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, while at the same time we generate hydro- and wind power on our own land.

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Year-end report presentation

2020

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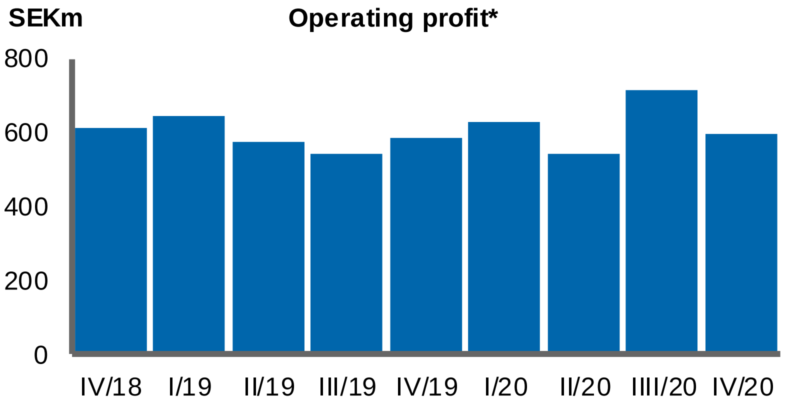
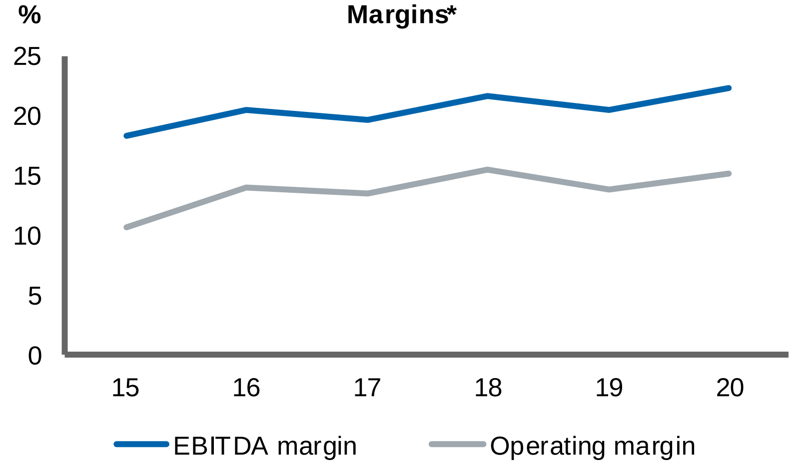
Anders Jernhall, CFO

February 5, 2021

Q4 Highlights

- EBIT SEKm 595 (Q3: 714)
- Well executed maintanance stop in paperboard
- Strong wood product market
- Paper prices under pressure

