Interim report presentation

January-September 2019

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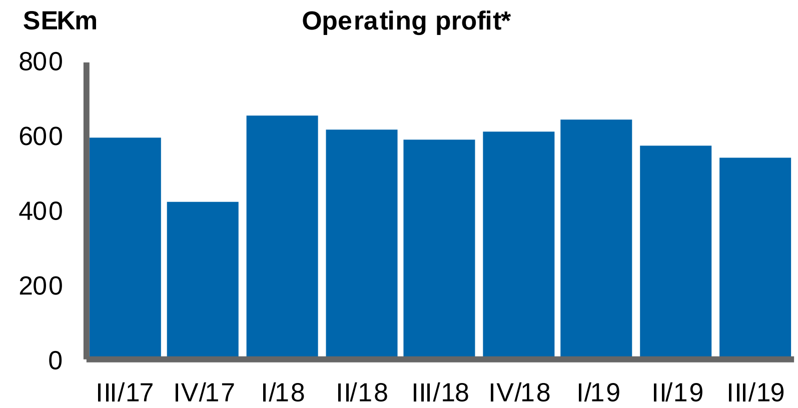
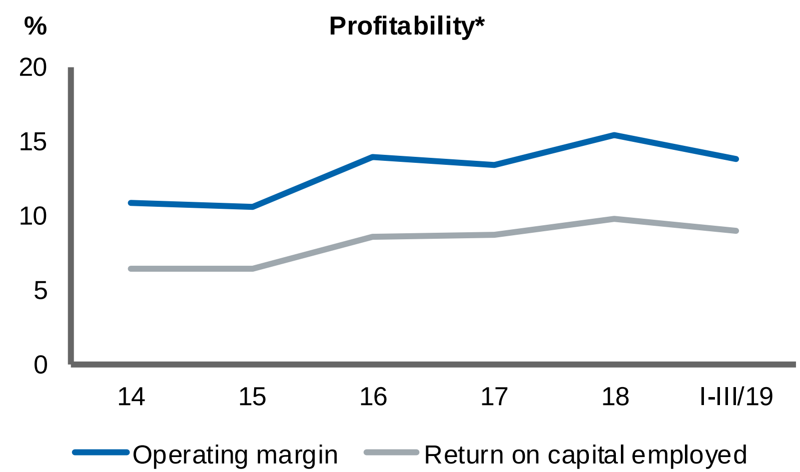
Highlights

Q3 EBIT SEKm 541 (Q2: 574)

- Maintenance stop SEKm 130
- Strong paperboard volumes
- Seasonally low personnel costs
- Bought back 4% of own shares
- Will change accounting of forest assets





