Interim report presentation January-June 2022

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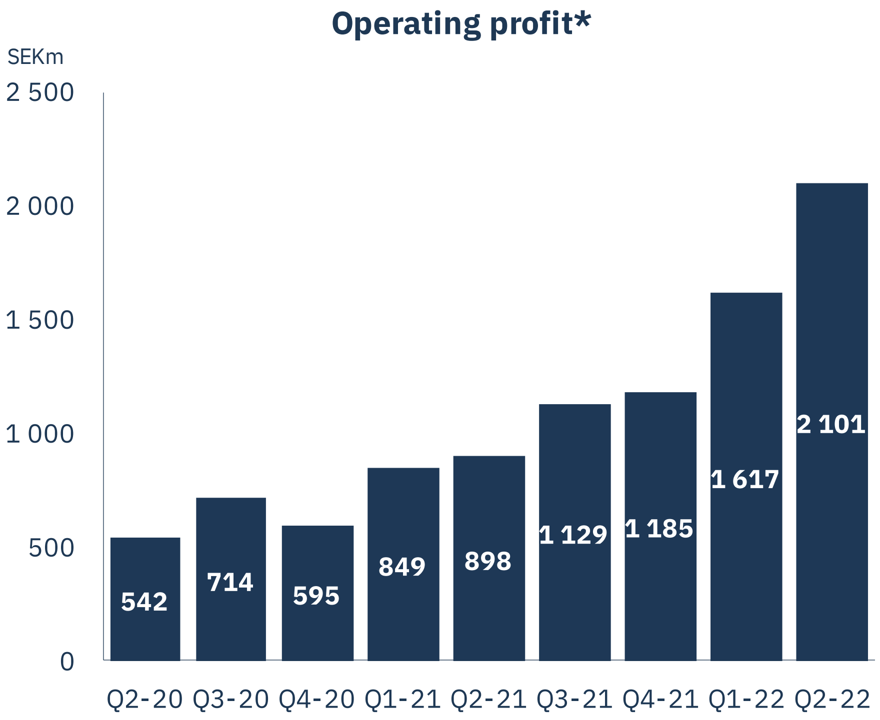
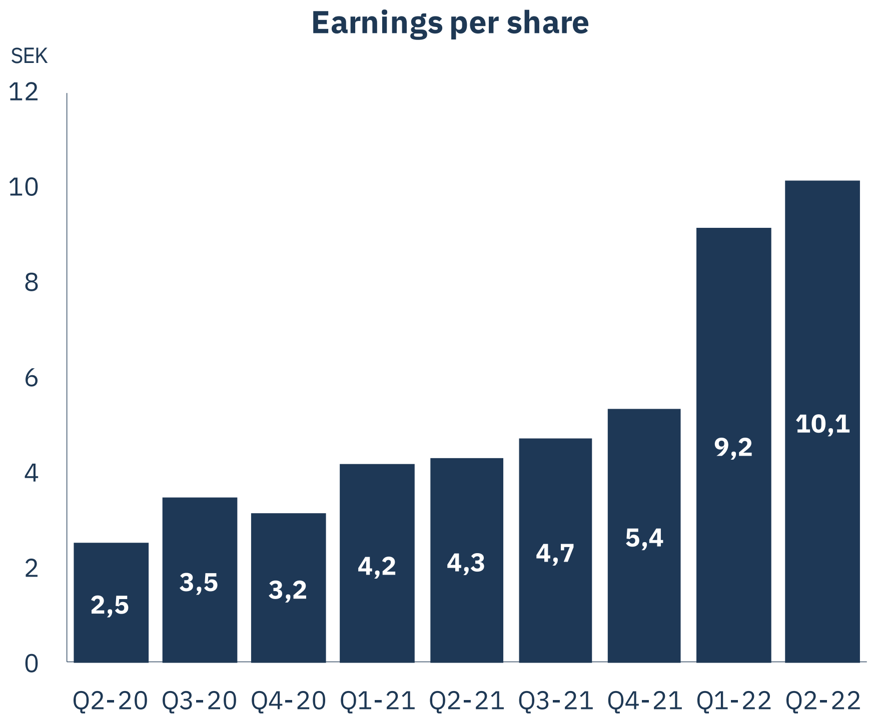
Anders Jernhall, CFO

August 19th, 2022

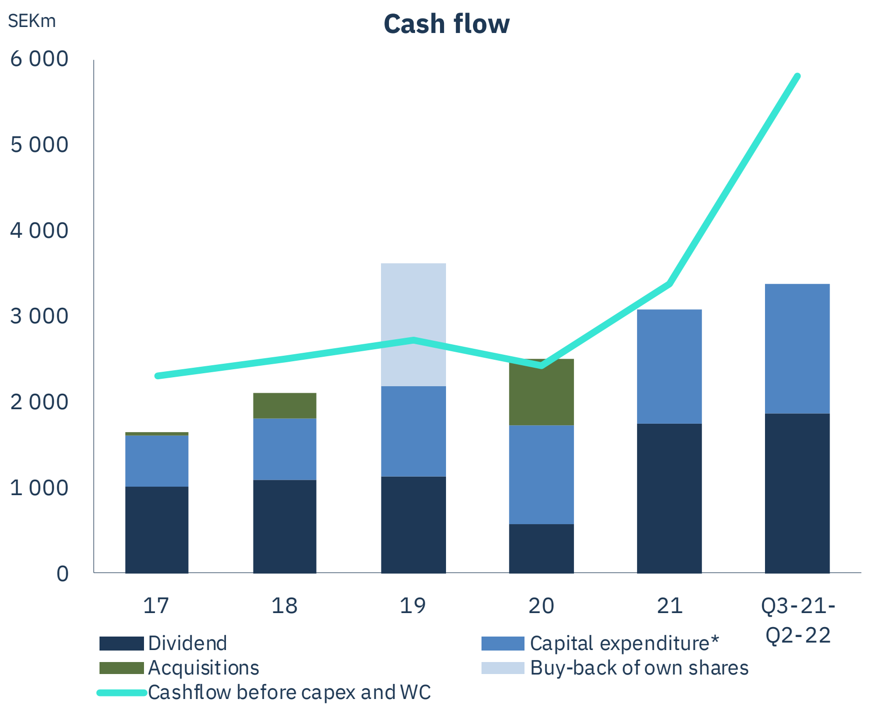
Another record quarter
Pricing power coupled with cost control

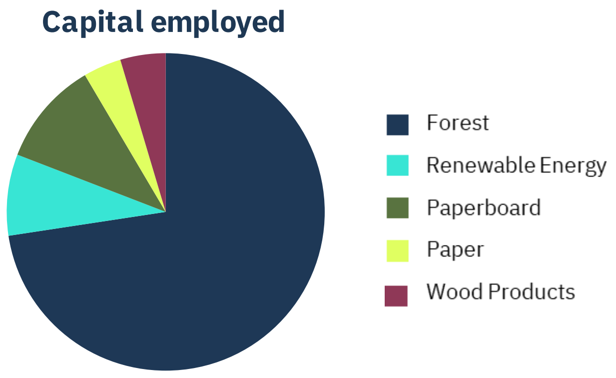


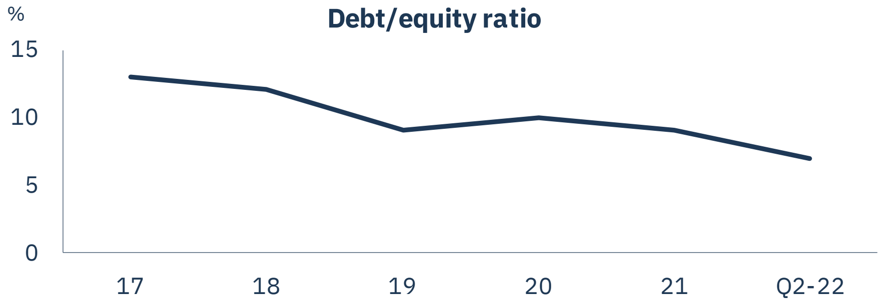


*Excl. items affecting comparability.

