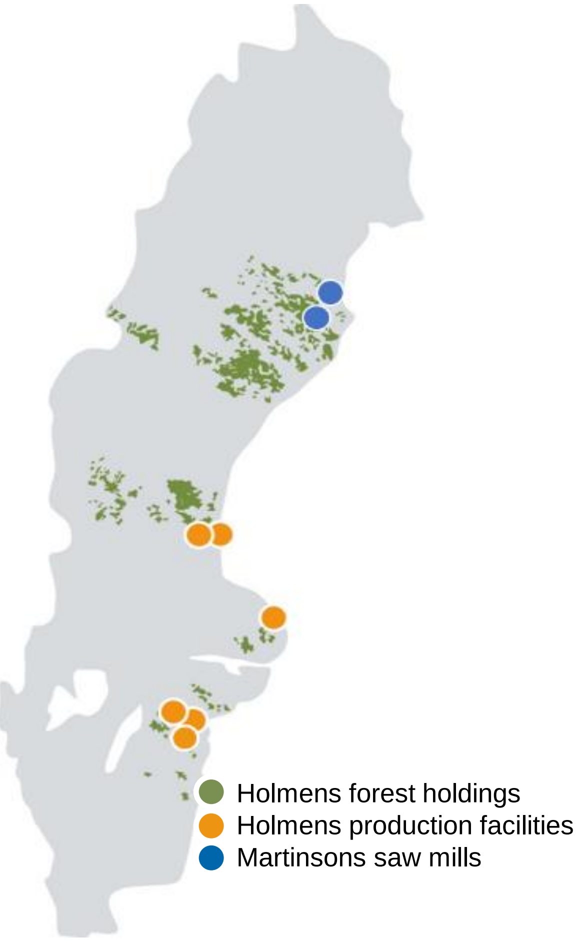


Source: Wood products: Skogsindustrierna, export statistics recalculated to local currency (Holmen’s calculations); Concrete & Steel: Macrobond statistics for Europe