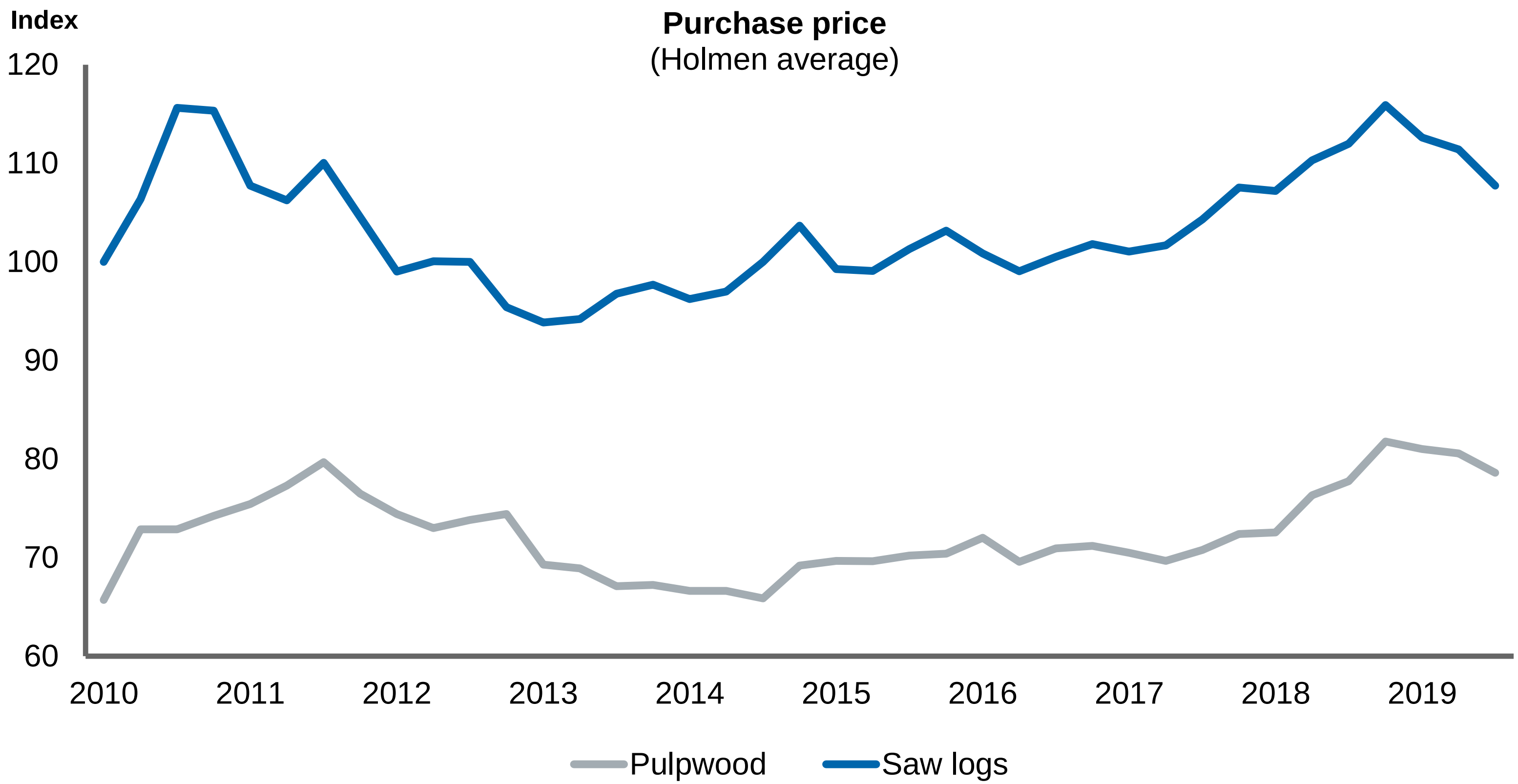
*Excl. items affecting comparability

Forest

1,0 million ha productive forest land
(1,3 million ha total land area)