Strong cash-flow
Net debt has been reduced YTD despite extra dividend



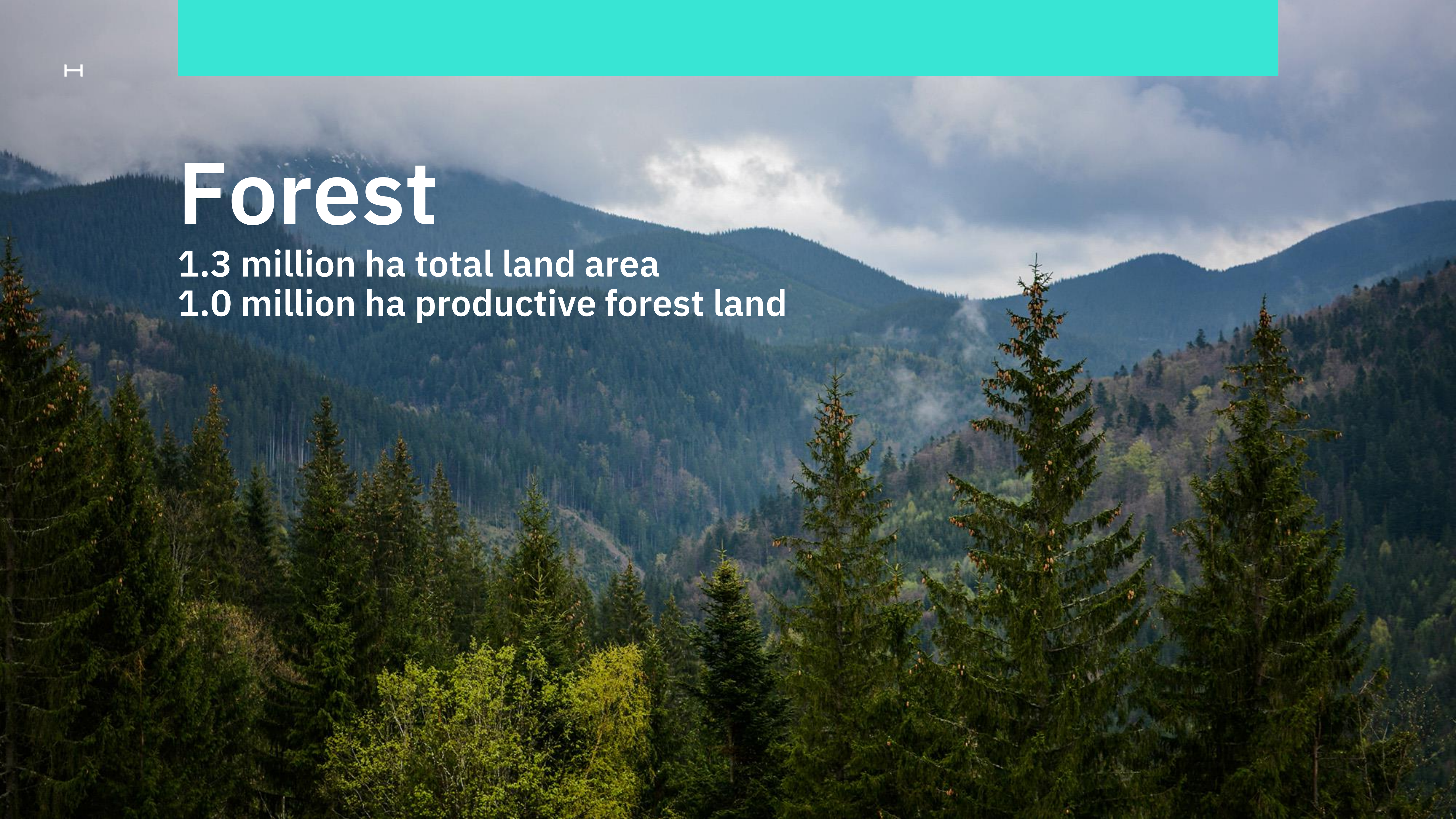




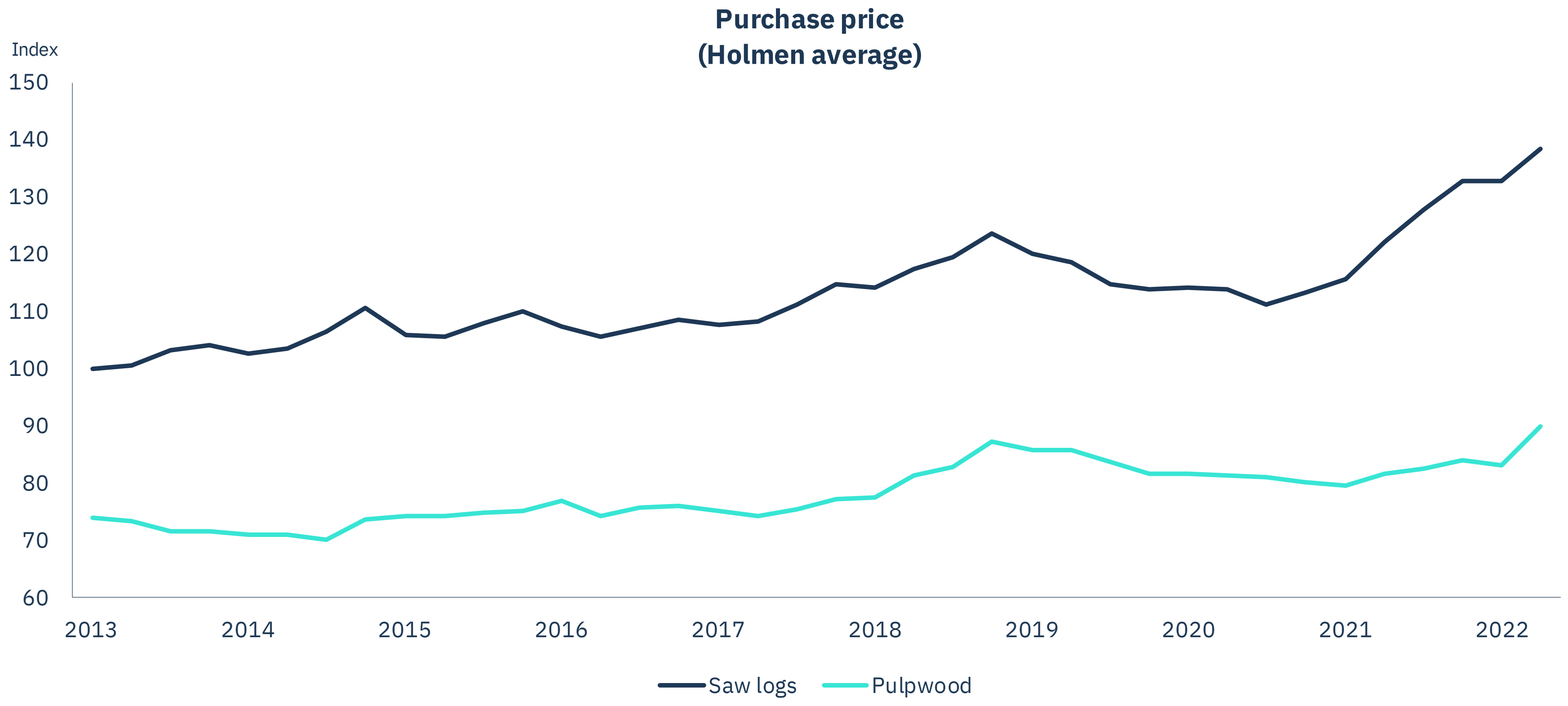
*Excl. acquisition of loan relating partly owned wind power company (2018).