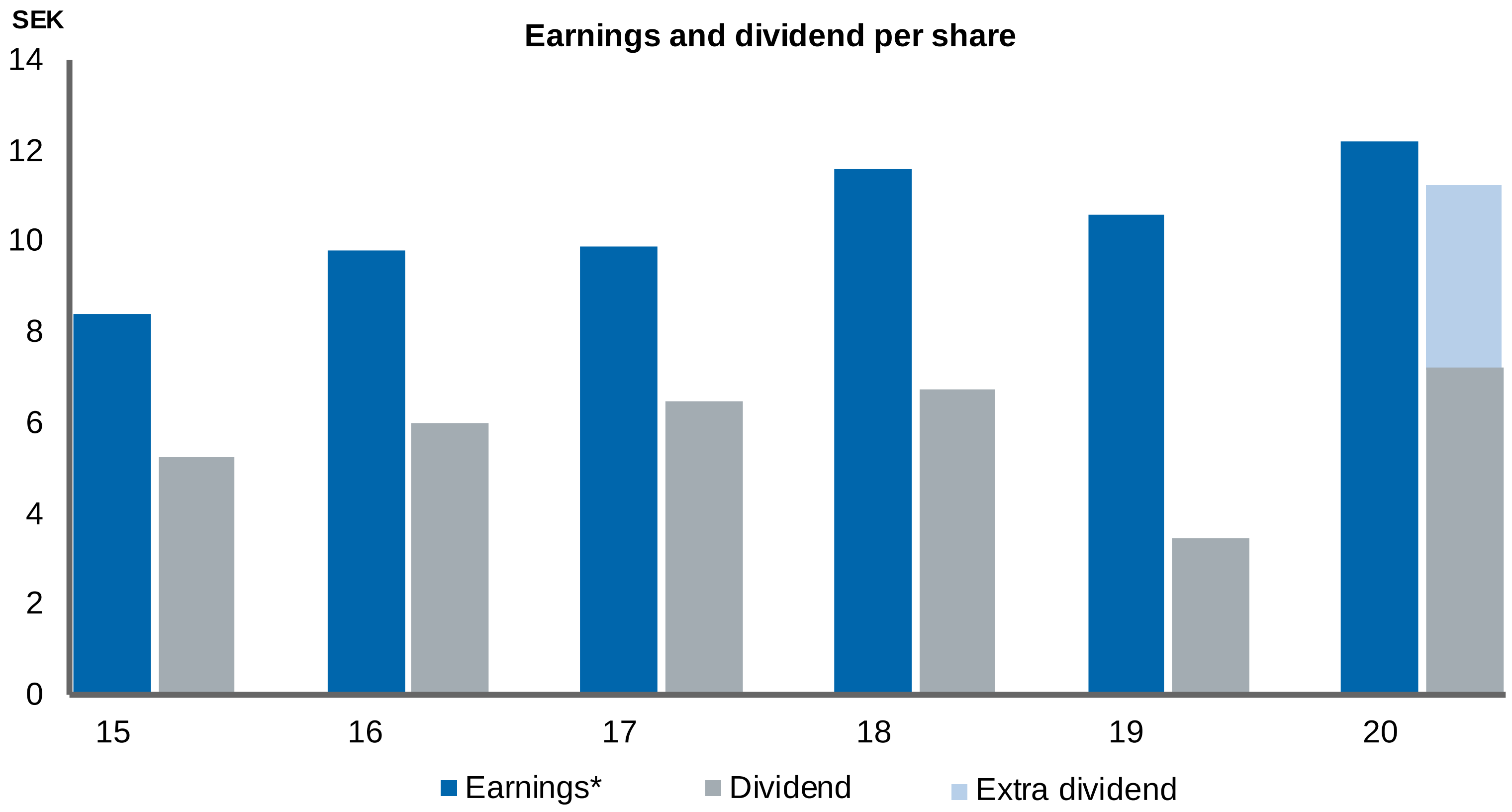




*Excl. items affecting comparability

Ordinary dividend of SEK 7,25 proposed

Extra dividend of SEK 3,50



*Excl. items affecting comparability

Forest

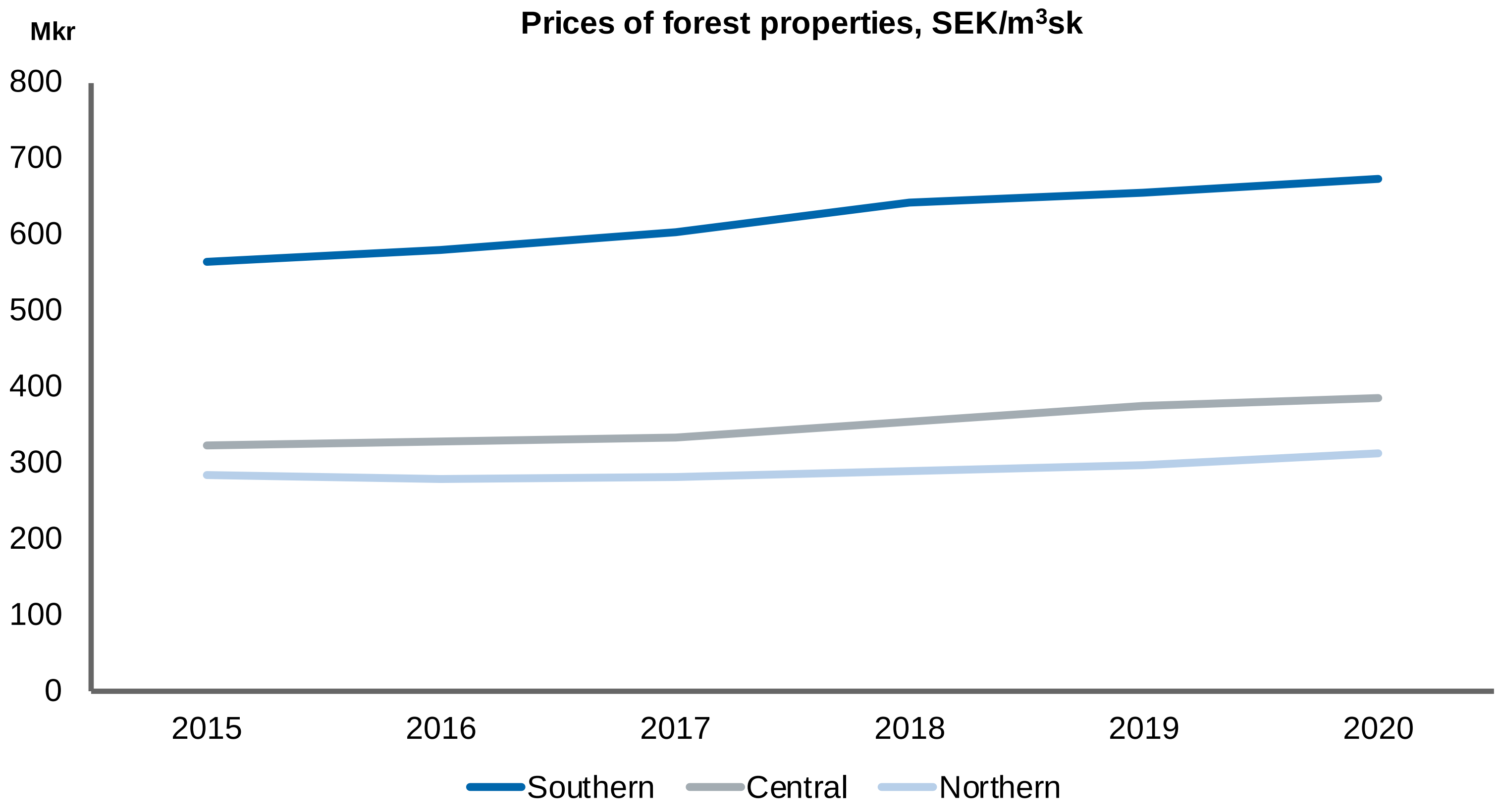
1.0 million ha productive forest land
(1.3 million ha total land area)

Strong demand for saw logs

But paper mills are not running full

Forest value increased 5% to SEKbn 43

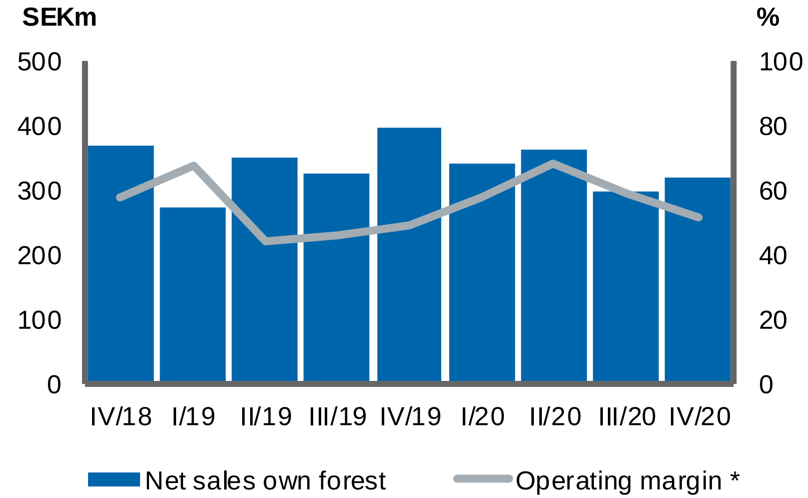
Local transaction prices on the rise

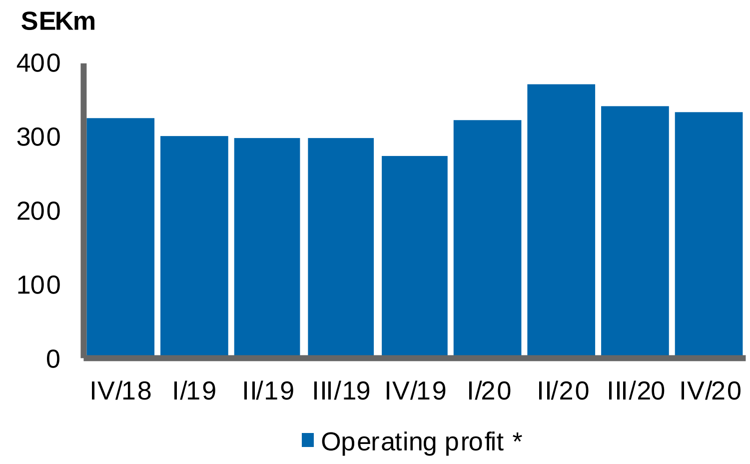


Source: Infortrader and Holmen

Forest financials

- 2020 SEKm 1 367 (PY: 1 172)
  - – Higher change in value of forests
  - – Sale of forest holdings
  - – Lower selling prices
- Q4 SEKm 334 (Q3: 342)