High harvest levels in southern Sweden

Saw log prices are declining



Source: Holmen

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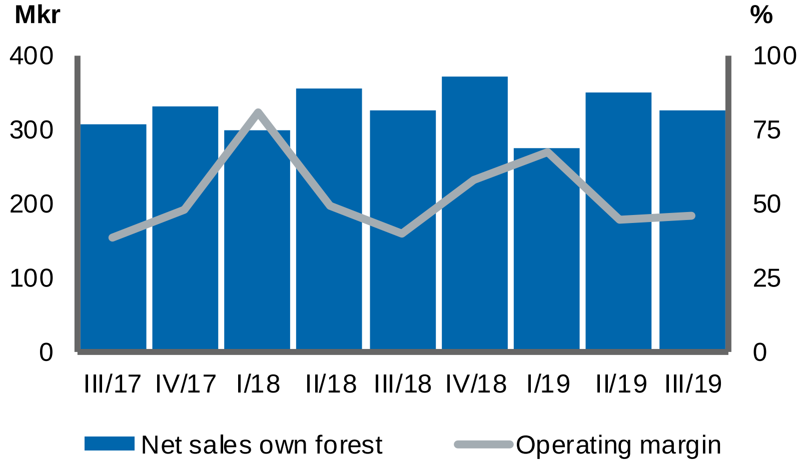
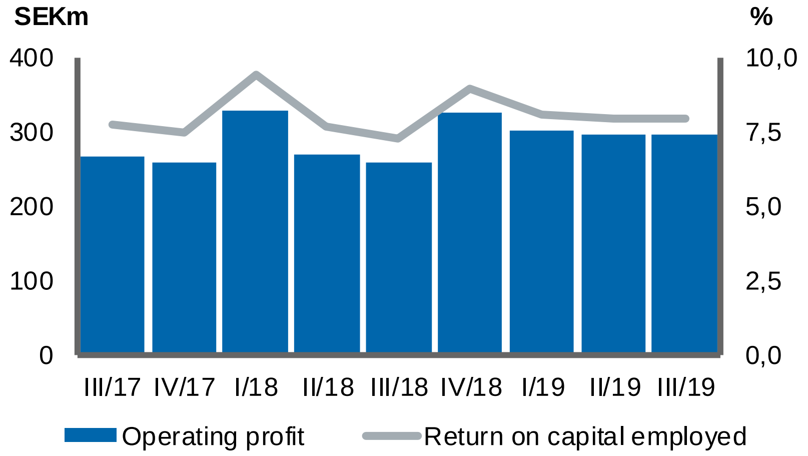
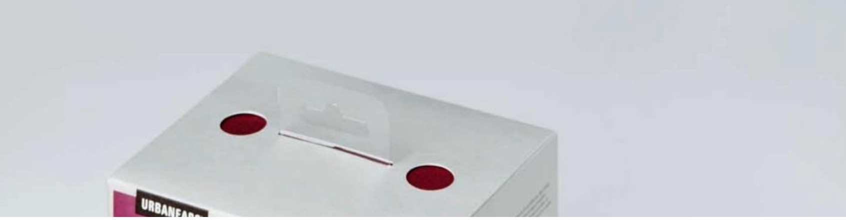
Growing demand for wood

Forest financials

- Q3 SEKm 298 (Q2: 298)
- YTD SEKm 897 (PY: 859)
  - Higher wood prices
  - Sale of forest property 2018