Forest

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

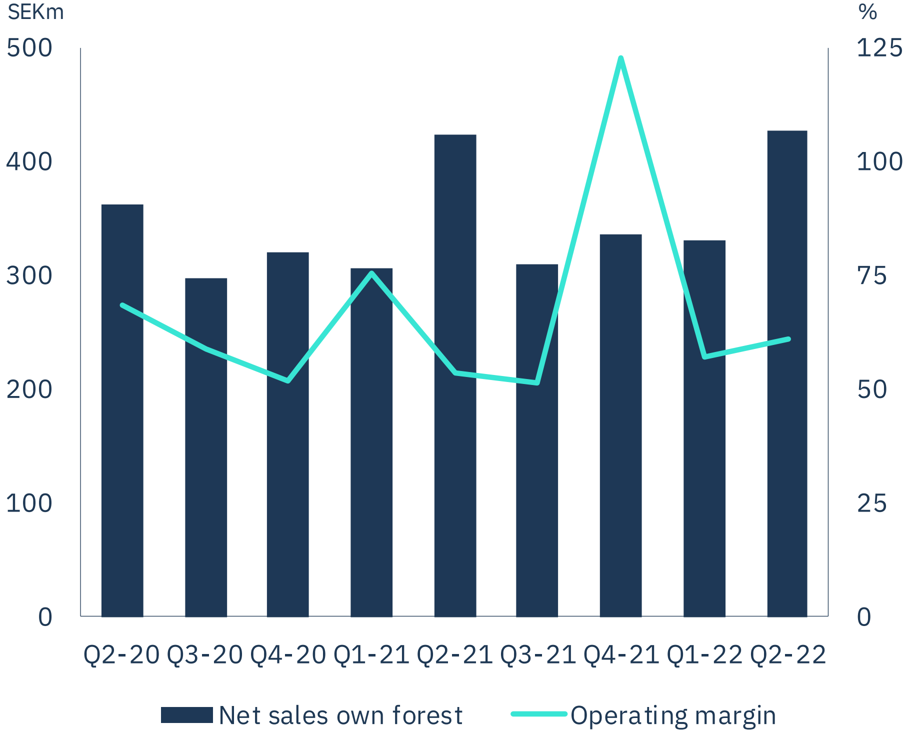


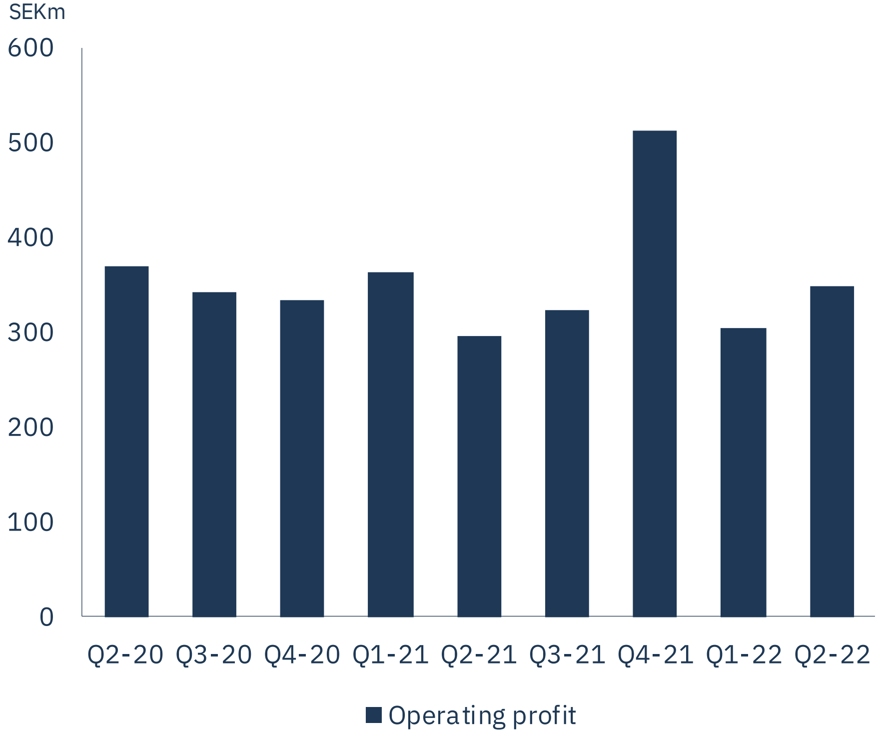
Competition for pulp wood picking up



Source: Holmen

Prices up 5% vs Q1

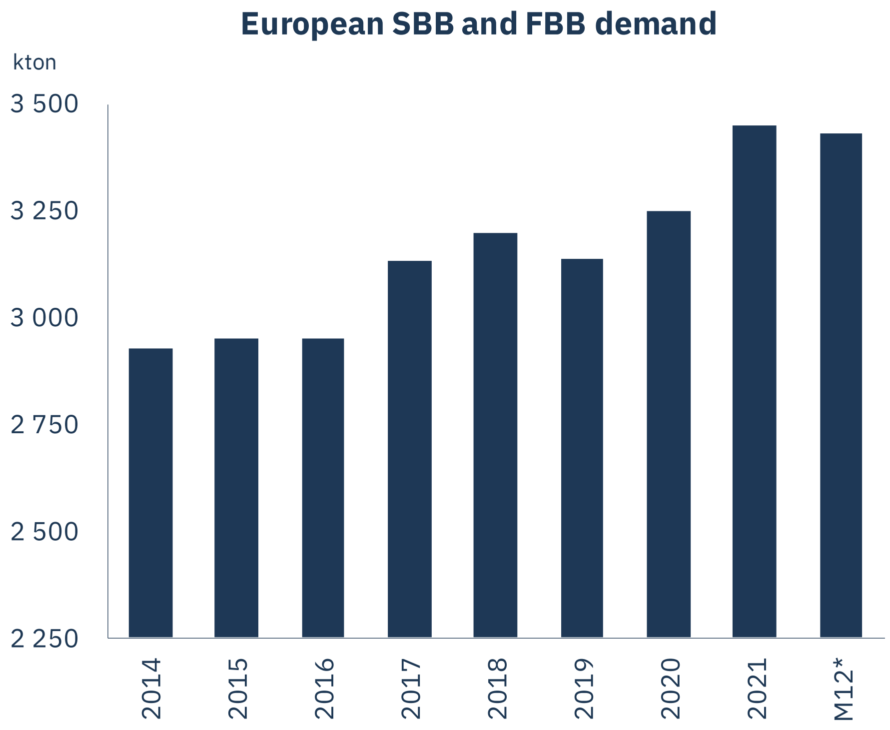


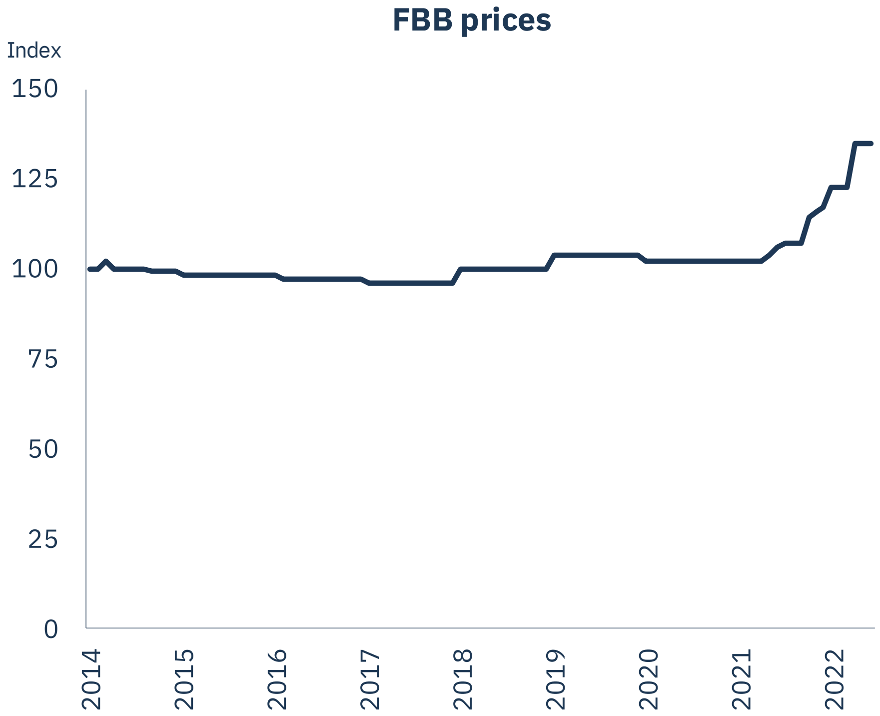


Paperboard

550 000 tonnes per year

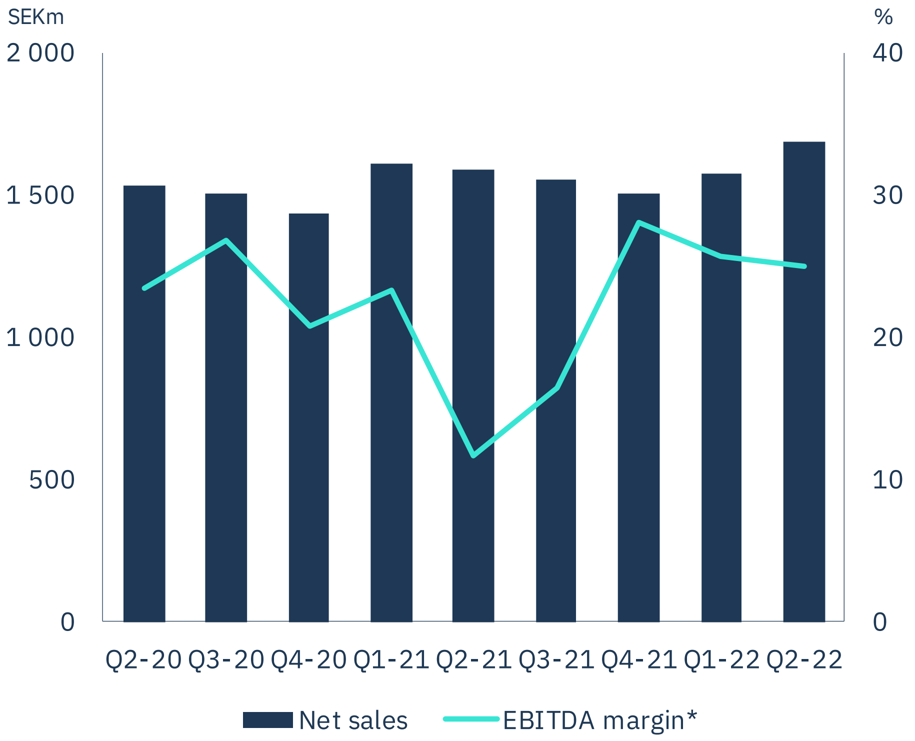
Solid paperboard market
Prices moving up as producers pass on cost increases

