HOLMEN

Year-end report presentation

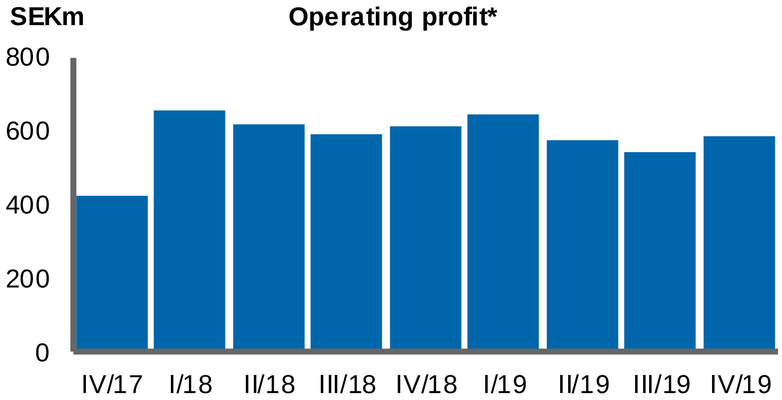
2019

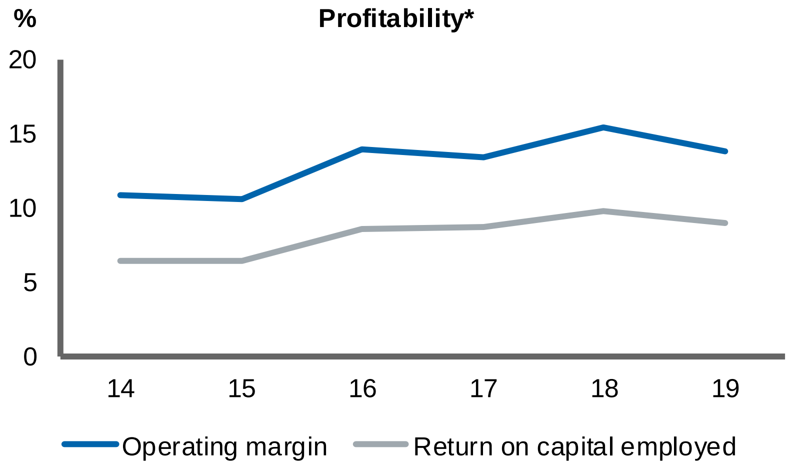
Henrik Sjölund, CEO
Anders Jernhall, CFO

January 30 2019

Q4 highlights

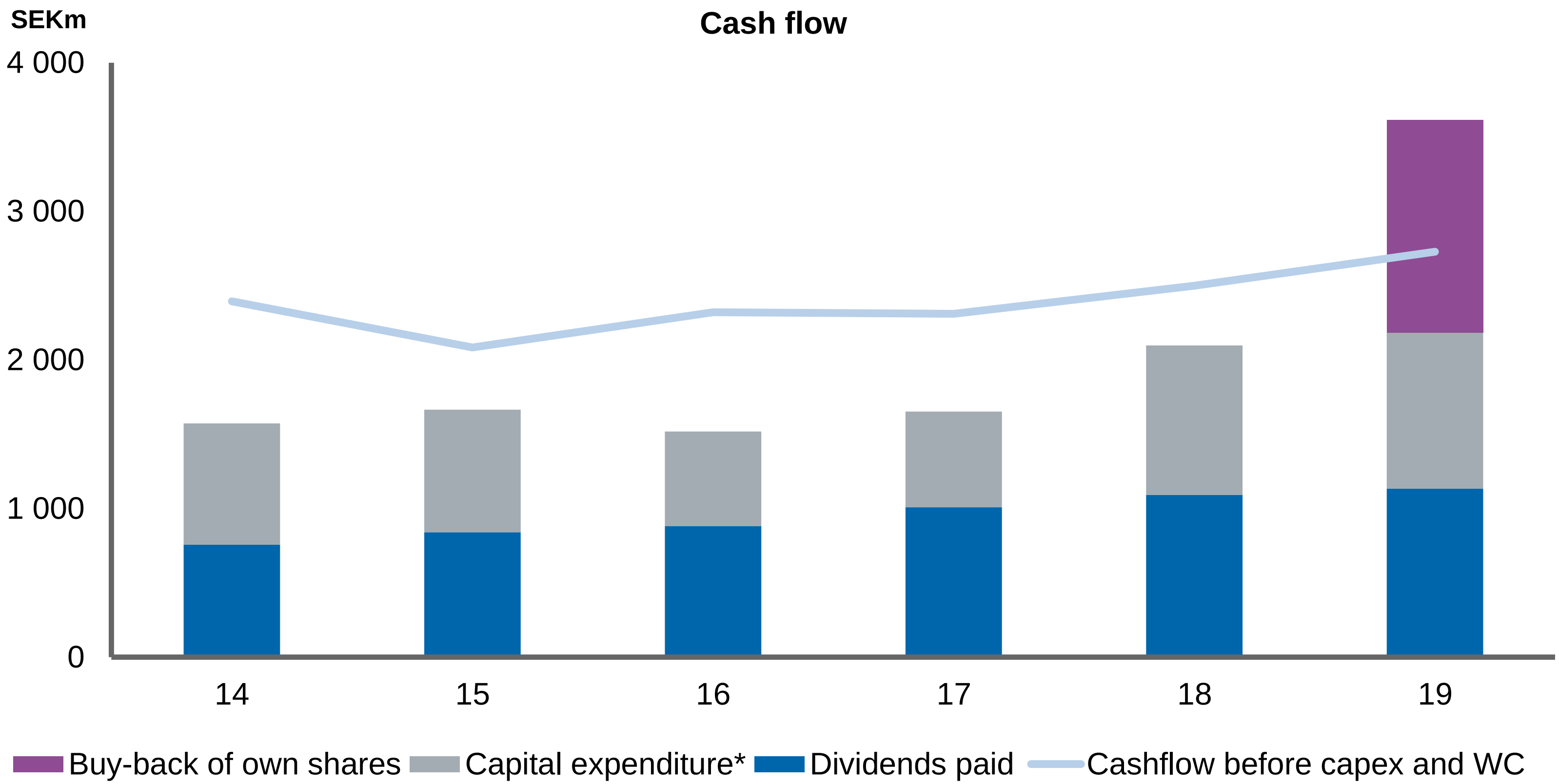
- EBIT SEKm 587 (Q3: 541)
  - – No large maintenance stop
  - – Seasonally higher costs
- Forest value 19 → 41 bn SEK
  - – +9 bn SEK through P&L
  - – +13 bn SEK through OCI
- New D/E target <25%
  - – Currently 9%
- 1,3 bn investment in 0,4 TWh wind
  - – Start-up end of 2021