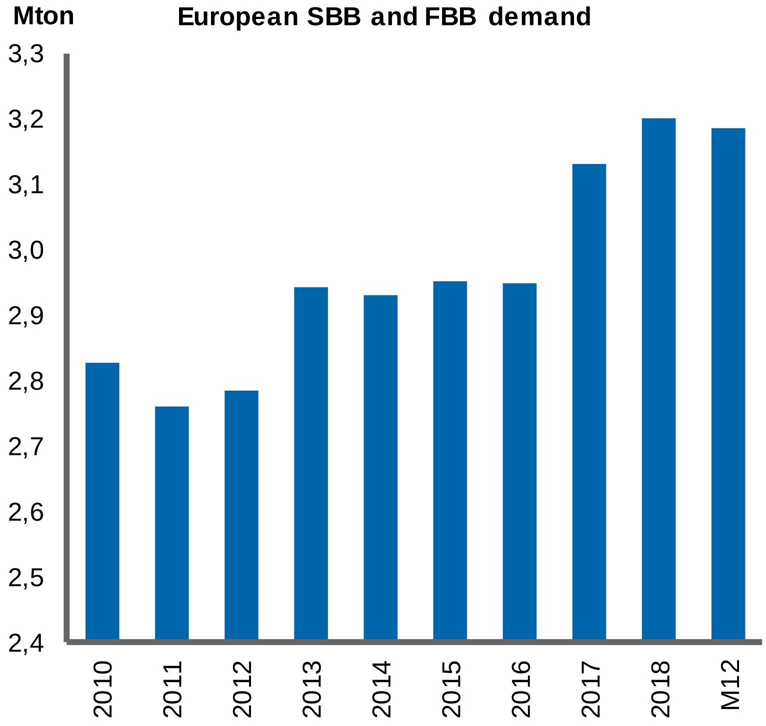


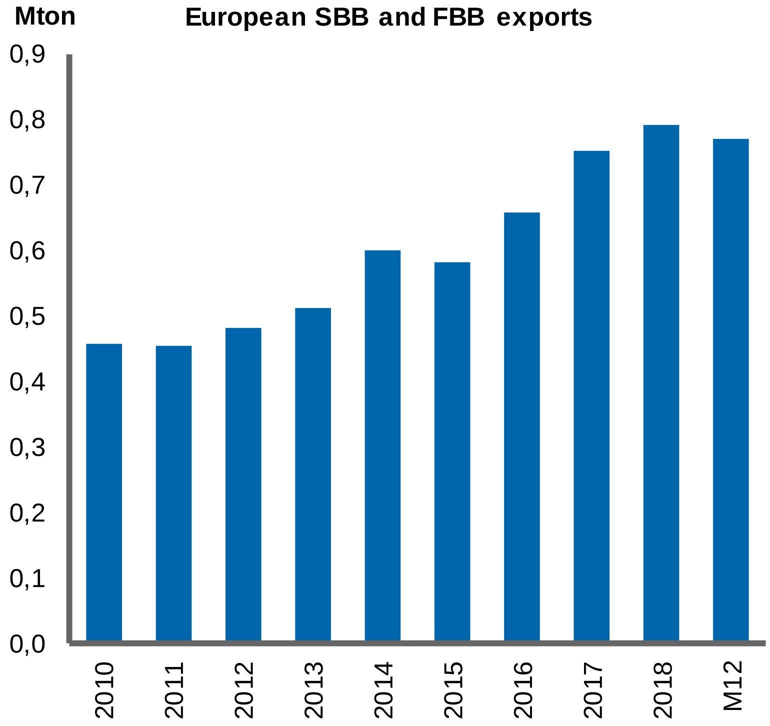


Paperboard

550 000 tonnes per year

Solid European demand but ample supply

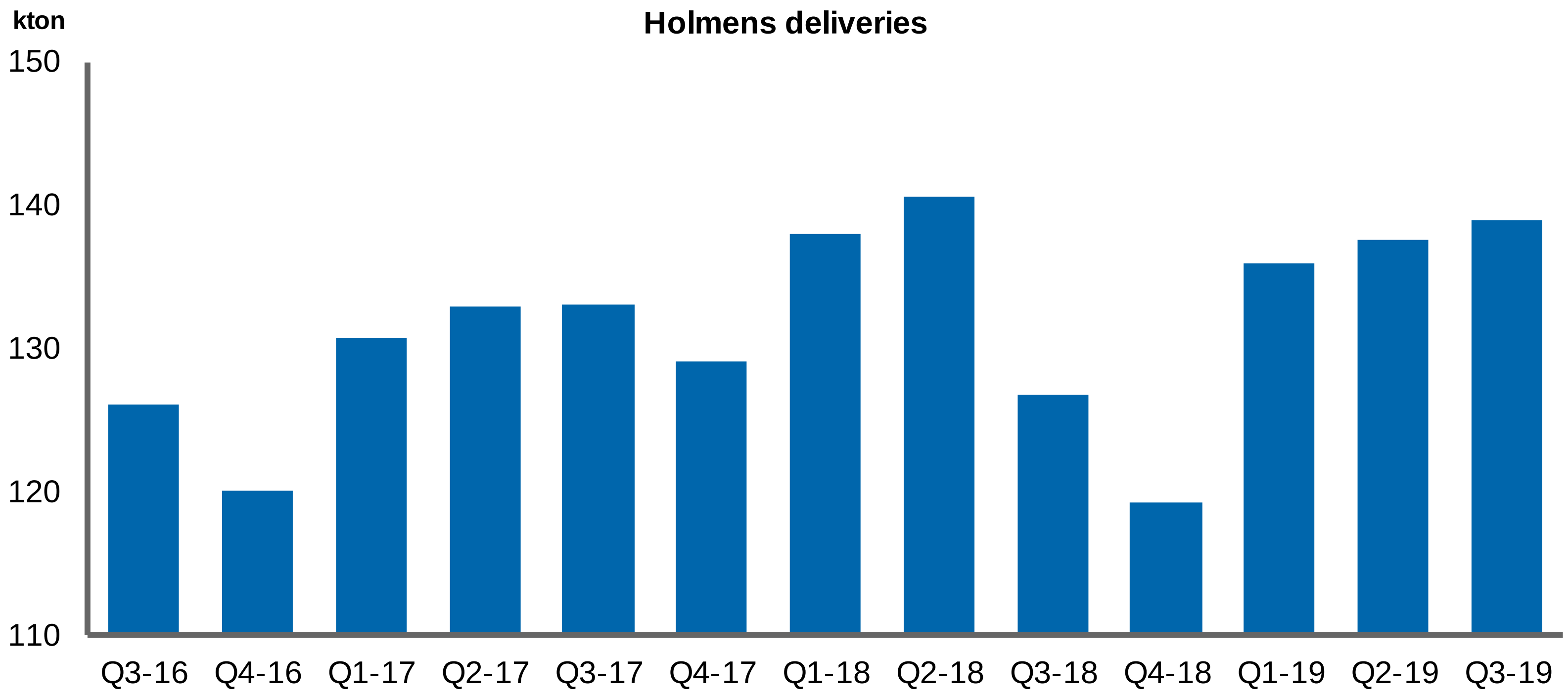




Source: CEPI and Holmen estimates

Back on 550 kton/year pace

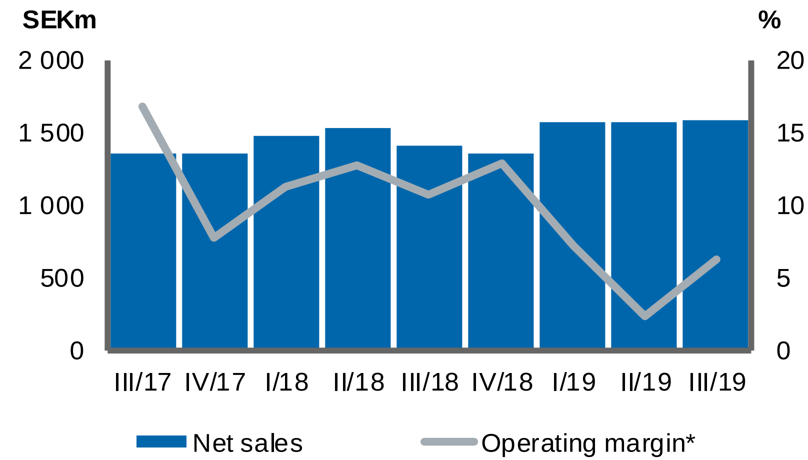
Production costs back to normal