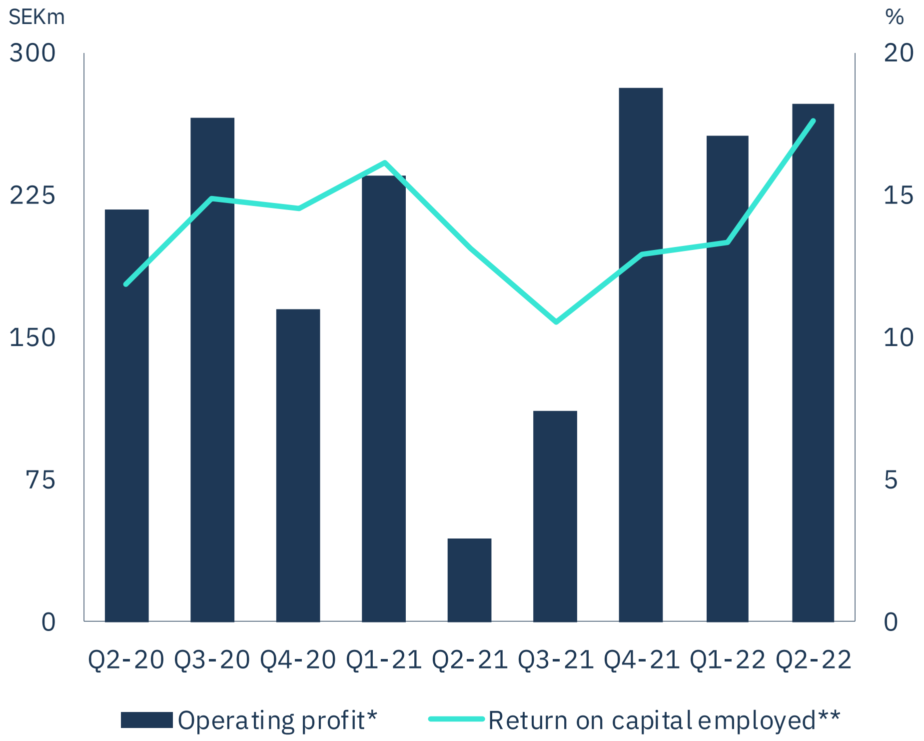




*Q3-21 – Q2-22
Source: CEPI and Holmen, RISI

5% higher board prices vs Q1
Cost inflation moderated by energy self-sufficiency



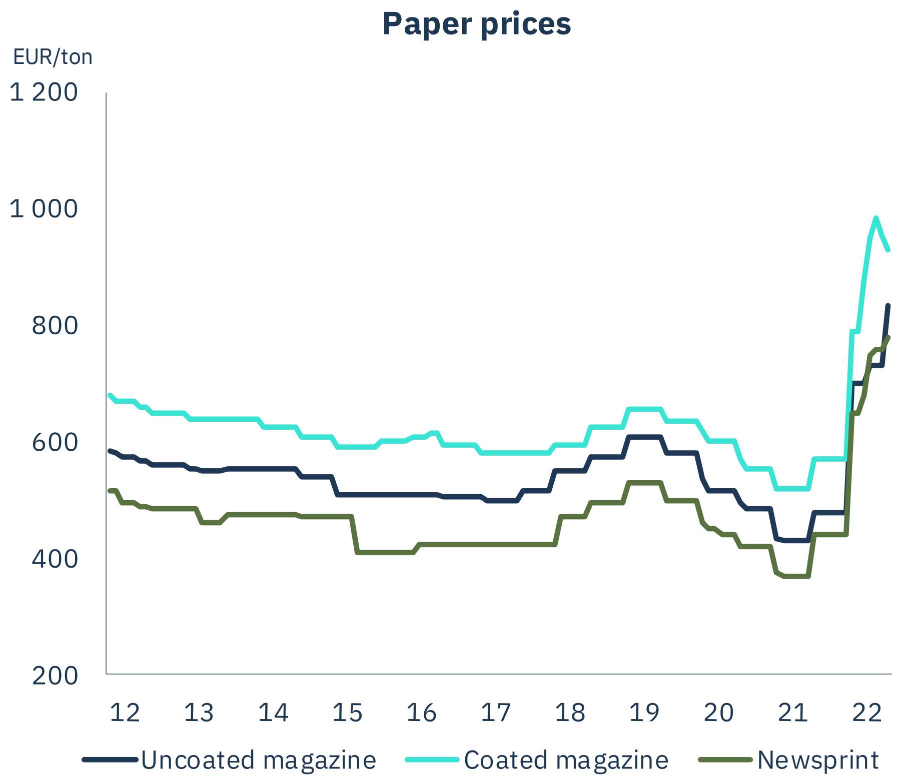


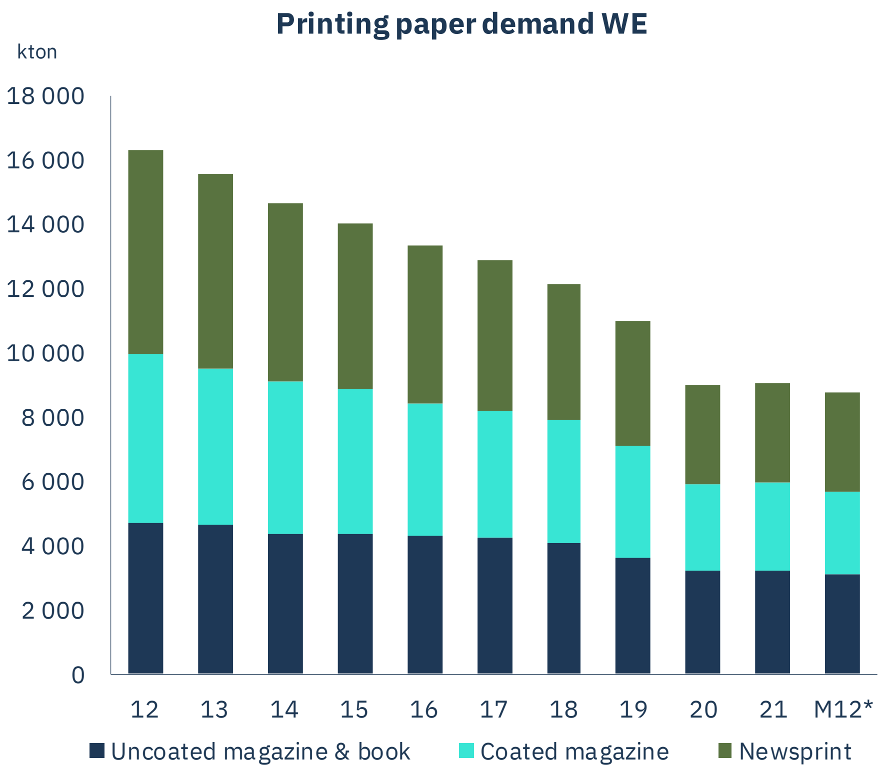
*Excl. items affecting comparability
** Excl. items affecting comparability and twelve-month rolling average.

Paper

1 million tonnes per year

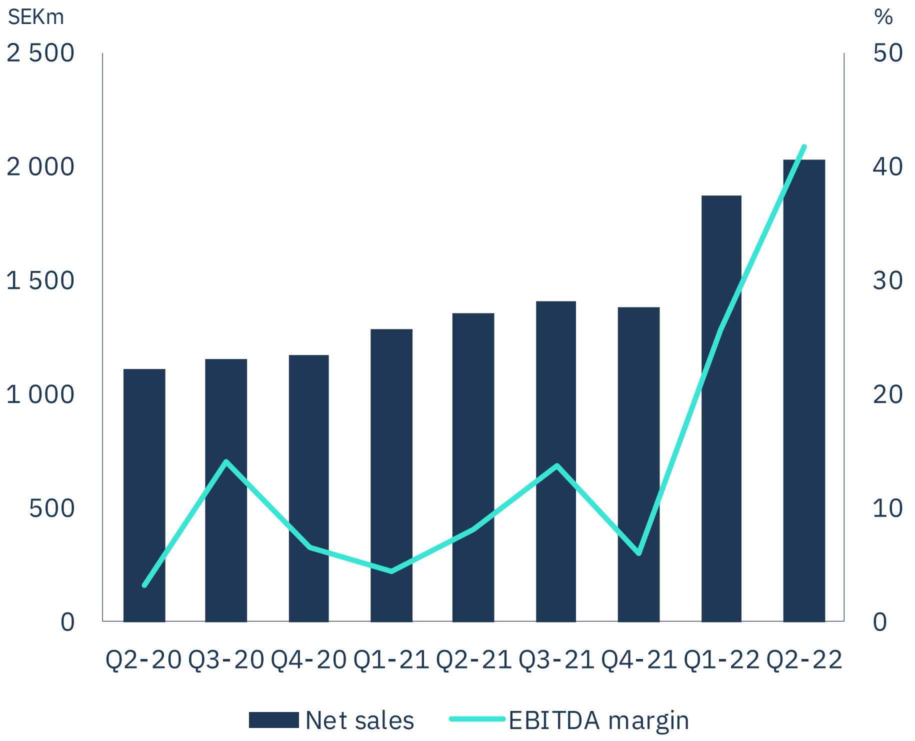
Fibre and energy crunch driving prices up