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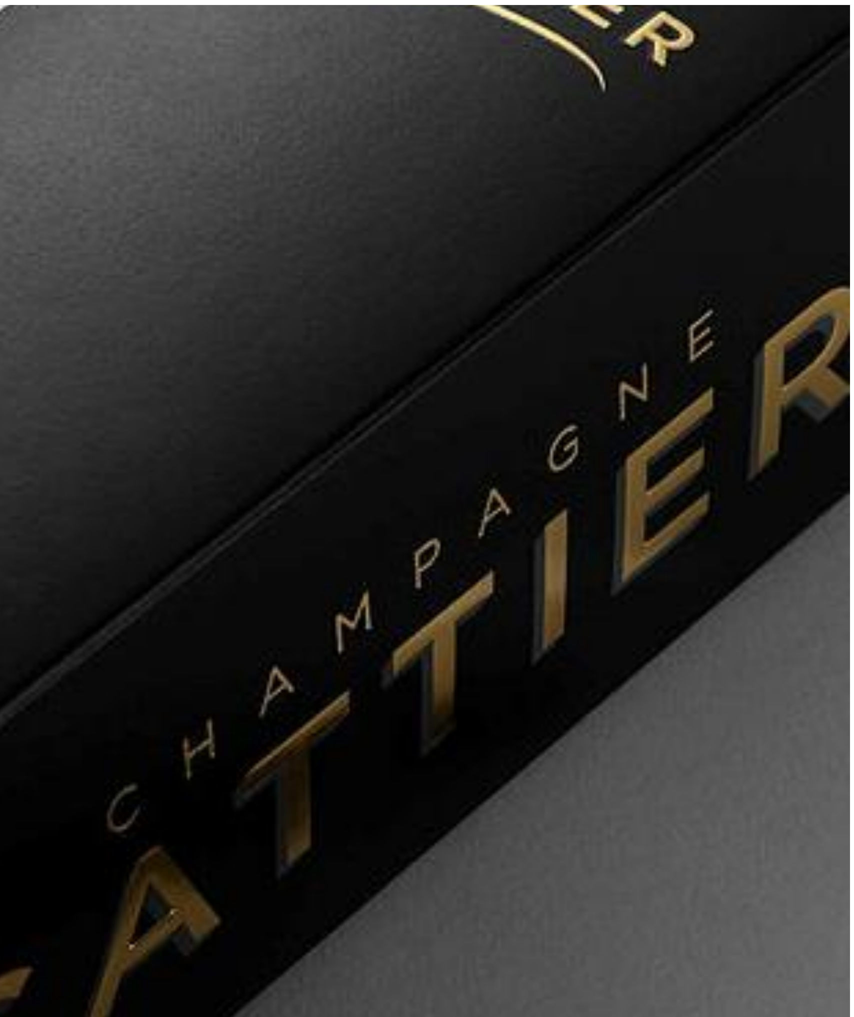
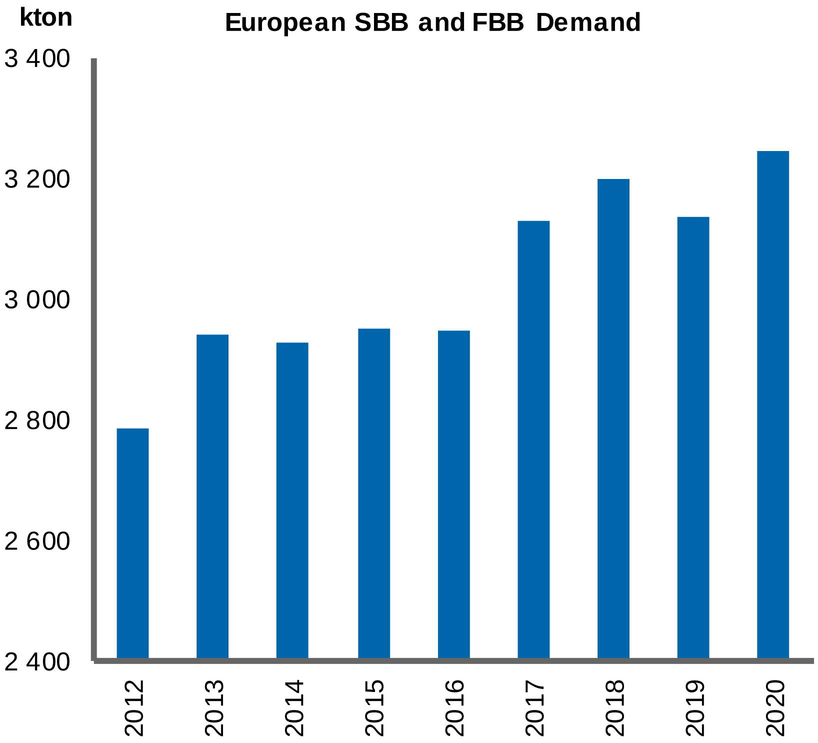
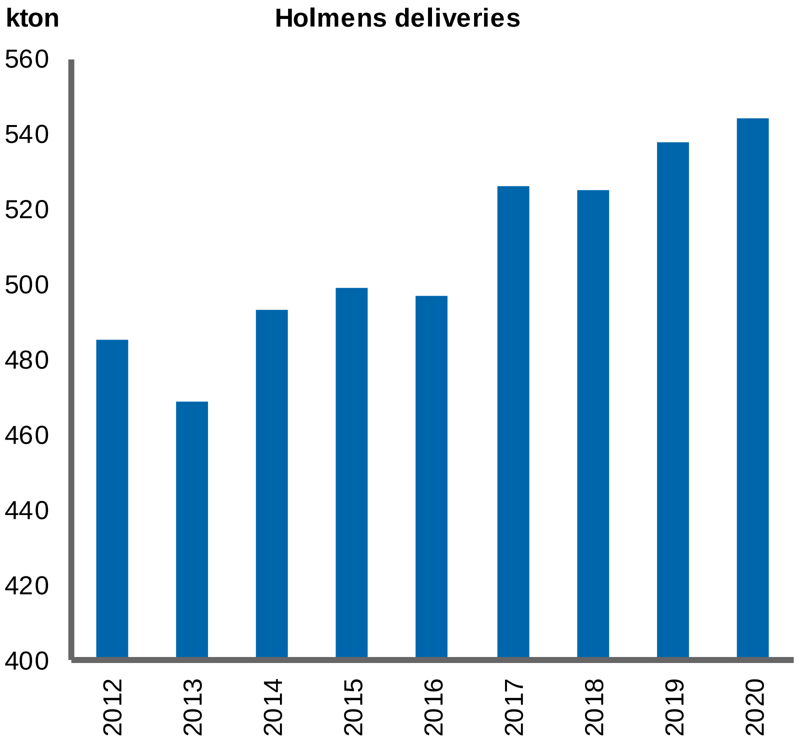
Paperboard

550 kton per year



Solid demand development





Source: Holmen

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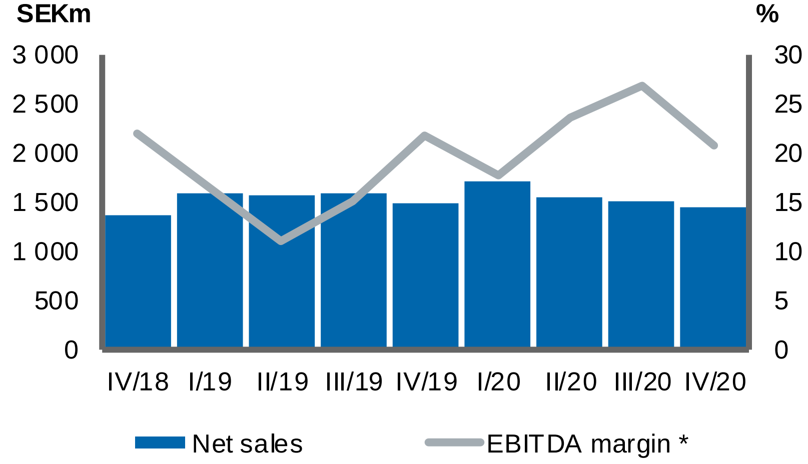
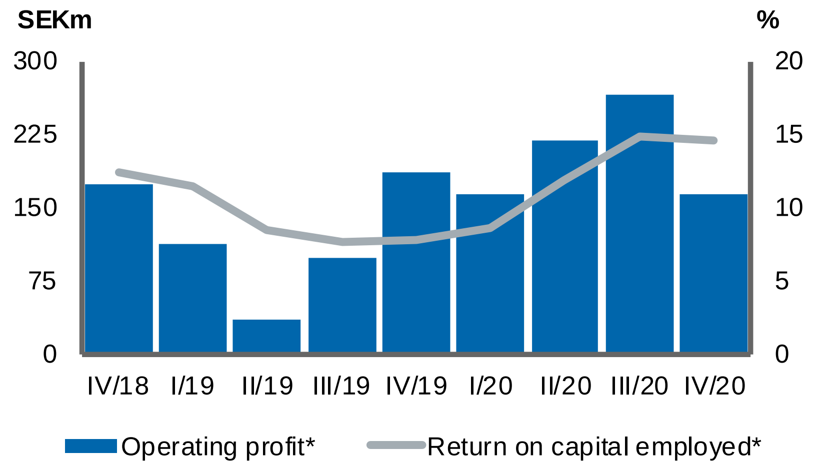
Targeted capex have lowered costs