*Excl. items affecting comparability

SEK 7 dividend per share proposed



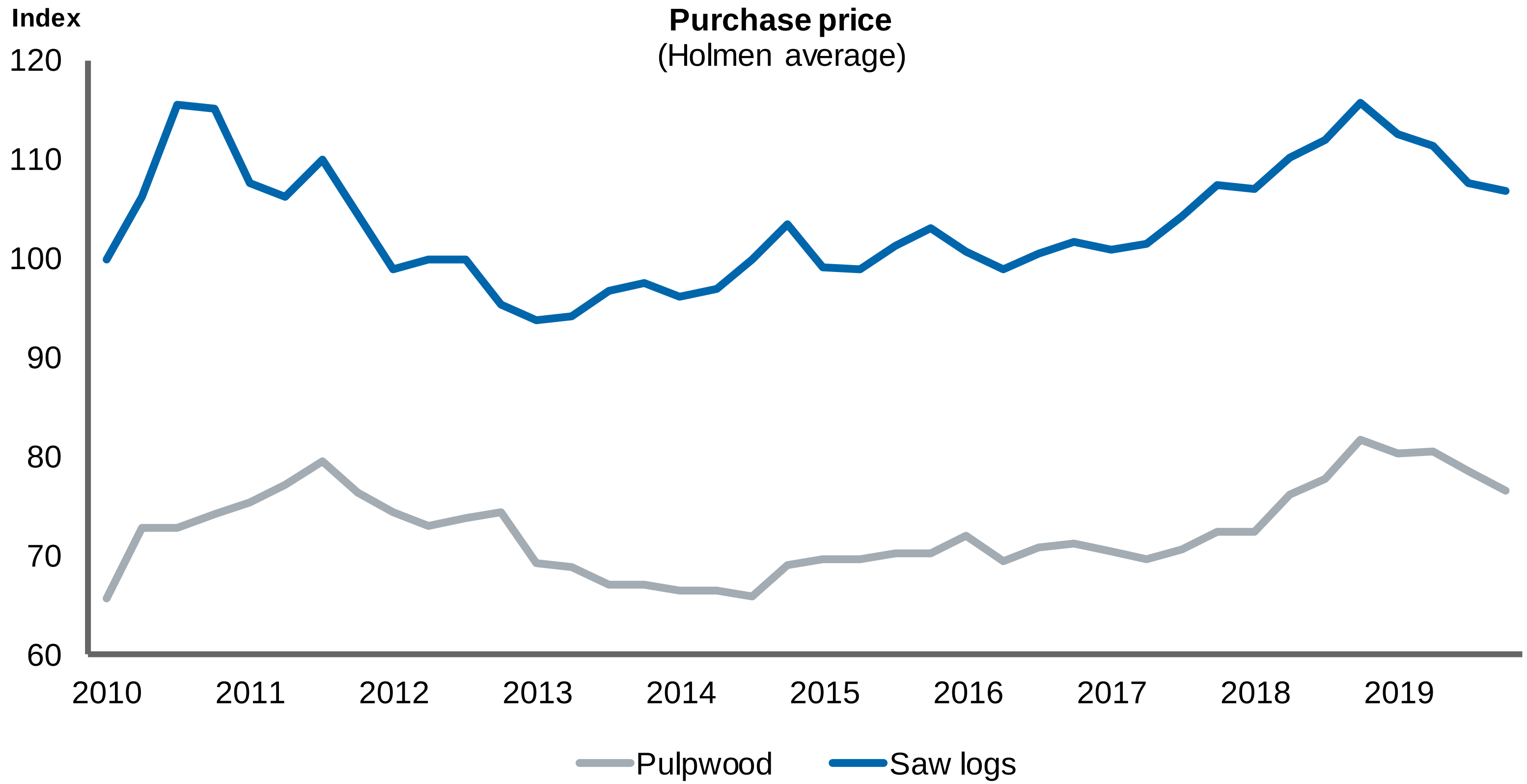
* Excl sale of the newsprint mill in Spain (2016) and acquisition of loan relating partly owned wind power company (2018)

Forest

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

High harvest levels in southern Sweden

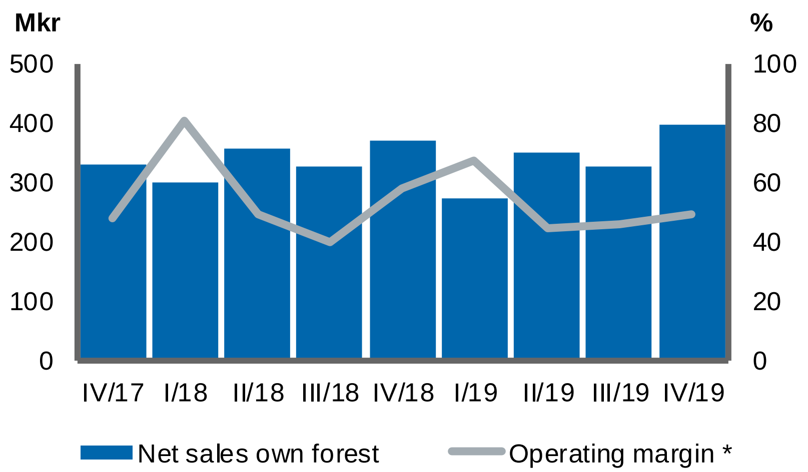
Prices are declining

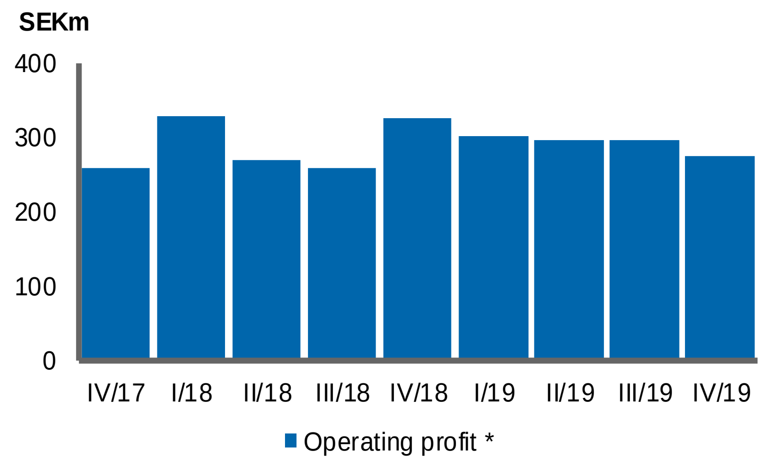


Source: Holmen

Forest financials

- 2019 SEKm 1 172 (PY: 1 185)
  - – Higher wood prices
  - – Lower thinning volumes
  - – Sale of forest property 2018
- Q4 SEKm 274 (Q3: 298)
  - – Lower wood prices
- Revaluation of forest
  - – SEKm 9 079 operating profit
  - – SEKm 13 055 other comprehensive income