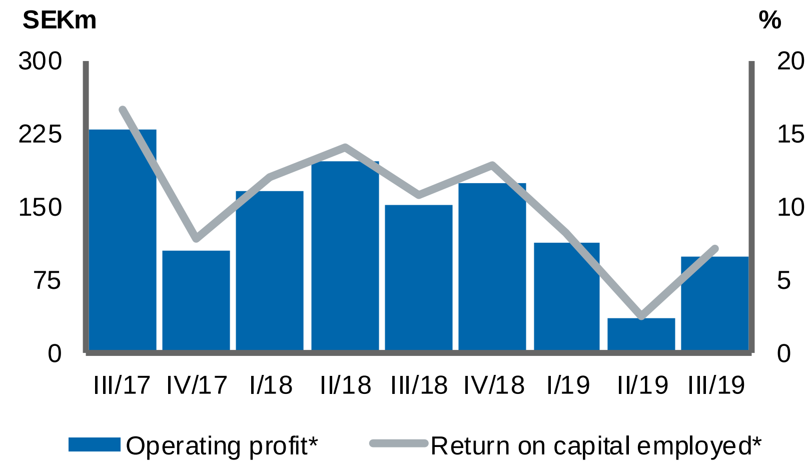


Source: Holmen

Paperboard financials

- Q3 SEKm 99 (Q2: 36)
  - – Maintenance stop SEKm 130 vs 80
  - – Strong production
  - – Seasonally low costs
- YTD SEKm 247 (PY: 514)
  - – Maintenance stop SEKm 210 vs 60
  - – Increased wood costs
  - – Production disturbances