Acquistion of Martinsons closed on Oct 1

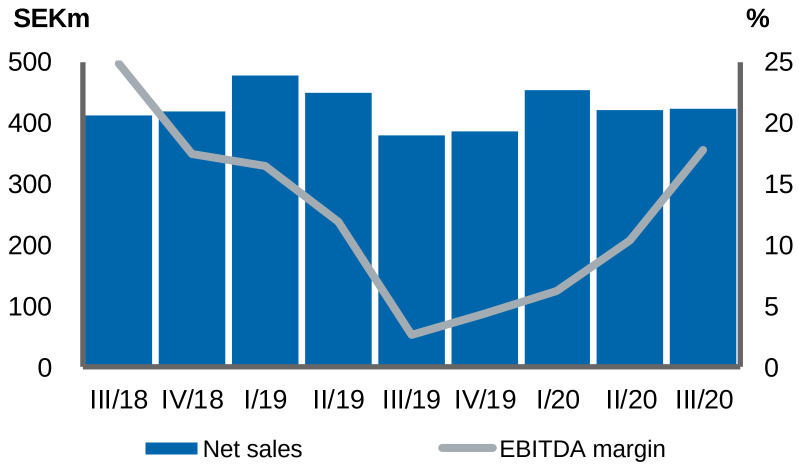
Integrates our forest with own industry

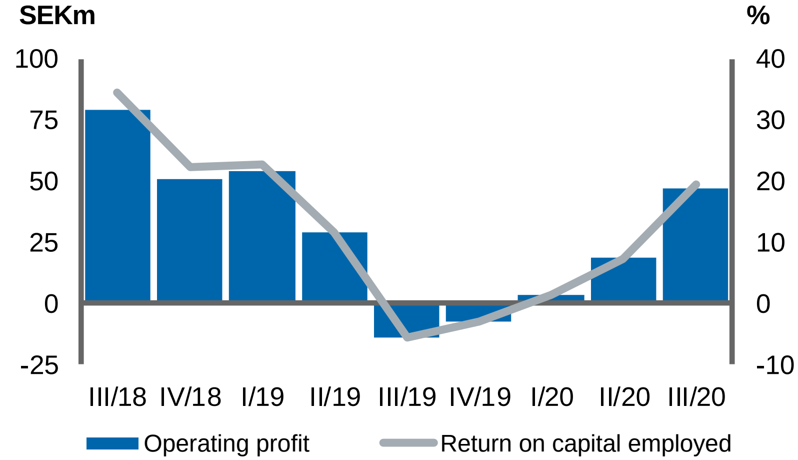
- Well invested saw mills
  - 500 000 m^3 run rate with 20% growth potential
  - Extensive refinement facilities
- Building systems for wooden frames
  - Offices, sport centres and apartment buildings
- EBITDA of SEKm 90 during jan-aug 2020
  - Sales of wood products SEKbn 0,8
  - Building systems SEKbn 0,2



Wood Products financials

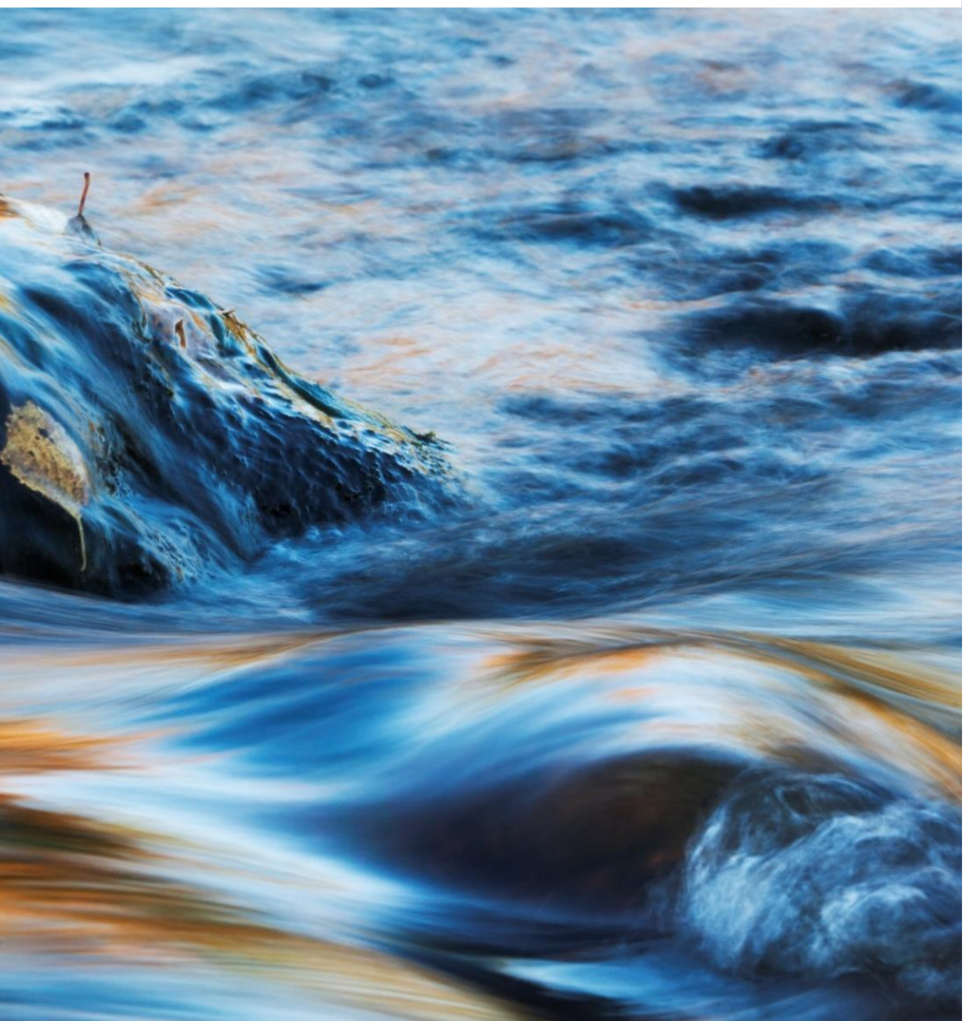
- Q3 SEKm 47 (Q2: 19)
  - – Higher prices, especially US
  - – Good product mix
- YTD SEKm 70 (PY: 69)
  - – Lower selling prices
  - – Lower log costs