Paperboard financials

- 2020 SEKm 812 (PY: 435)
  - – Reduced variable costs
  - – Good product mix
  - – Higher production
- Q4 SEKm 165 (Q3: 266)
  - – Maintenance stop SEKm 110
- Two maintenance stops during 2021, SEKm 250





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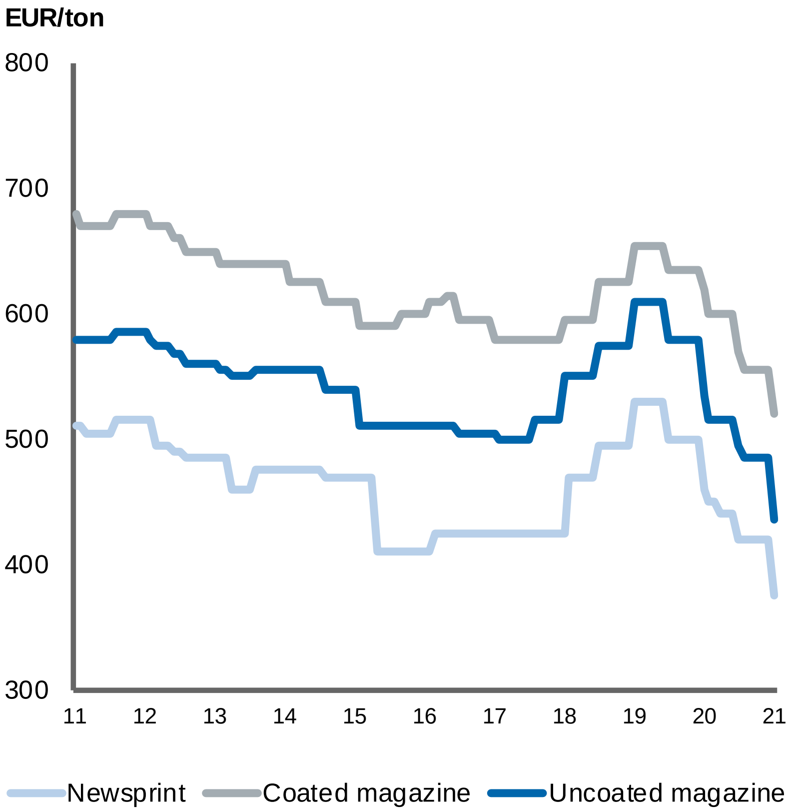
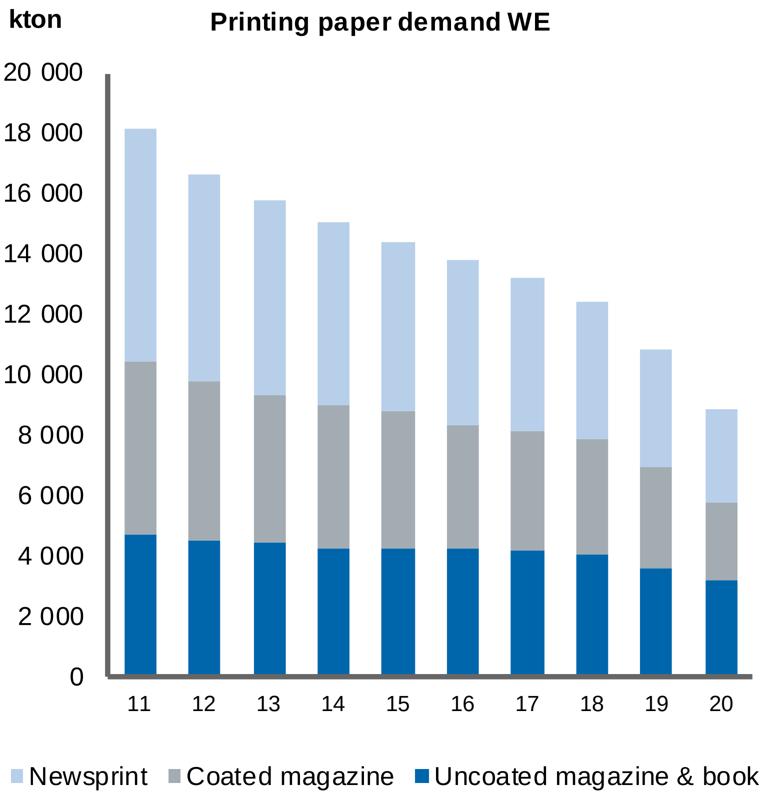
Paper