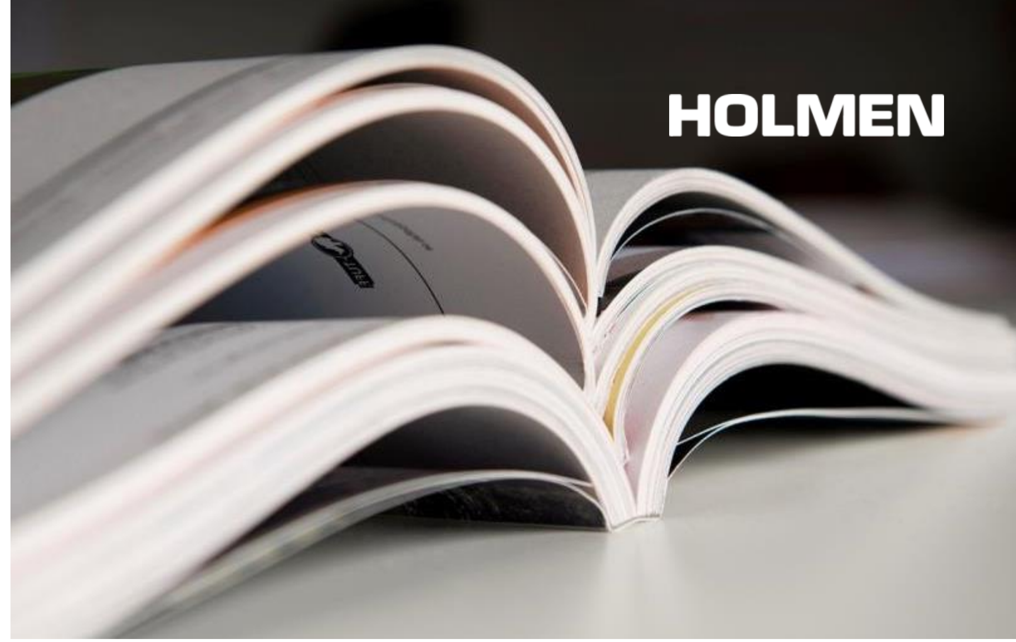




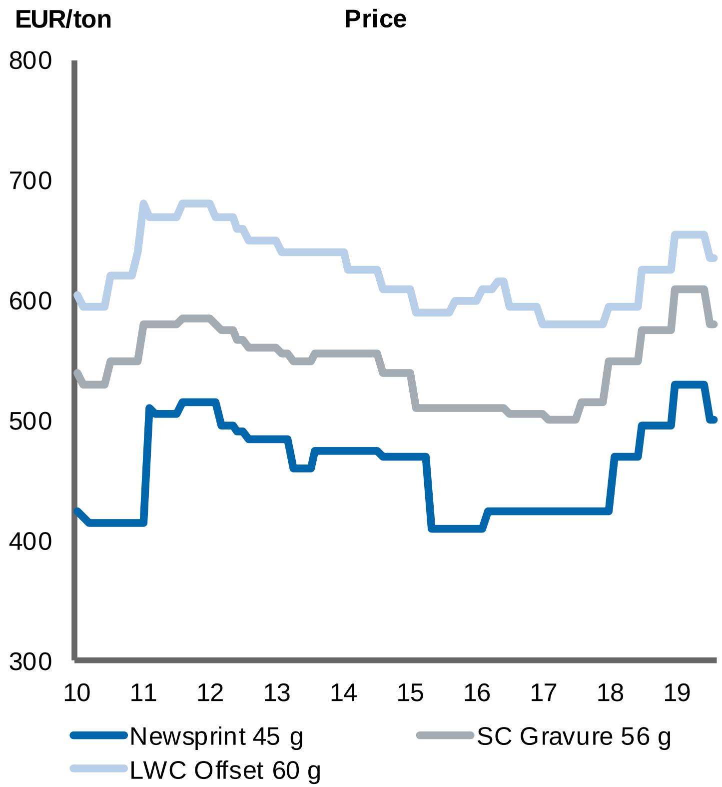
*Excl. items affecting comparability

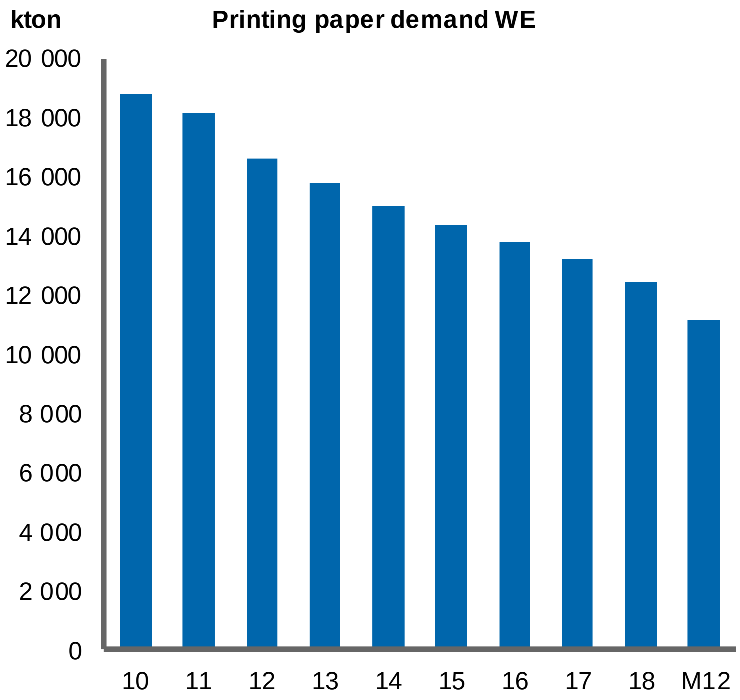
Paper

1,1 million tonnes per year



Prices under pressure

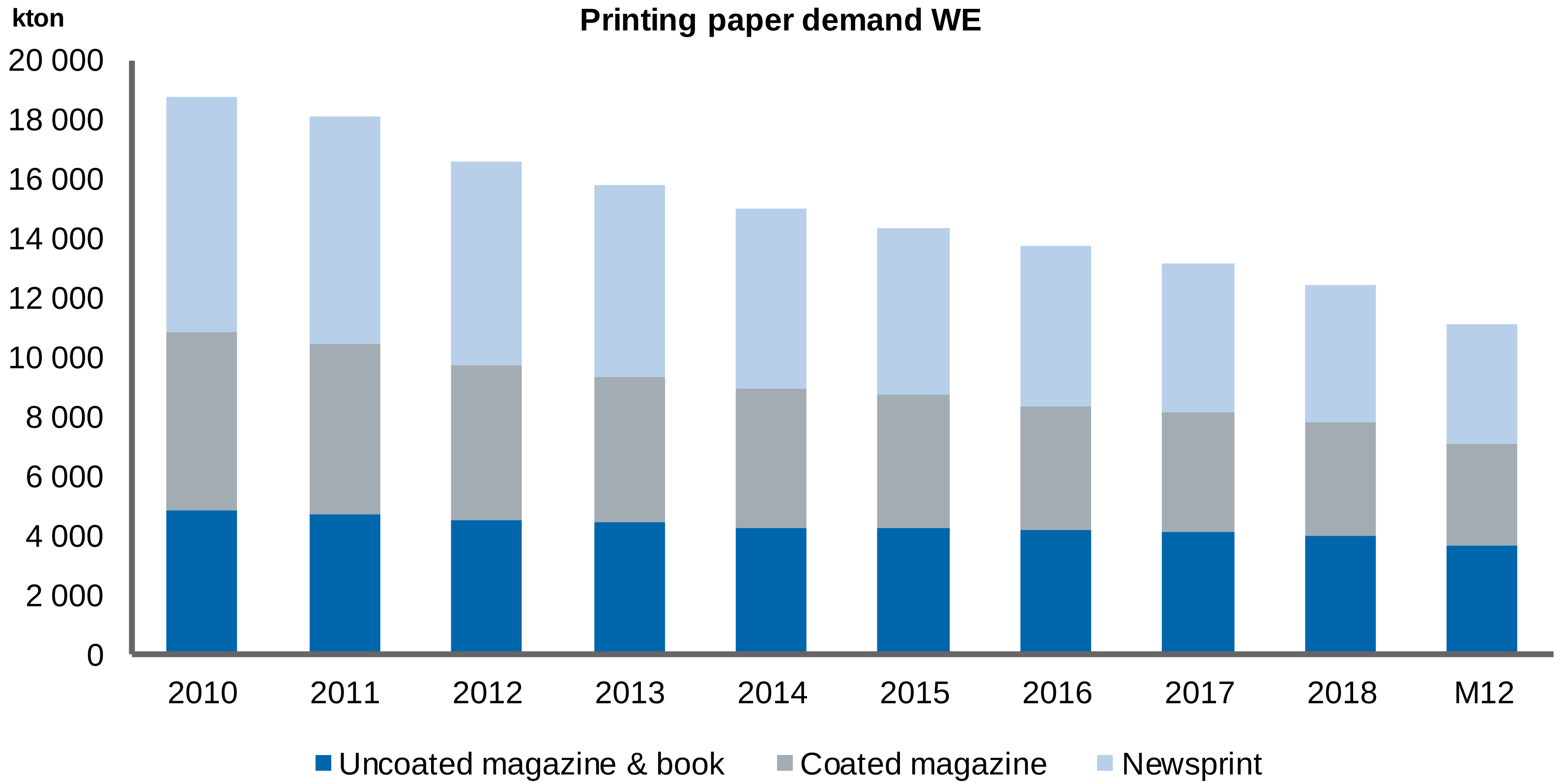