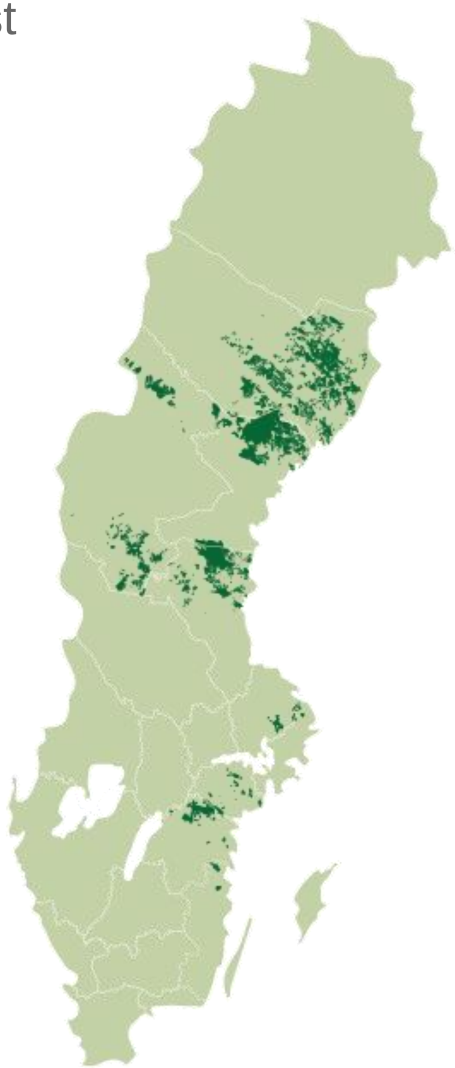


*Excl. items affecting comparability

41 bn SEK market value

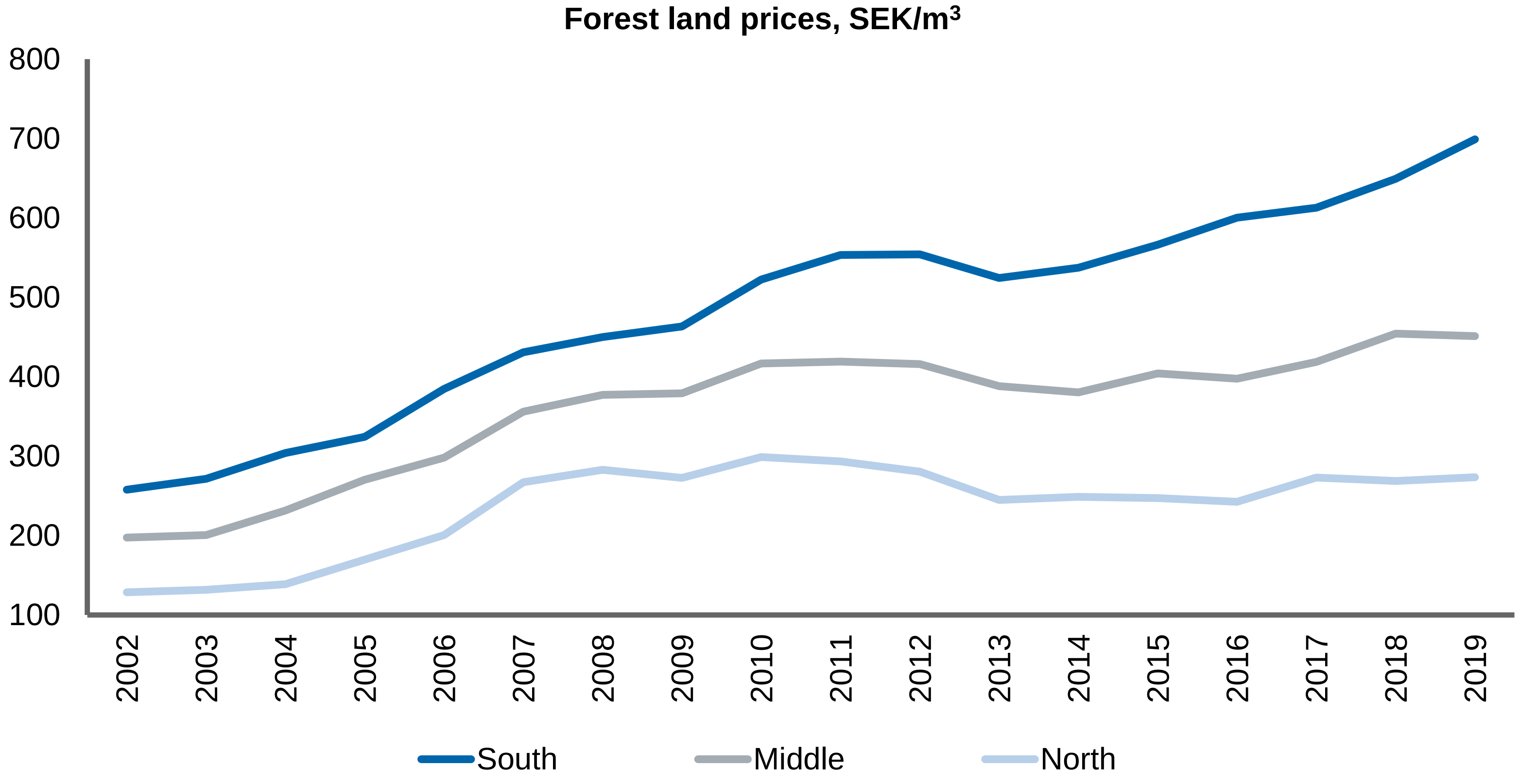
Based on transactions in the areas we have forest

	Total land area, tha	Productive land, tha
North	890	690
Middle	310	260
South	100	90
Total	1 300	1 040



Source: Holmen

Location key value driver



Source: Holmen and LRF Konsult

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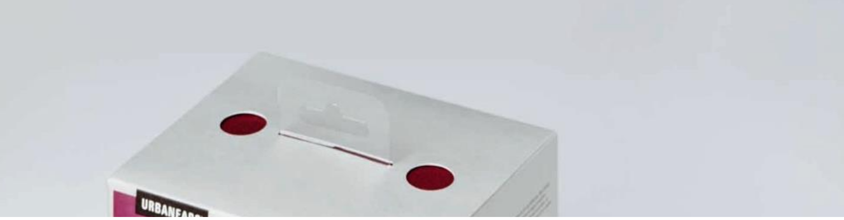
Value split on trees and land

IFRS requirement

- 28 bn SEK growing trees & 13 bn SEK land
  - DCF calculation with 4,5% WACC
- Change in value of trees through P&L
  - 9 bn SEK in Q4 reported as item affecting comparability
- Change in value of land in OCI
  - 13 bn SEK in Q4
- Deferred tax 8 bn SEK
  - 20,6% of reported forest value