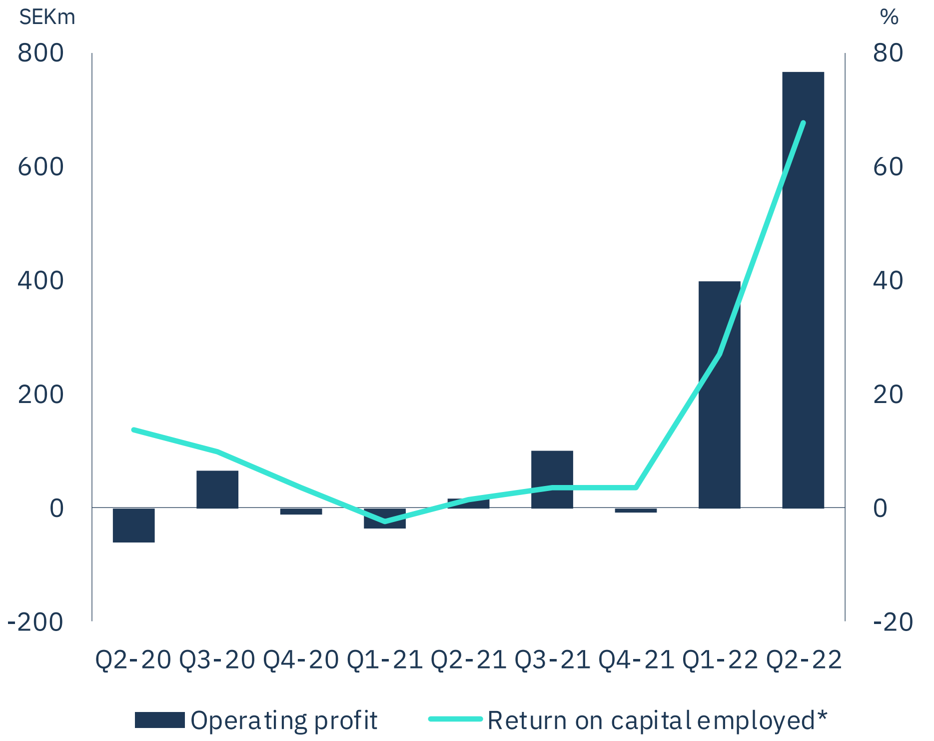




*Q3-21 – Q2-22
Source: RISI, FOEX, PPPC, Macrobond

+12% paper prices vs Q1
Strong wood and energy sourcing





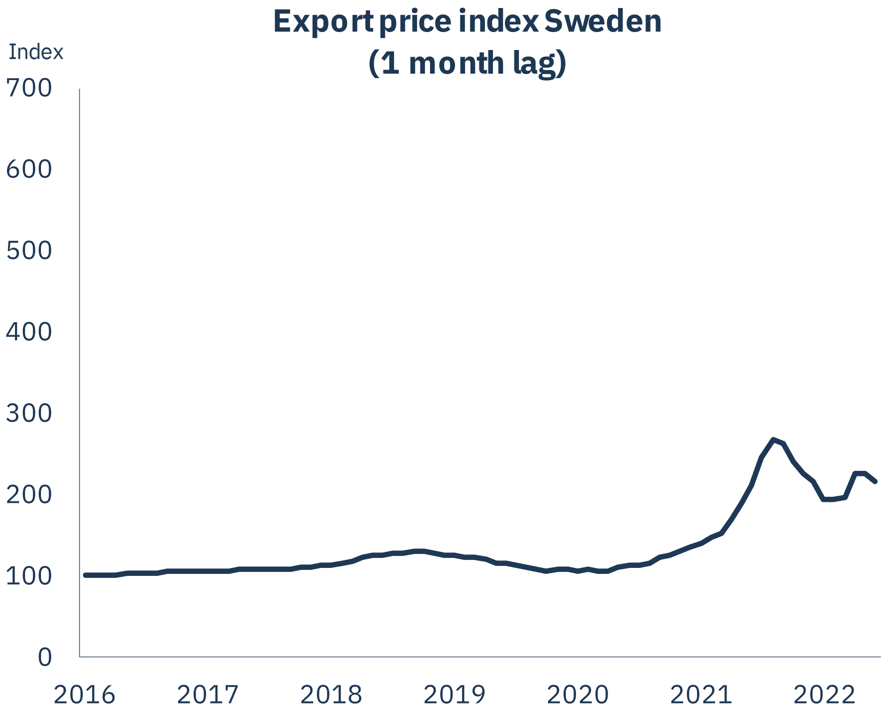
*Twelve-month rolling average.