1 million tonnes per year

20% drop in paper consumption

Prices under pressure

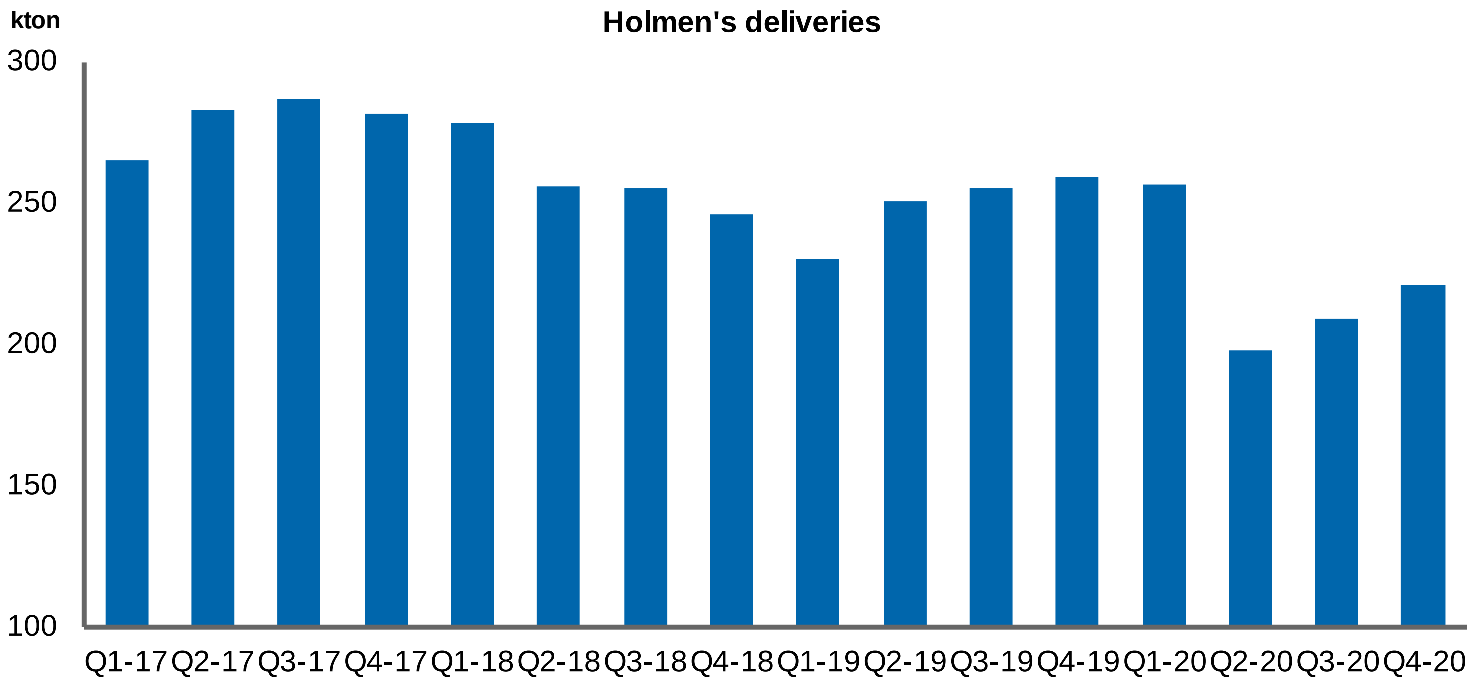




Source: RISI, FOEX, PPPC, Euro-Graph

Strict production discipline

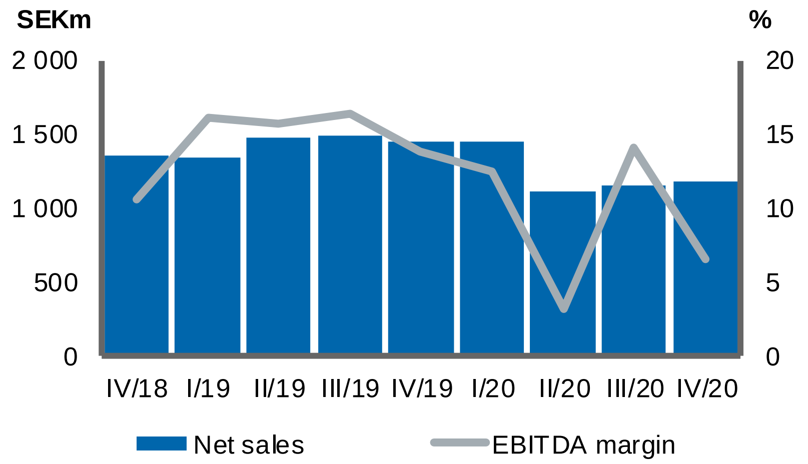
High production efficiency despite downtime

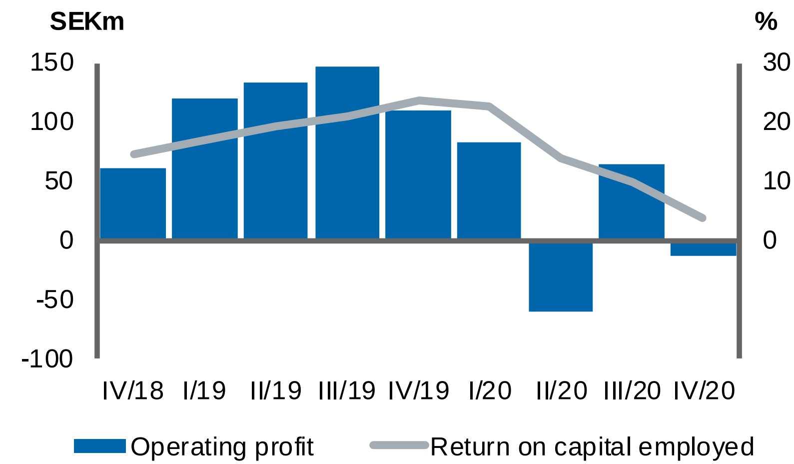


Source: Holmen

Paper financials

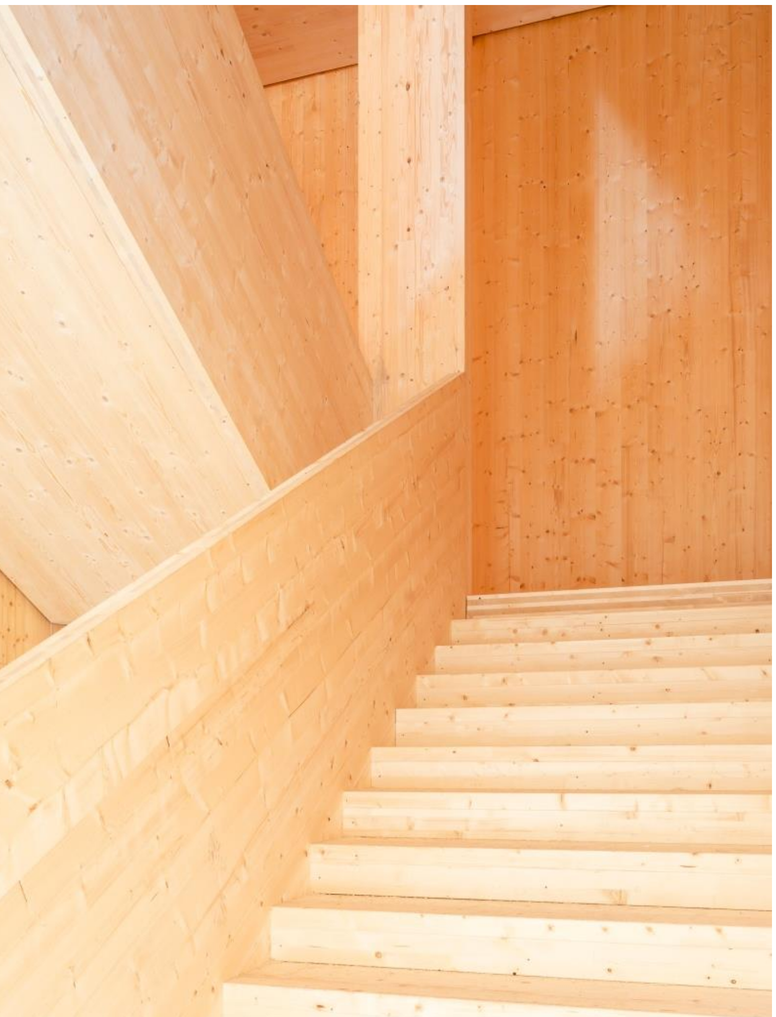
- 2020 SEKm 73 (PY: 509)
  - Lower prices
  - Production curtailments
- Q4 SEKm -13 (Q3: 63)
  - Seasonally higher costs
  - Lower prices





Wood Products

1 600 km³ per year



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Producing 1,6 Mm^3 at five saw mills