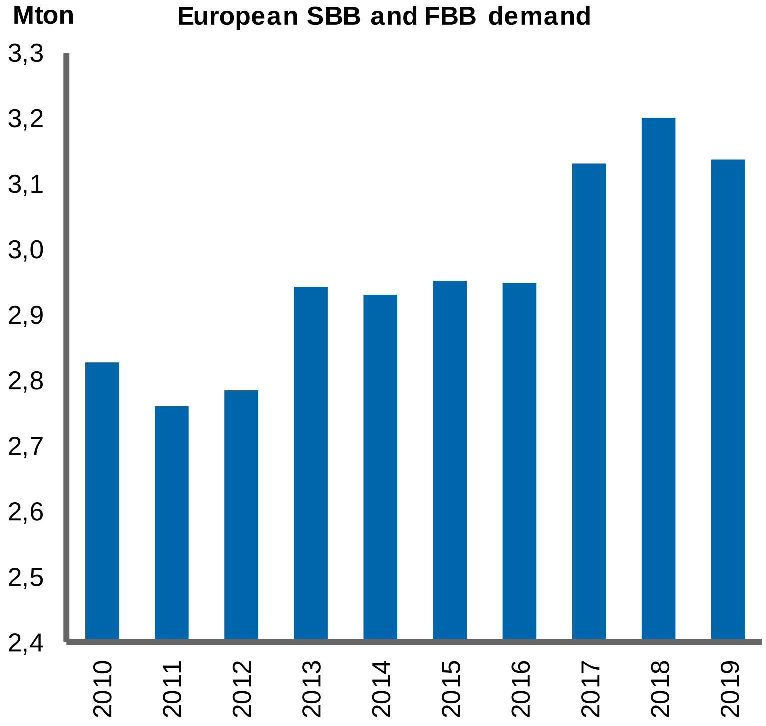


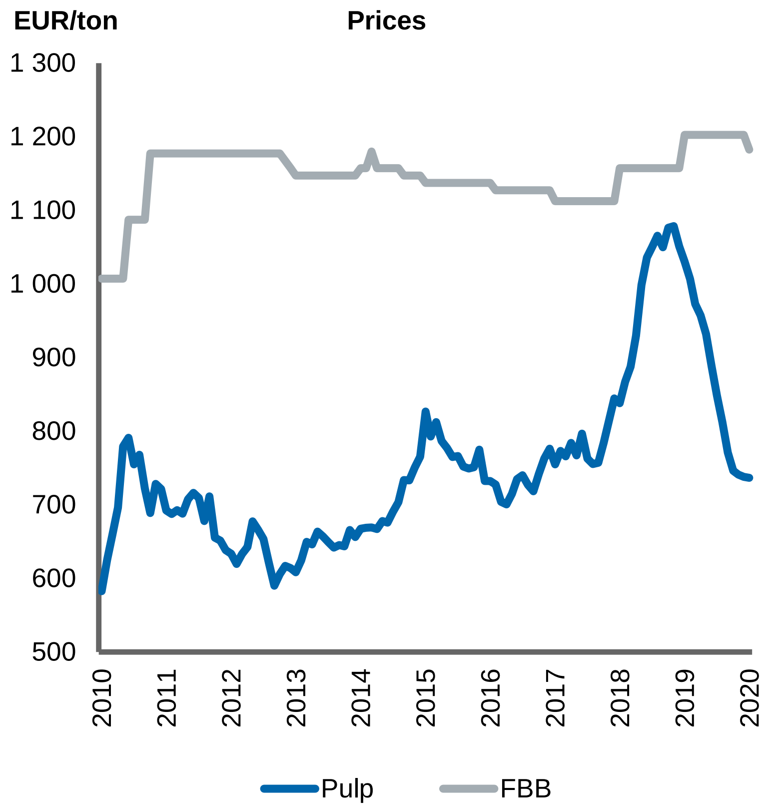
Paperboard

550 kton per year

Solid European demand but ample supply

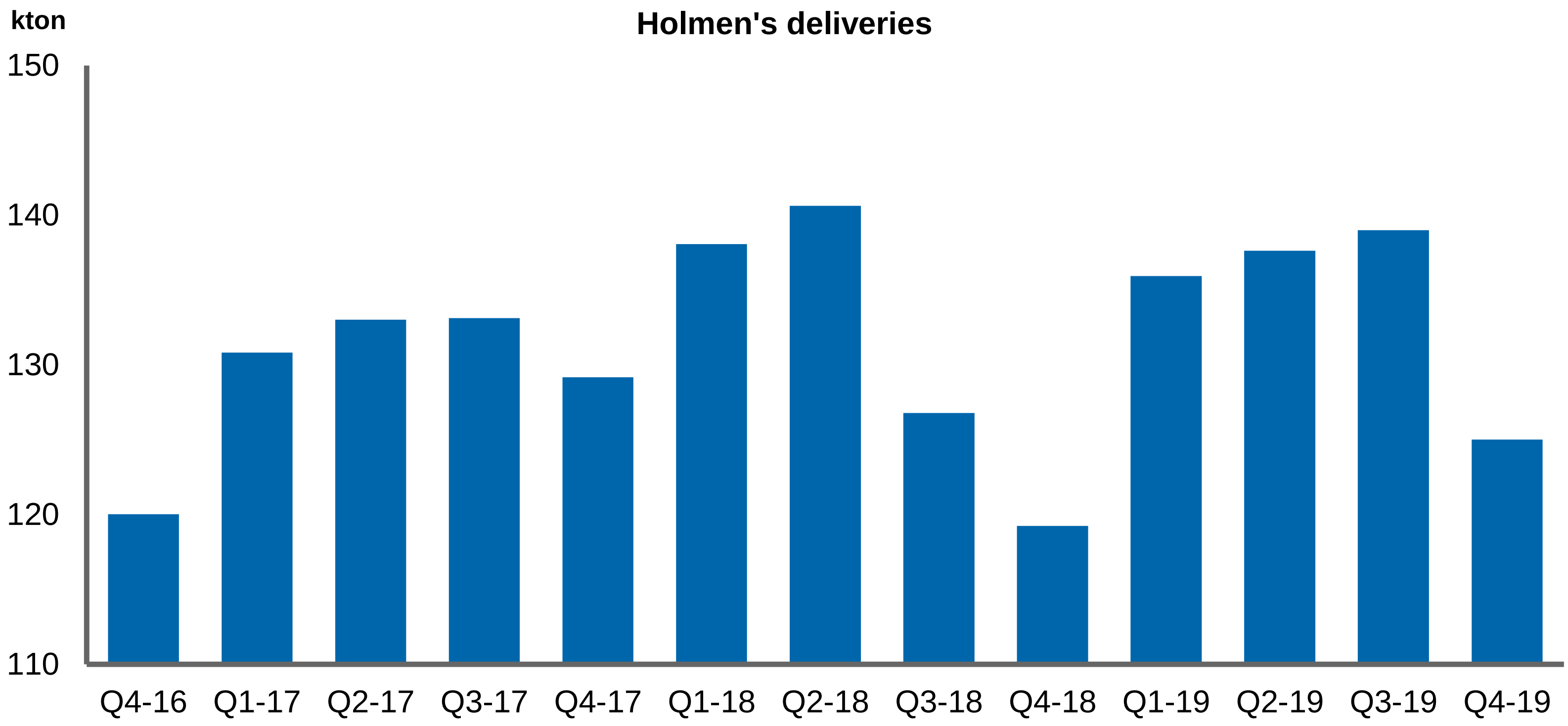
Stable prices





Source: RISI, FOEX and CEPI

Seasonally low deliveries



Source: Holmen

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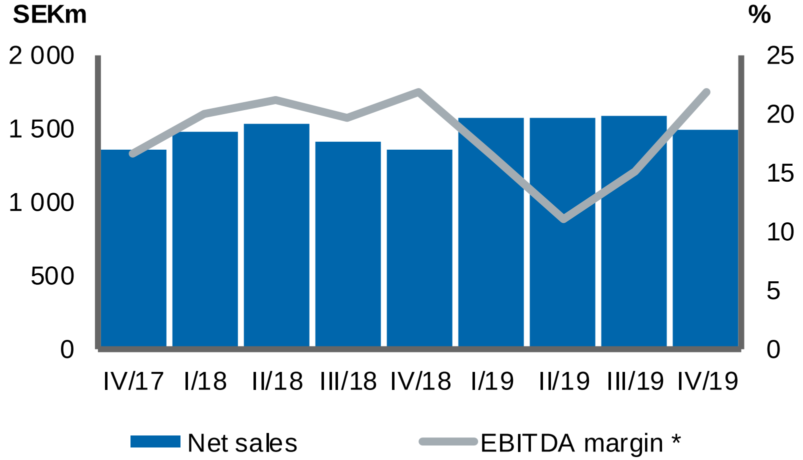
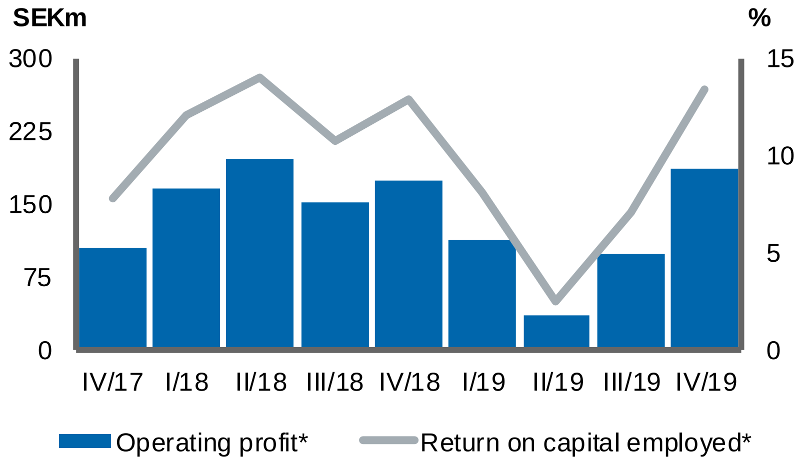
Paperboard financials

- 2019 SEKm 435 (PY: 689)
  - – Maintenance stop SEKm 210 vs 60
  - – Increased wood costs
  - – Production disturbances
- Q4 SEKm 187 (Q3: 99)
  - – Renewable energy bonus
  - – Costs & volume losses when starting up new equipment
  - – Seasonally higher costs
  - – Maintenance stop in Q3 SEKm 130