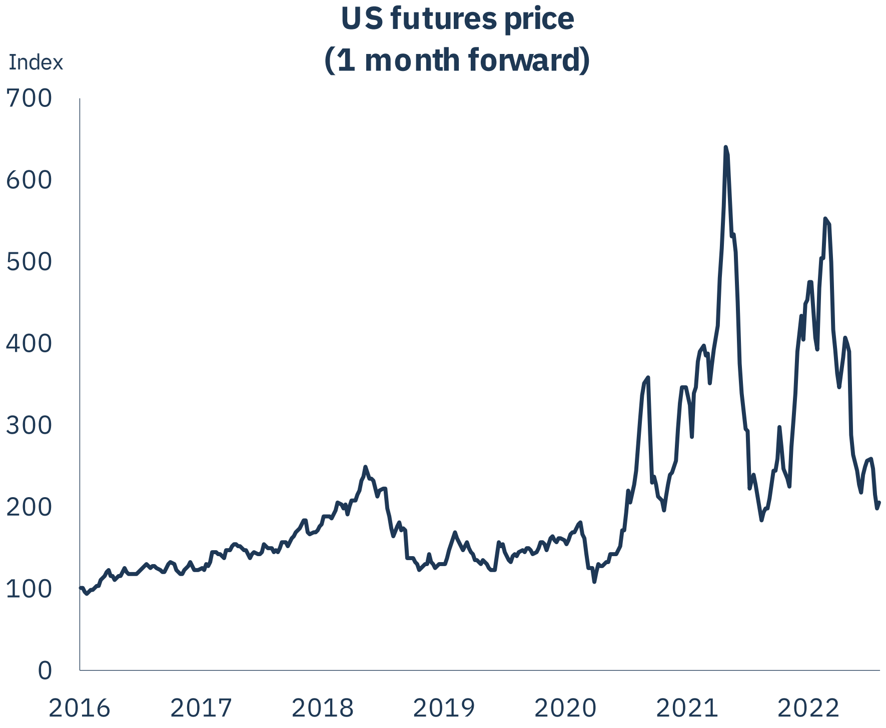
Wood Products

1.5 million m^3 per year

Wood product prices started to fall late Q2

Uncertainty on construction cycle & high inventory levels

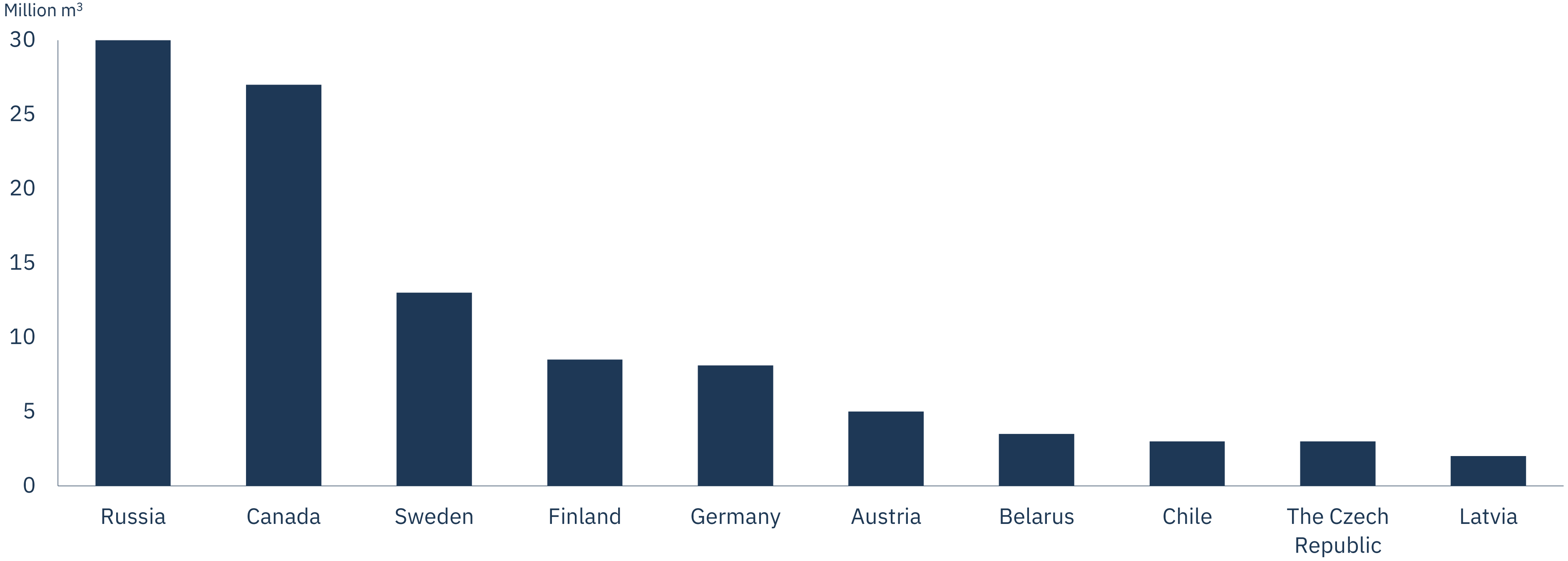




Source: Skogsindustrierna and Macrobond

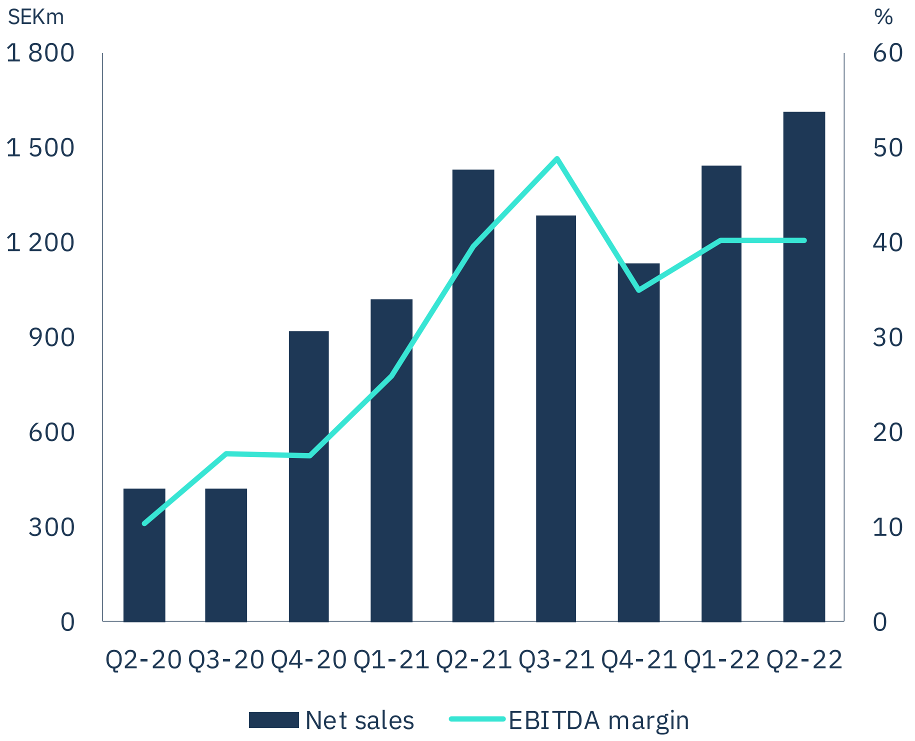