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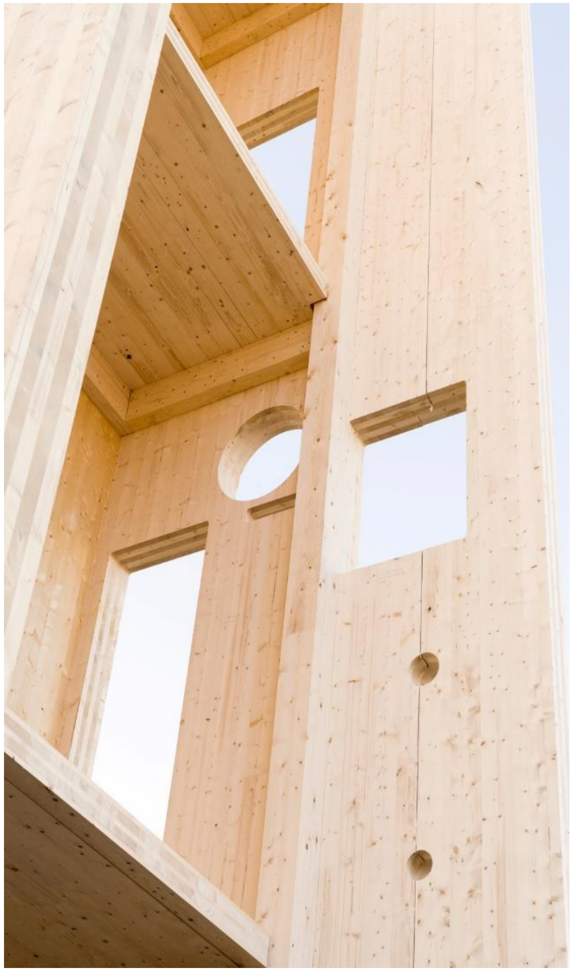
A broadened product offering



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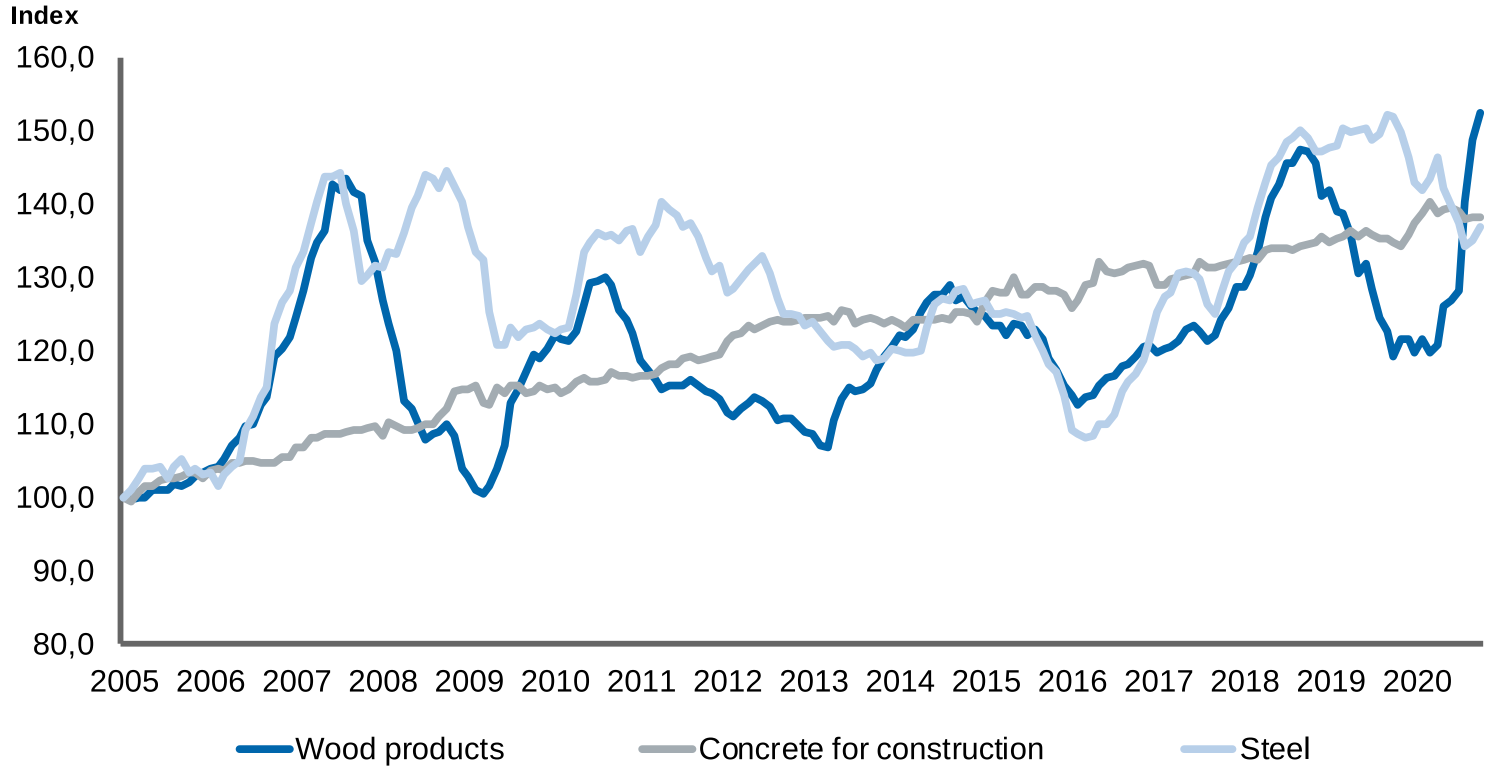
Steep price increases



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

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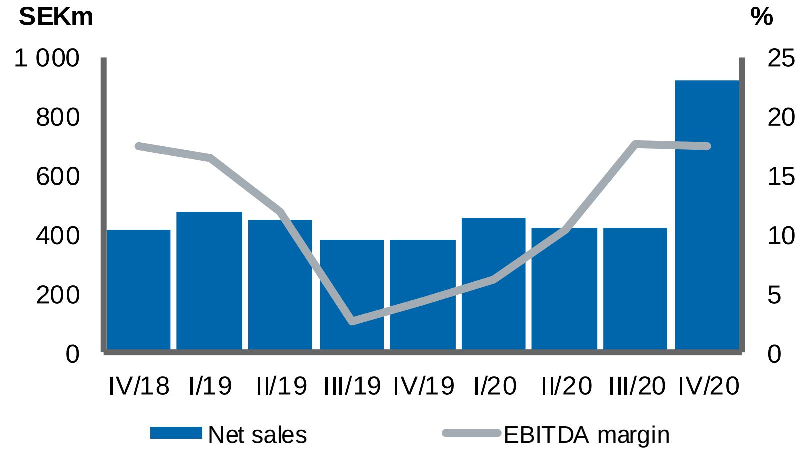
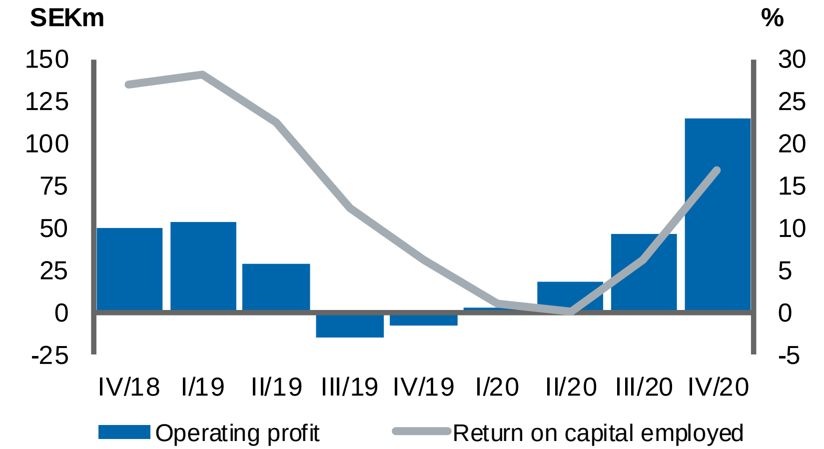
Wood Products financials