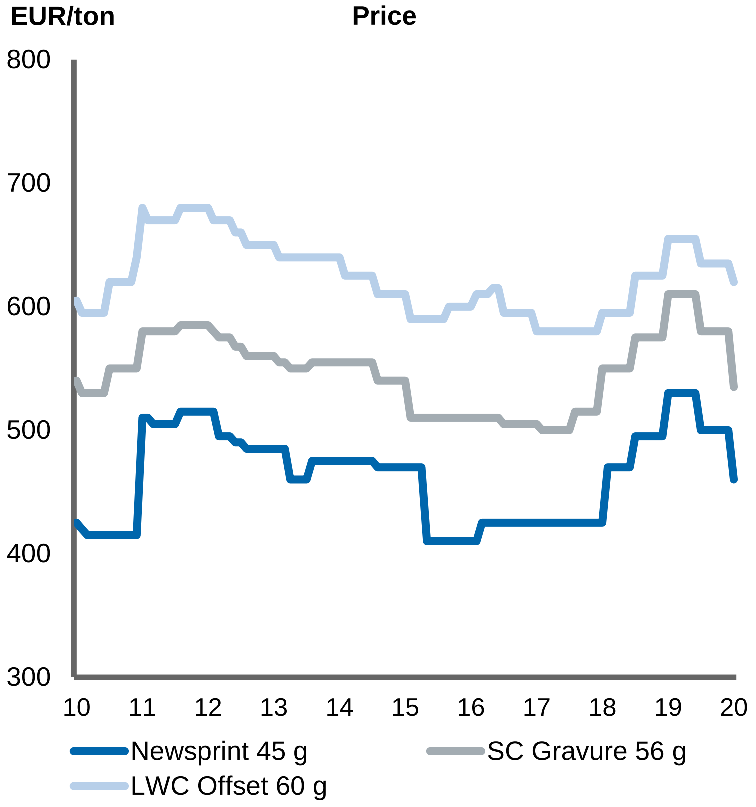
*Excl. items affecting comparability

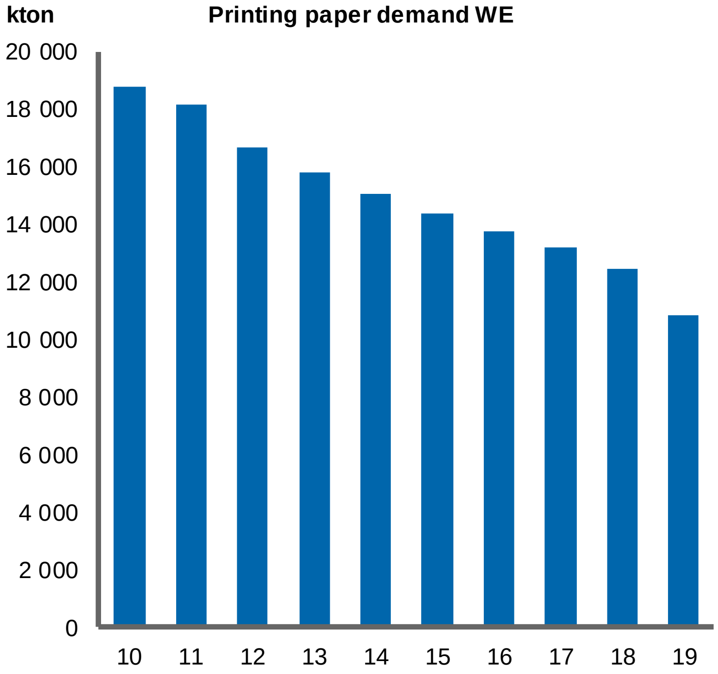
Paper

1.1 million tonnes per year

Prices under pressure

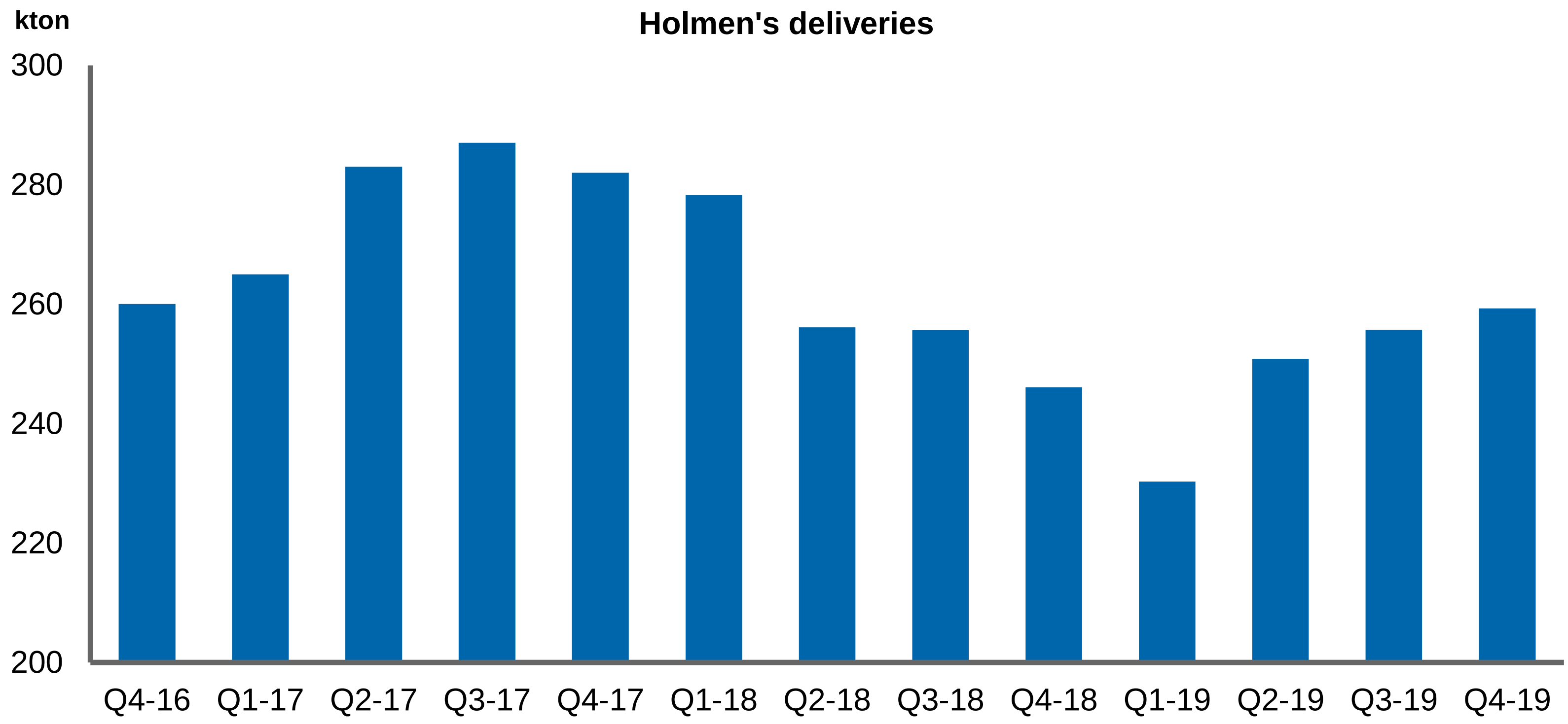
Market balance has deteriorated during the year