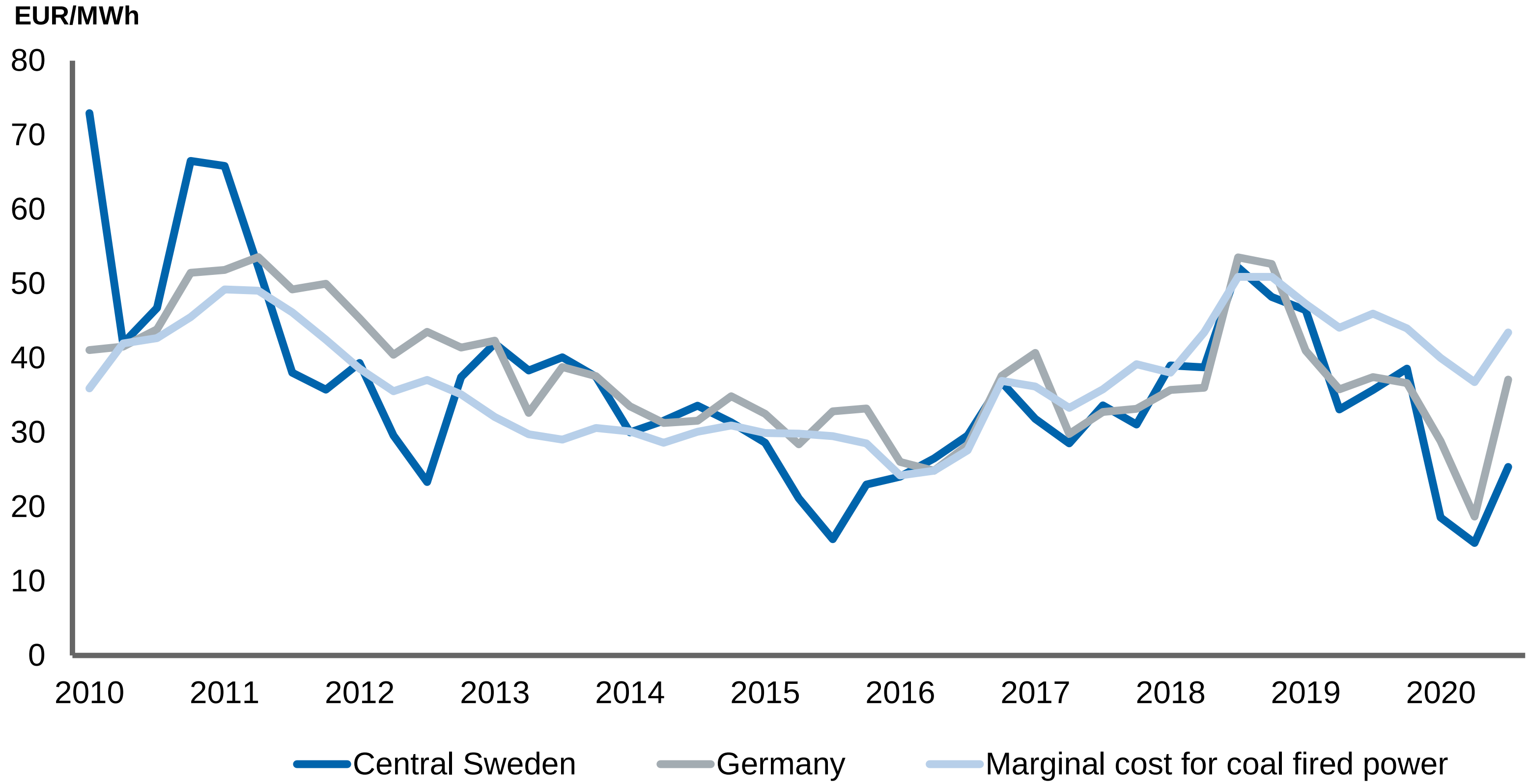
Renewable Energy

1.2 TWh hydro & wind power



Low electricity prices in Sweden

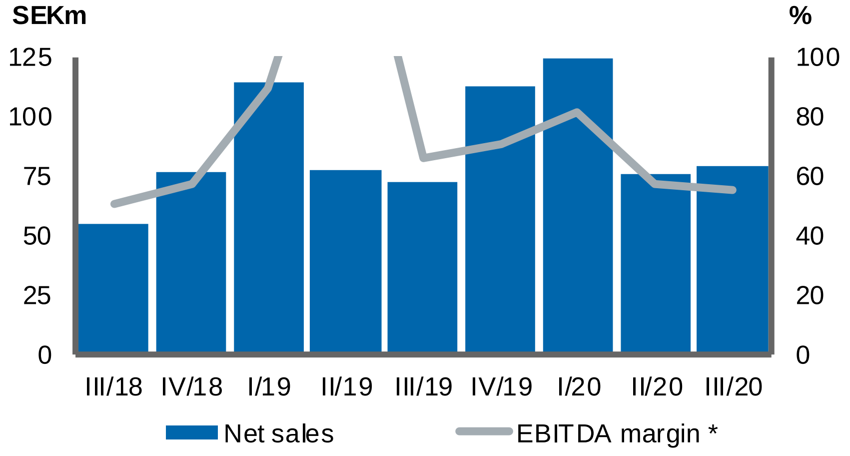
Temporary decoupling from fossil fired power

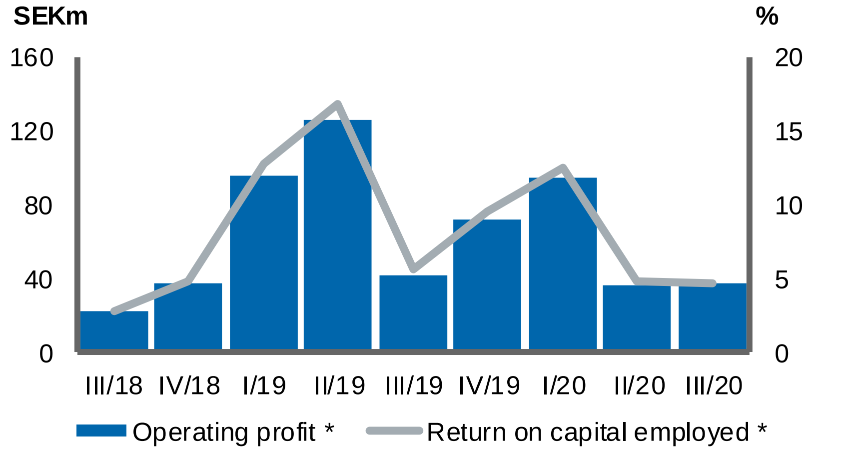


Source: Marcobond, Holmen’s own calulation for marginal coal fierd power

Renewable Energy financials

- Q3 SEKm 37 (Q2: 37)
- YTD SEKm 169 (PY: 264)
  - Higher production
  - Lower prices
  - SEKm 80 sale of wind farm 2019





*Excl. items affecting comparability

Priorities

- Manage imbalance between saw logs & pulp wood
- Maintain production efficiency in paperboard
- Product development in paper
- Integrate Martinsons
- Building wind farm pipeline

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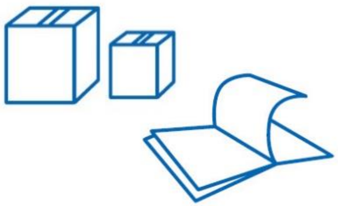
Contributing to a sustainable society

Concrete & steel	Wood products	
Plastic	Board and paper	
Fossil fuels	Renewable energy from hydro & wind	

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Ambition to grow the value of the forest and industry