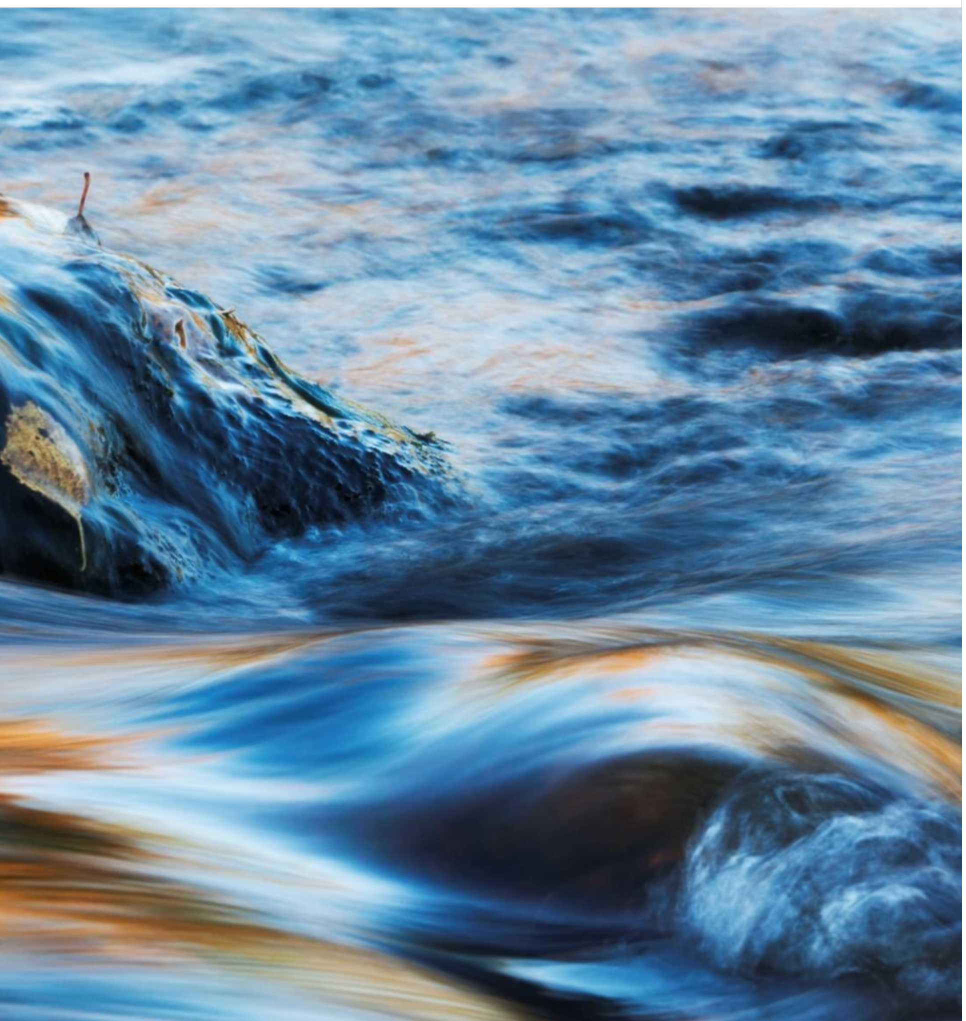
- 2020 SEKm 185 (PY: 62)
  - – Higher prices
  - – Lower log costs
  - – Acquisition of Martinsons
- Q4 SEKm 116 (Q3: 47)
  - – Price increases
  - – Increased deliveries
  - – Martinsons





Renewable Energy

1.2 TWh hydro & wind power



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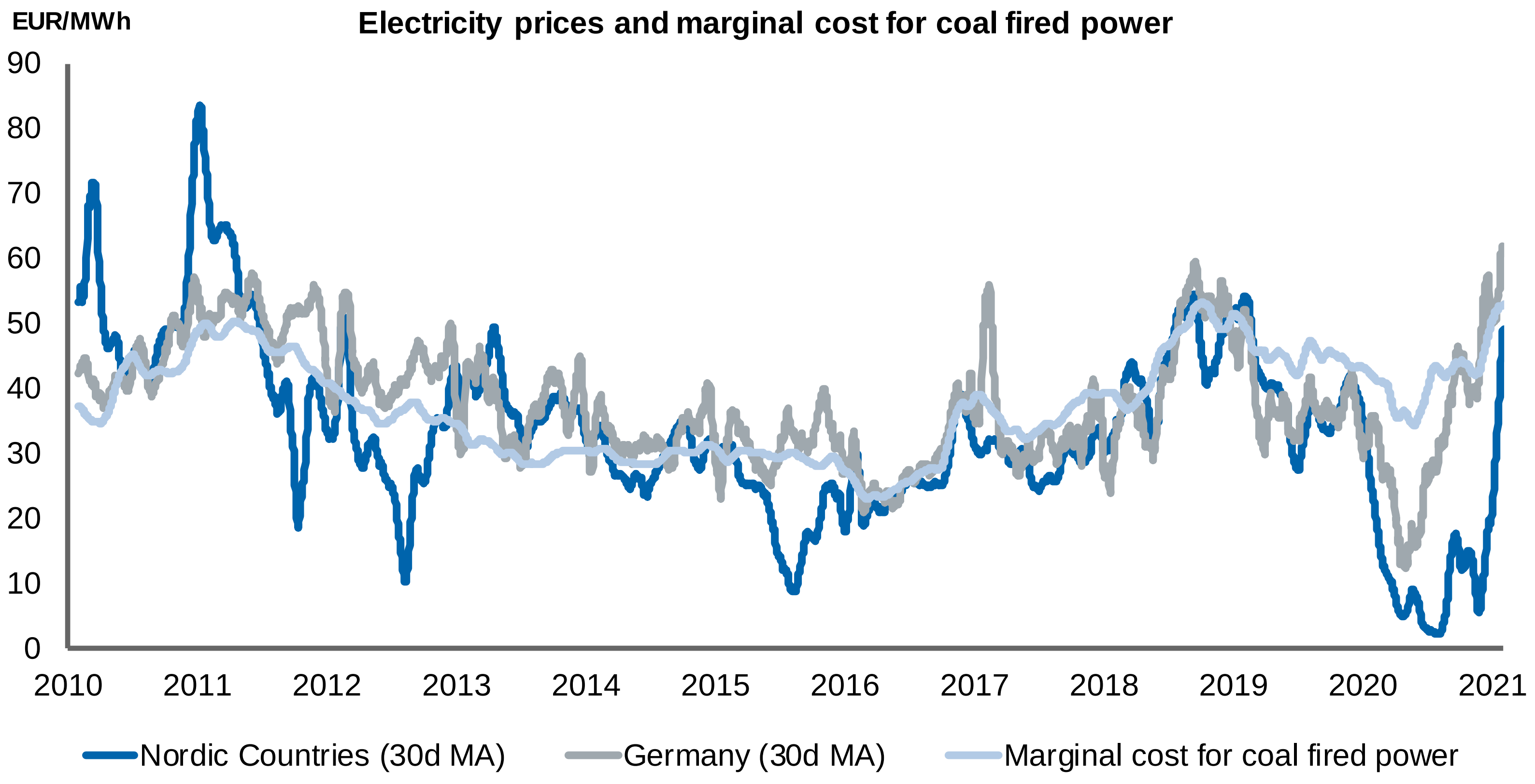
Hydro balance has pushed down prices in 2020