Source: RISI, FOEX, PPPC, Euro-Graph

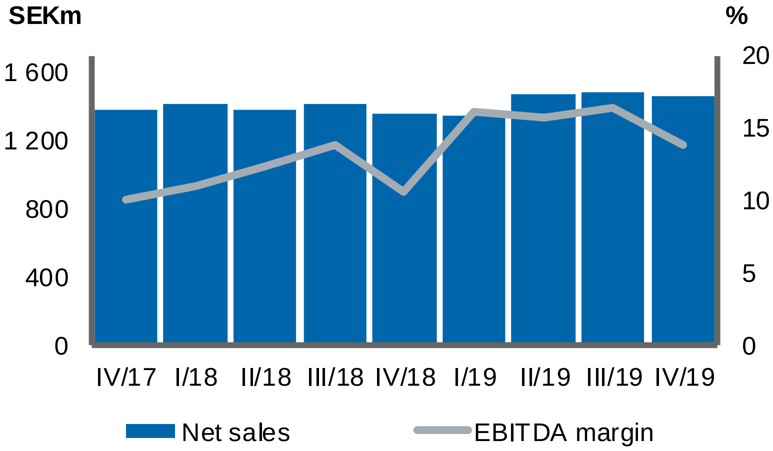
De-stocking during 2019

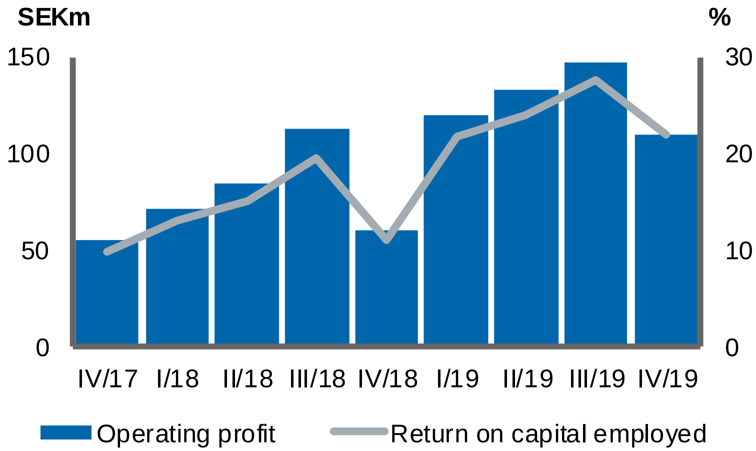


Source: Holmen

Paper financials

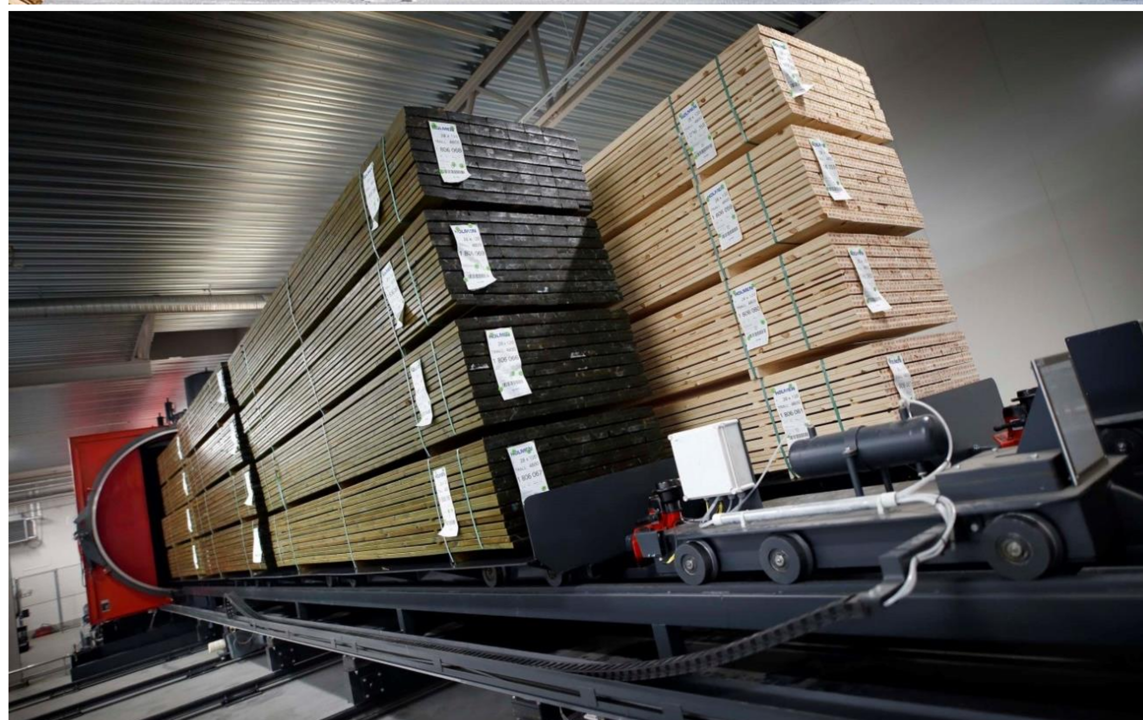
- 2019 SEKm 509 (PY: 329)
  - Higher prices
  - Production curtailments
- Q4 SEKm 110 (Q3: 147)
  - Seasonally higher costs
  - Somewhat lower prices