Wood availability a concern in many regions

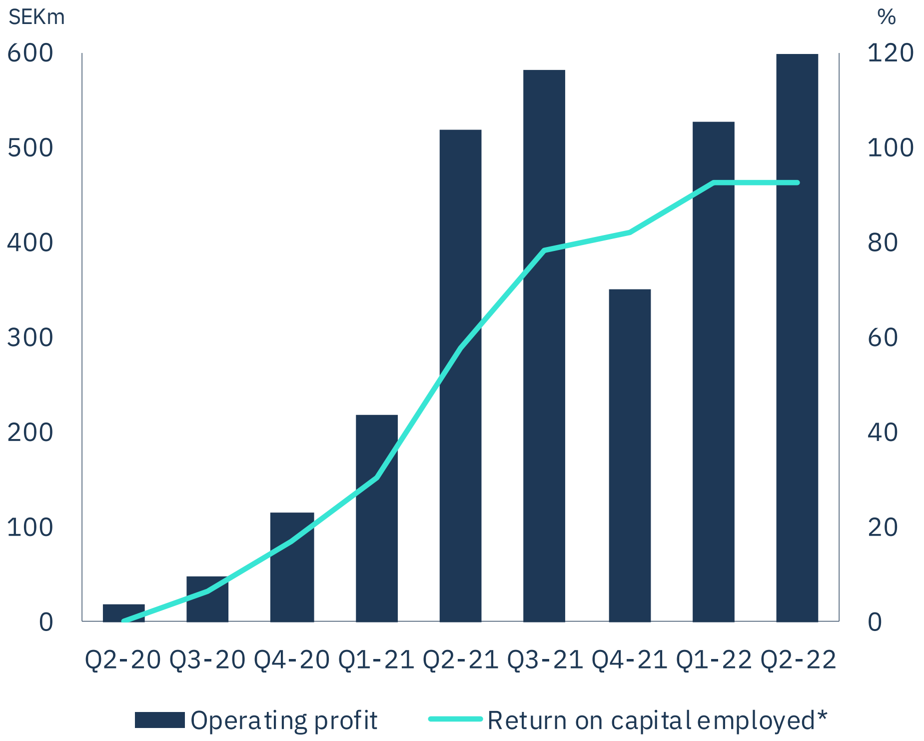
World's largest exporter of sawn timber



Source: FAO and Swedish Forest Industries Federation

Record result generated by high prices
Log costs on the rise





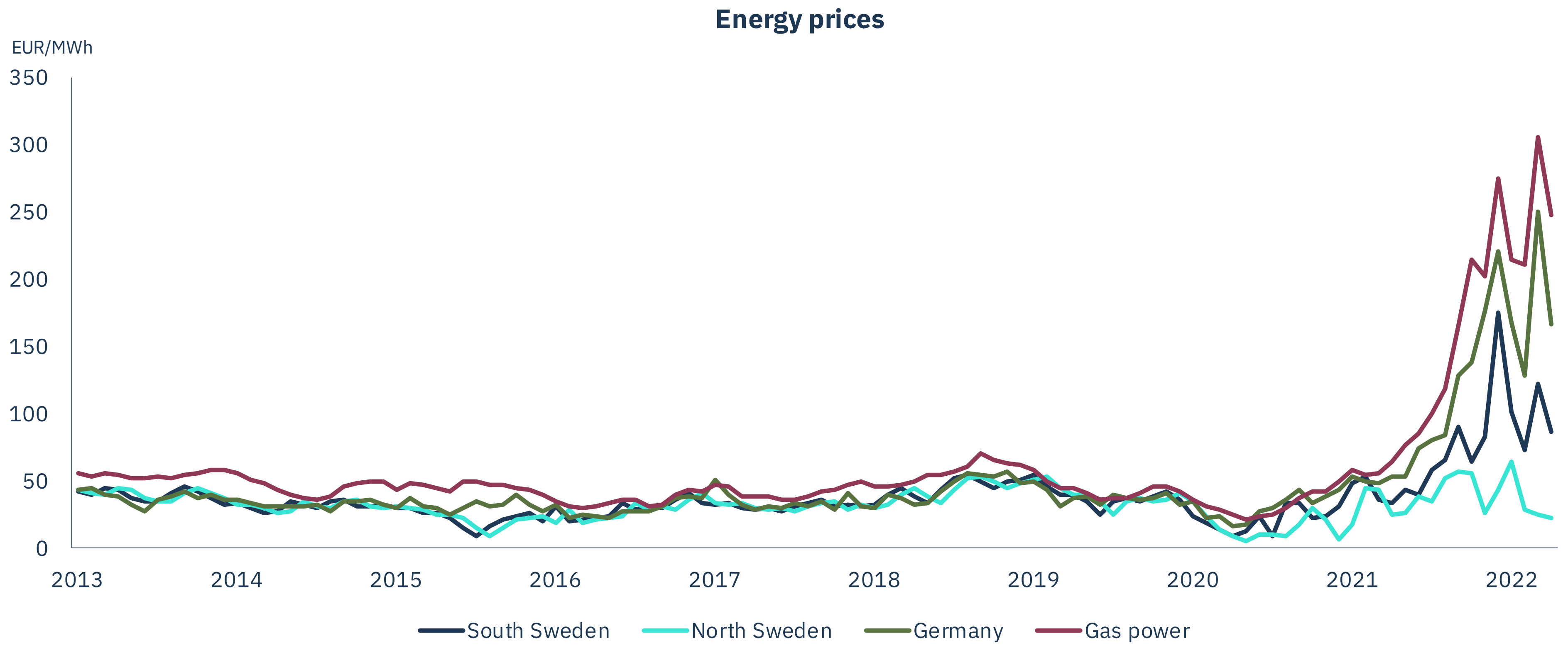
*Twelve-month rolling average.