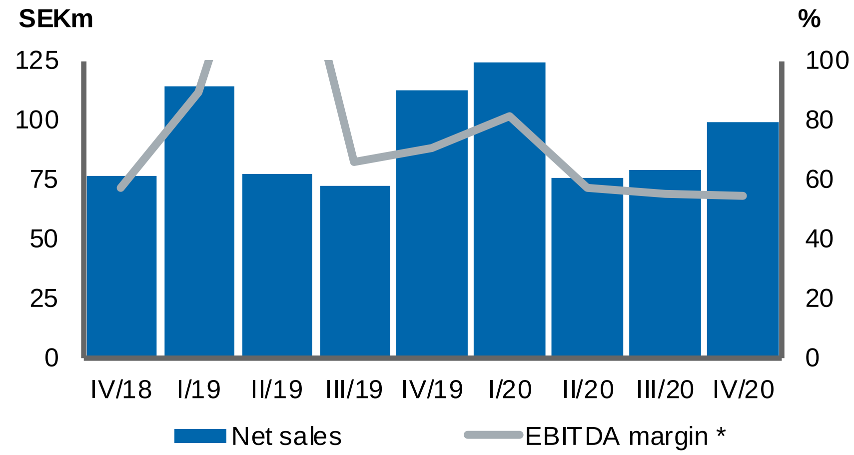
Temporary de-coupling from fossil fuel prices

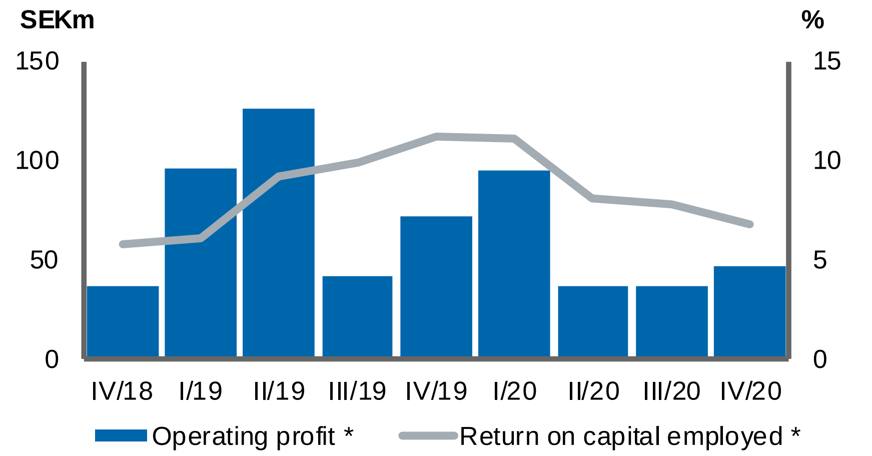


30d MA – 30 days moving average
Source: Marcobond, Holmen's own calulation for marginal coal fierd power

Renewable Energy financials

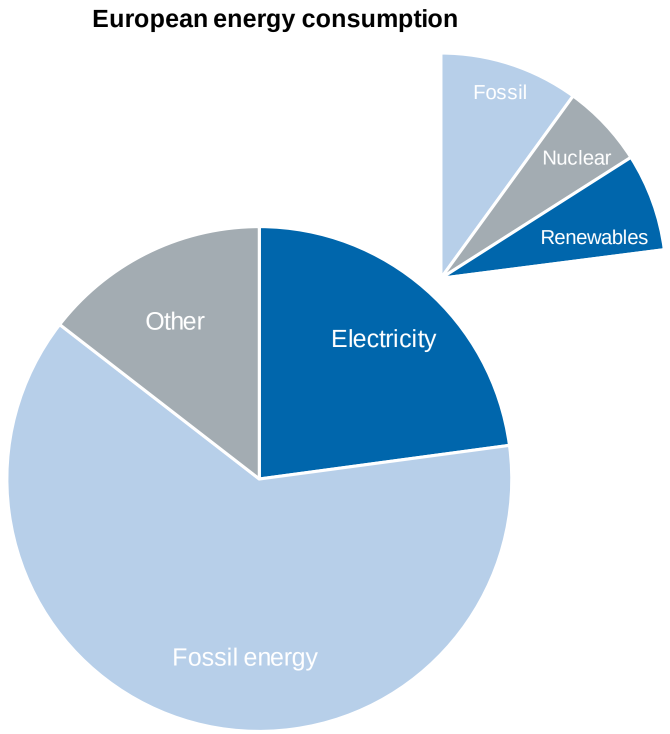
- 2020 SEKm 215 (PY: 336)
  - – Higher production
  - – Lower prices
  - – SEKm 80 sale of wind farm 2019
- Q4 SEKm 46 (Q3: 37)

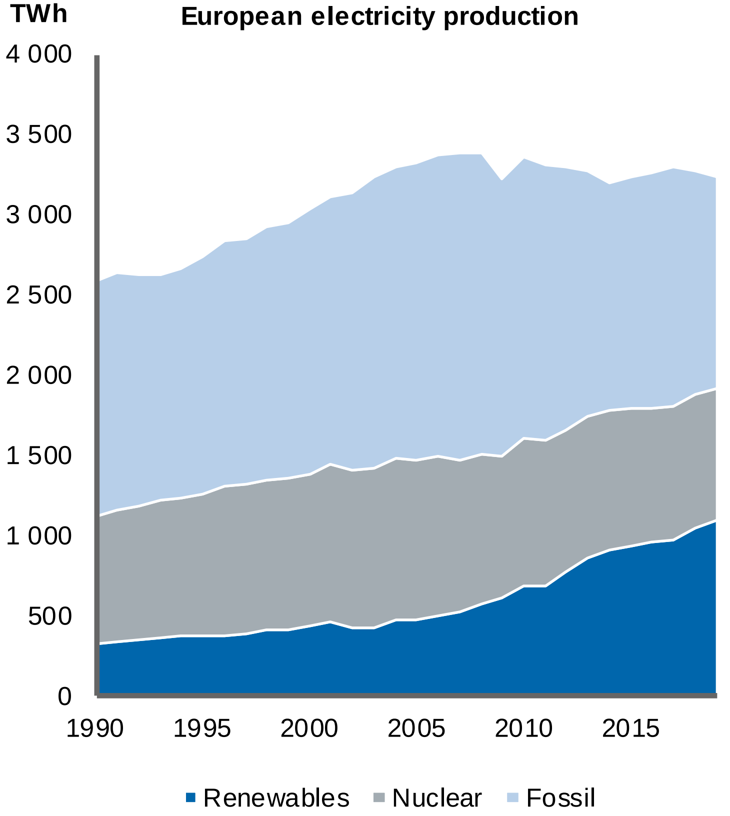




*Excl. items affecting comparability

Transitioning to a fossil free world





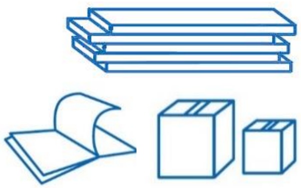
Source: IEA & EEA

The climate benefits of forestry are obvious

1,4 Million tonnes CO_2e

Carbon sequestration

+



3,7 Million tonnes CO_2e

Storage and substitution from wood products (2,2), paperboard and paper (1,5)

+

1,7 Million tonnes CO_2e

Substitution from renewable energy production

–

0,4 Million tonnes CO_2e

Fossil emissions reduced by 85%

6,4 Million tonnes CO_2e per year

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Creating sustainable value while contributing to a better climate

Contributing to a sustainable society

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