Wood Products

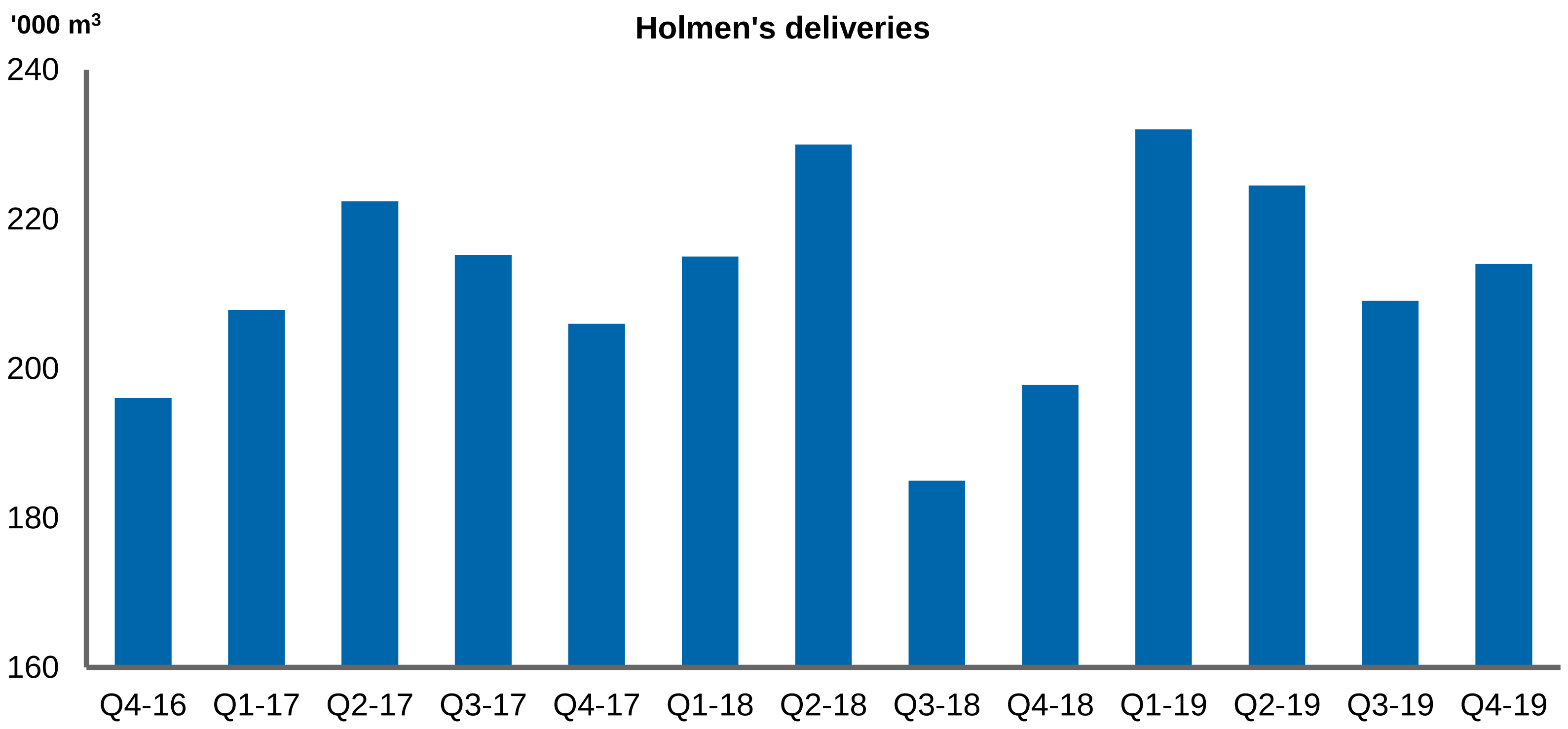
900 km³ per year



Supply-driven price decline

Source: Skogsindustrierna, Holmen’s calculations local currency

6% delivery increase vs 2018

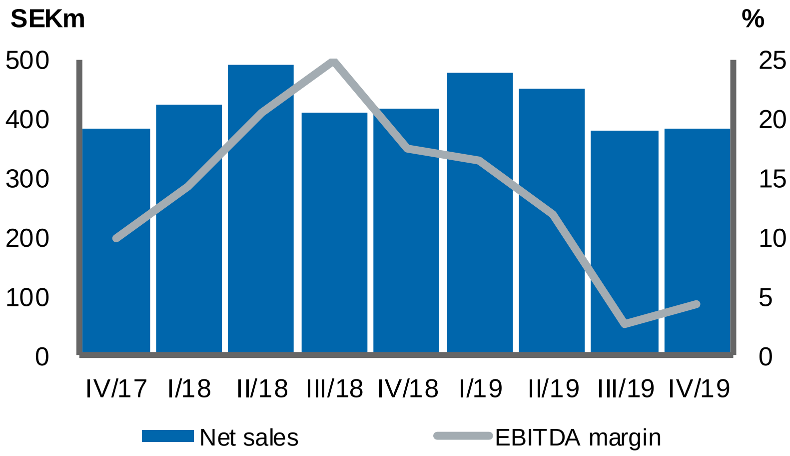


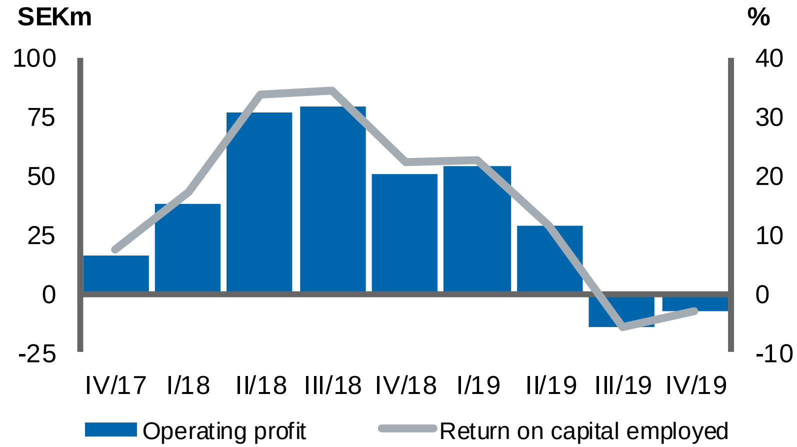
Source: Holmen

Wood Products financials

- 2019 SEKm 62 (PY: 246)
  - Lower selling prices

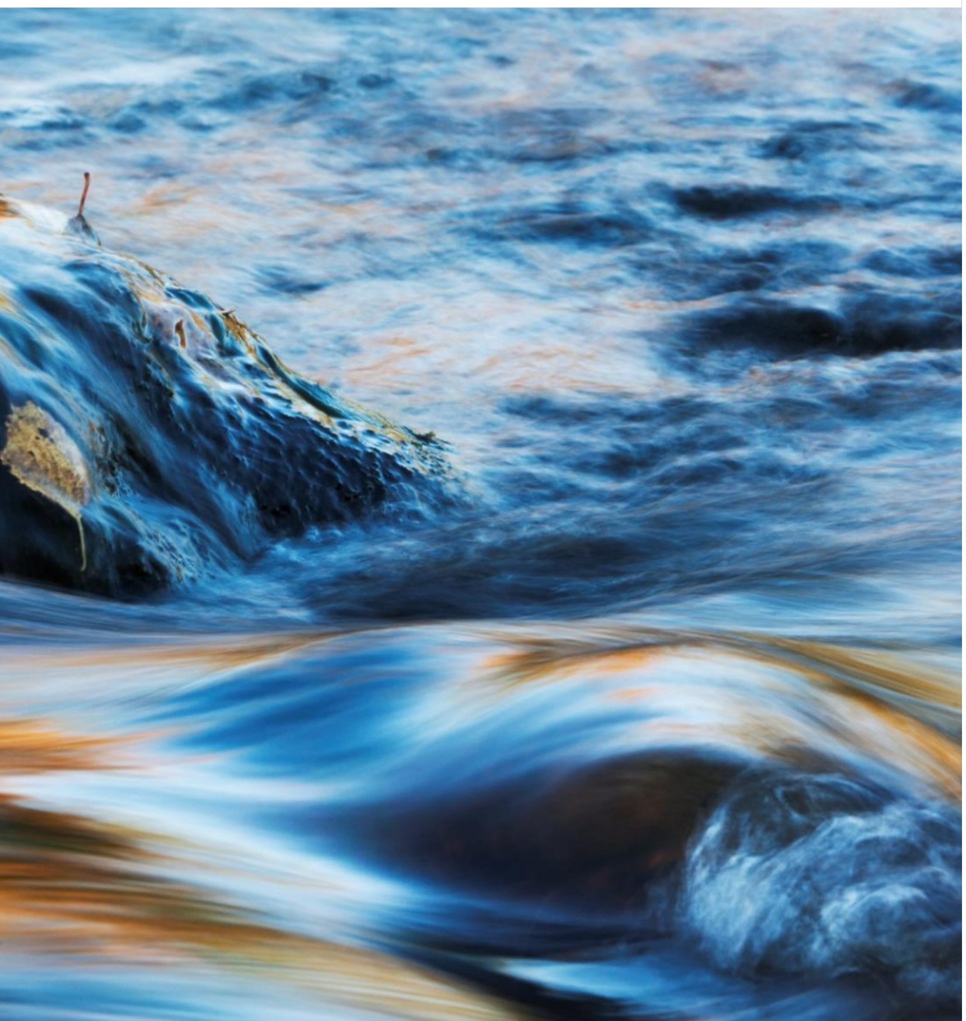
- Q4 SEKm -7 (Q3: -14)
  - Higher production
  - Slightly lower log costs
  - Lower selling prices