Renewable Energy

1.7 TWh per year

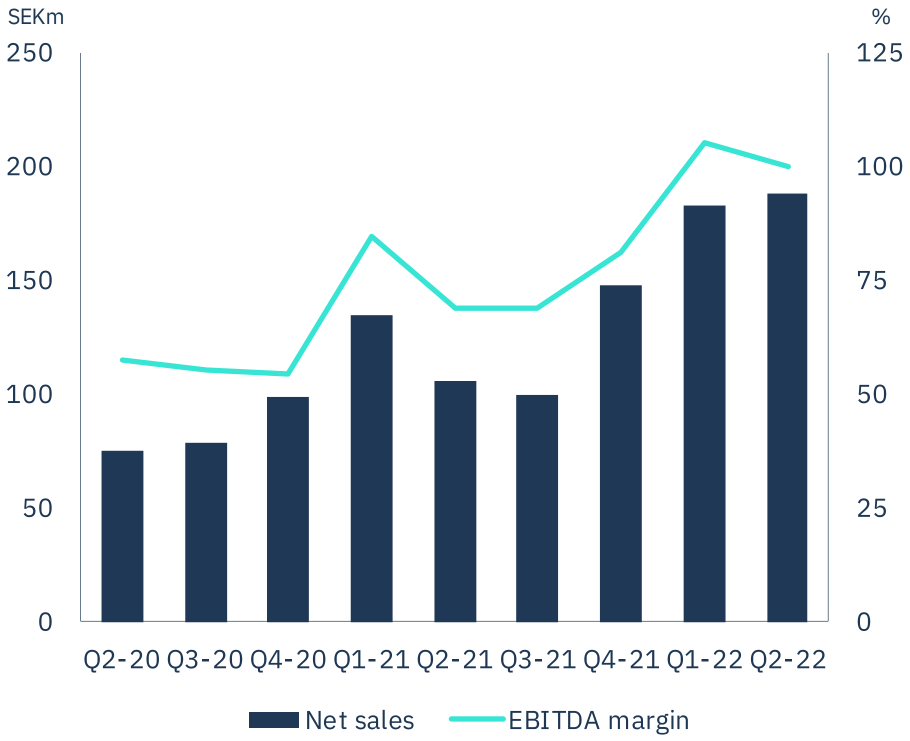
40% growth in renewables through Blåbergsliden & Varsvik

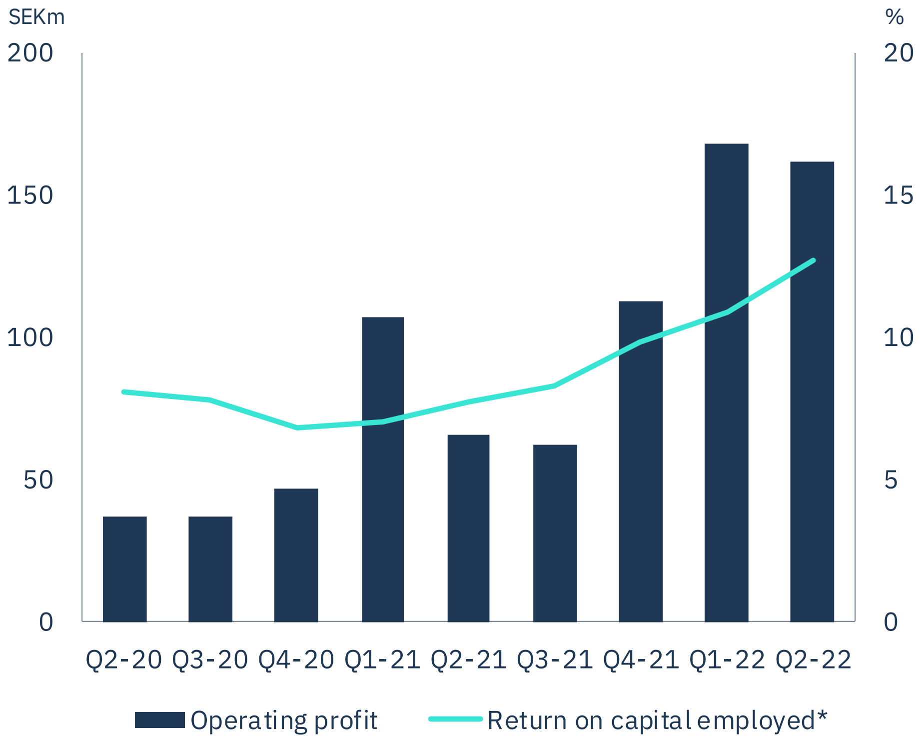
Energy crunch in Europe
Lack of transmission capacity restricts prices in northern Sweden



Source: Macrobond

Hydro management increases captured prices
But profitability is limited by location in northern Sweden

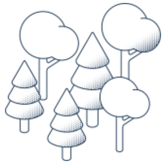




*Twelve-month rolling average.

We grow houses

Leftovers are converted into renewable packaging and paper
We harvest the energy that blows and runs through our forests



1.3 Million tonnes CO_2e

Carbon sequestration

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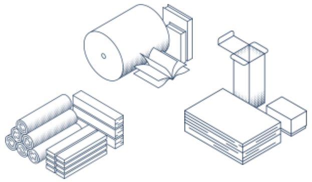

4.7 Million tonnes CO_2e

Storage and substitution from wood products (3.1), paperboard and paper (1.6)

+

1.6 Million tonnes CO_2e

Substitution from renewable energy production

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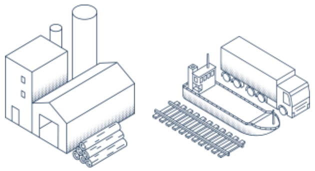

0.7 Million tonnes CO_2e

Fossil emissions reduced by 85%

7

Million tonnes CO_2e per year


Growing a sustainable future

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