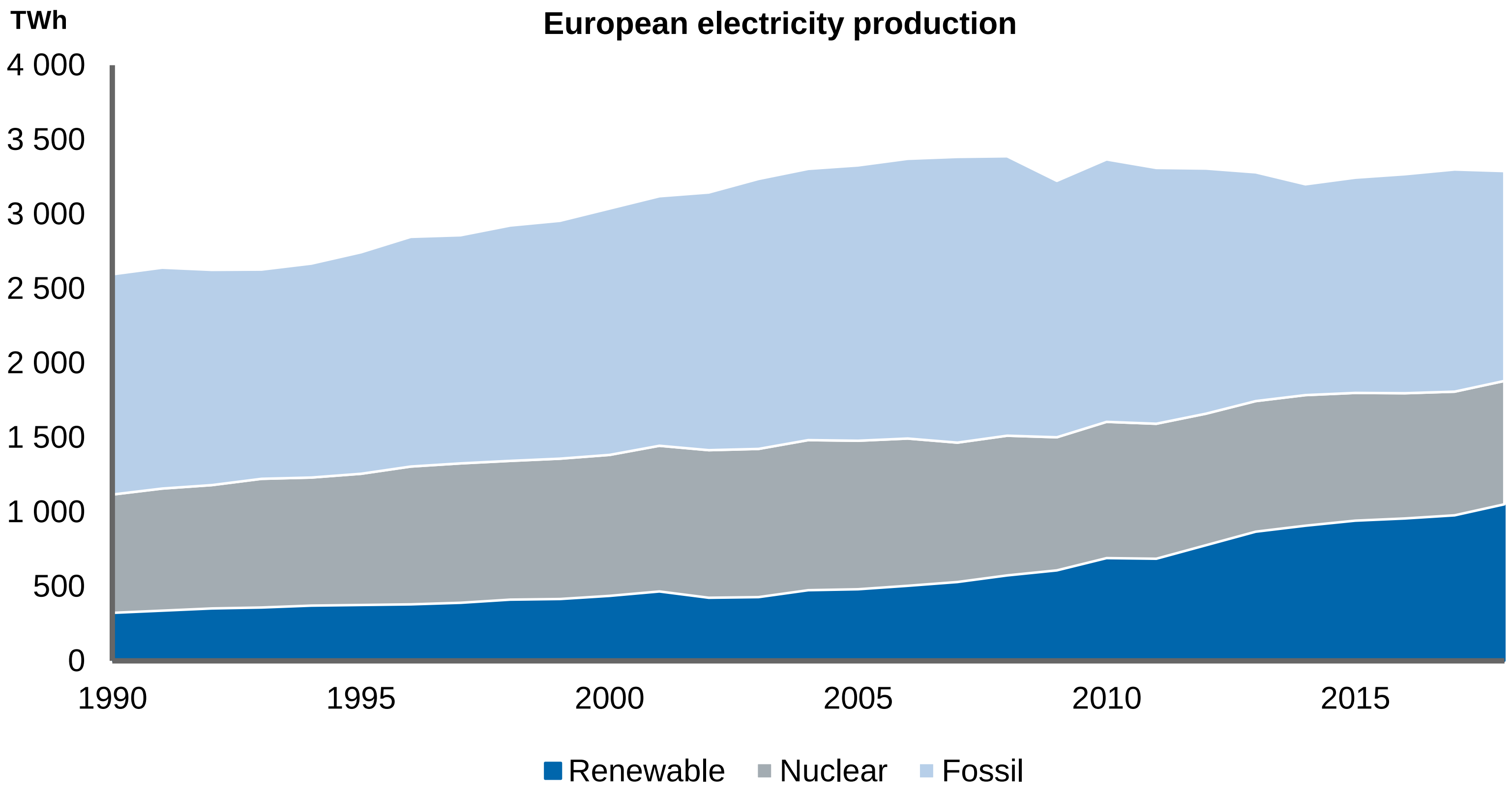


Renewable Energy

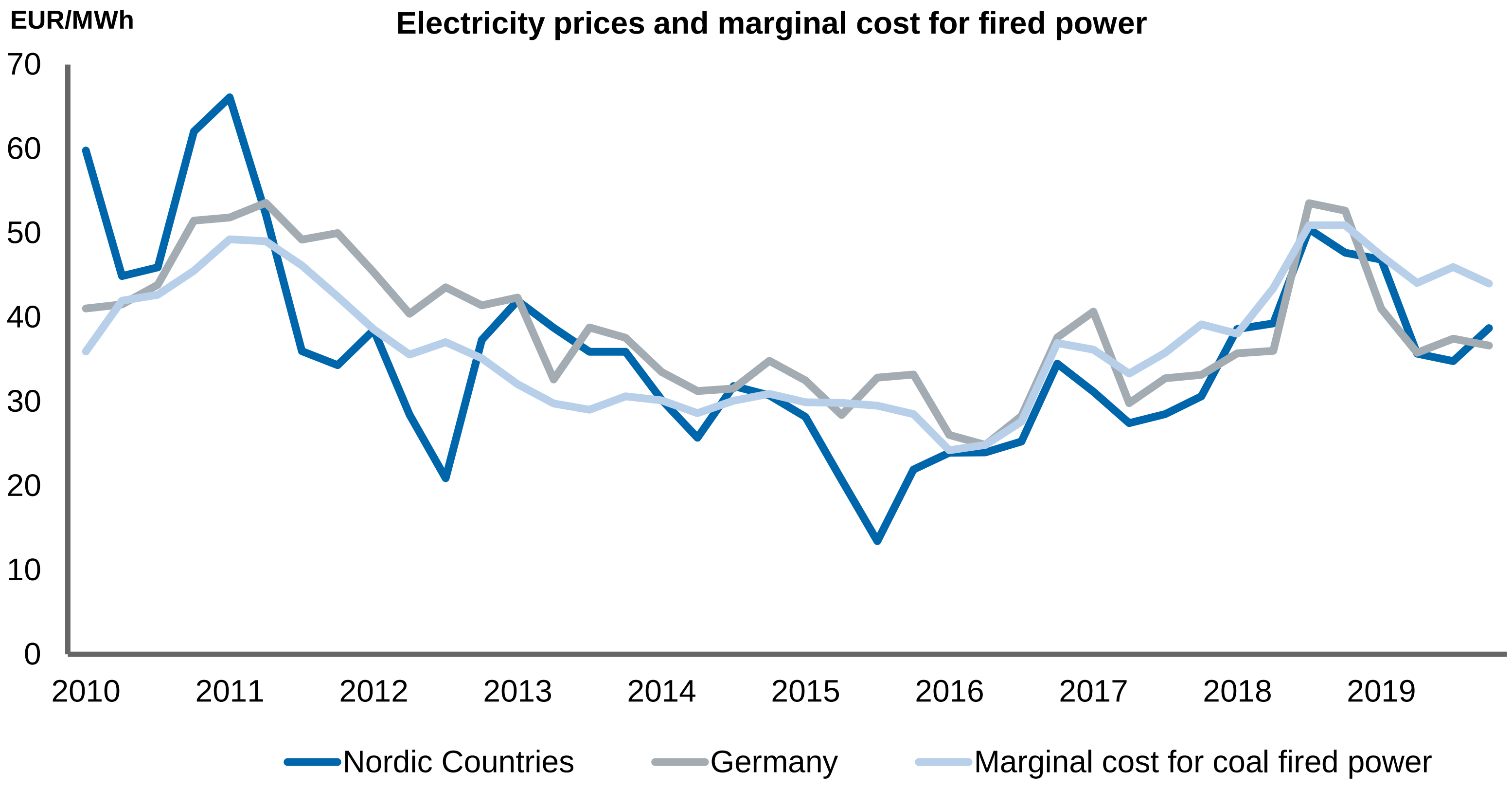
1.2 TWh hydro & wind power



EU phasing out fossil fuels



Nordic prices tracks coal power



Building 440 GWh wind power on our own land

Operational by the end of 2021

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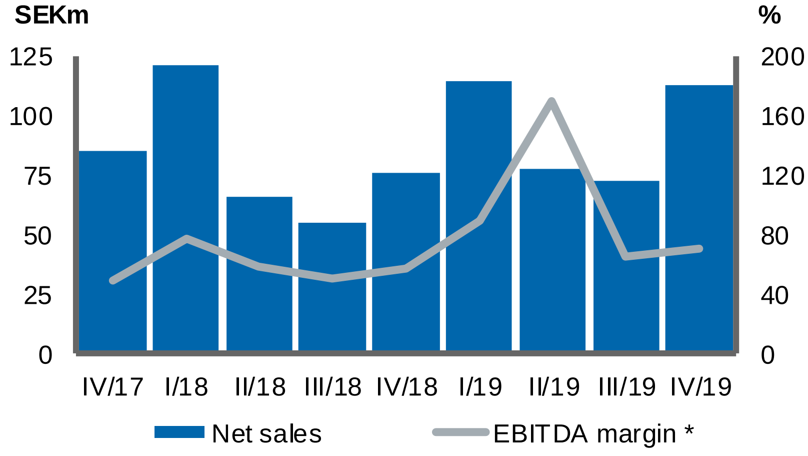
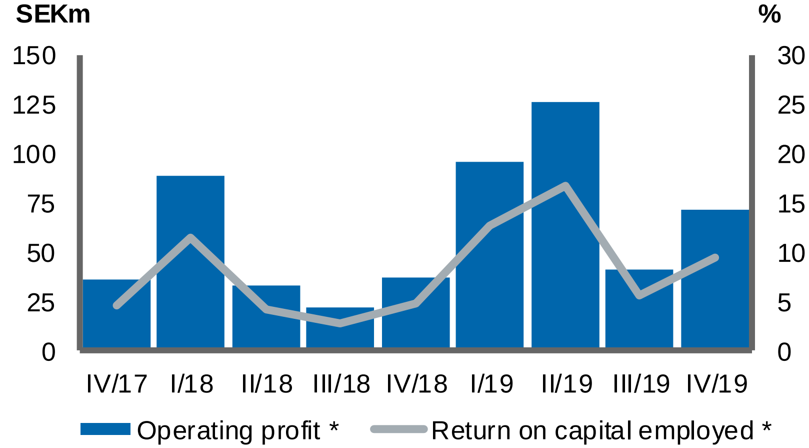
Renewable Energy financials

- 2019 SEKm 336 (PY: 181)
  - Sale of permit to build wind on Holmen's land SEKm 80
  - Higher prices
  - Lower property tax
- Q4 SEKm 72 (Q3: 42)
  - Higher prices
  - Seasonally higher production





*Excl. items affecting comparability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Priorities

- Retain balance in paperboard
- Develop sales in magazine & book paper
- Manage difficult market for wood products
- Construct wind on budget & on time

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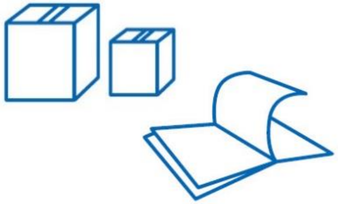
The forest offers sustainable alternatives

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

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www.holmen.com