Source: RISI, FOEX, PPPC, Euro-Graph

Investing in product development

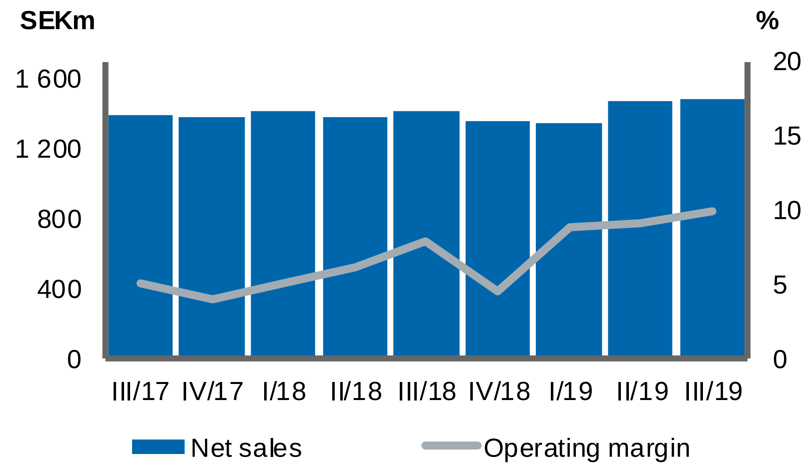
Focus on book & magazine paper

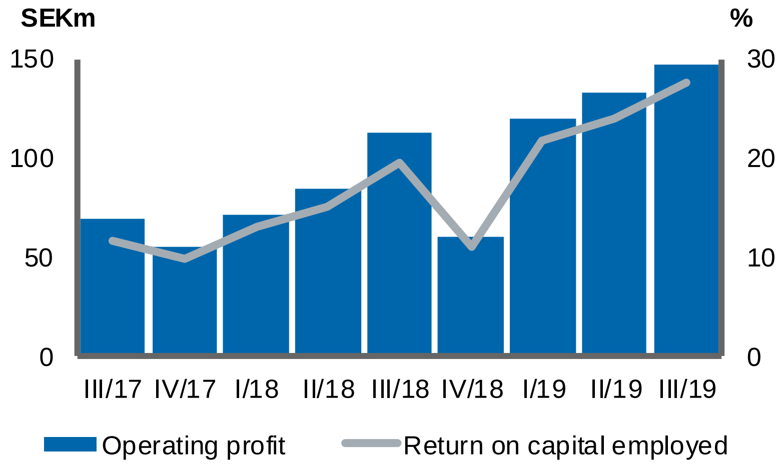


Source: PPPC, Euro-Graph

Paper financials

- Q3 SEKm 147 (Q2:133)
  - Seasonally low costs
  - Limited impact from declining prices
- YTD SEKm 399 (PY: 269)
  - Higher prices
  - Increased wood costs
  - Production curtailments





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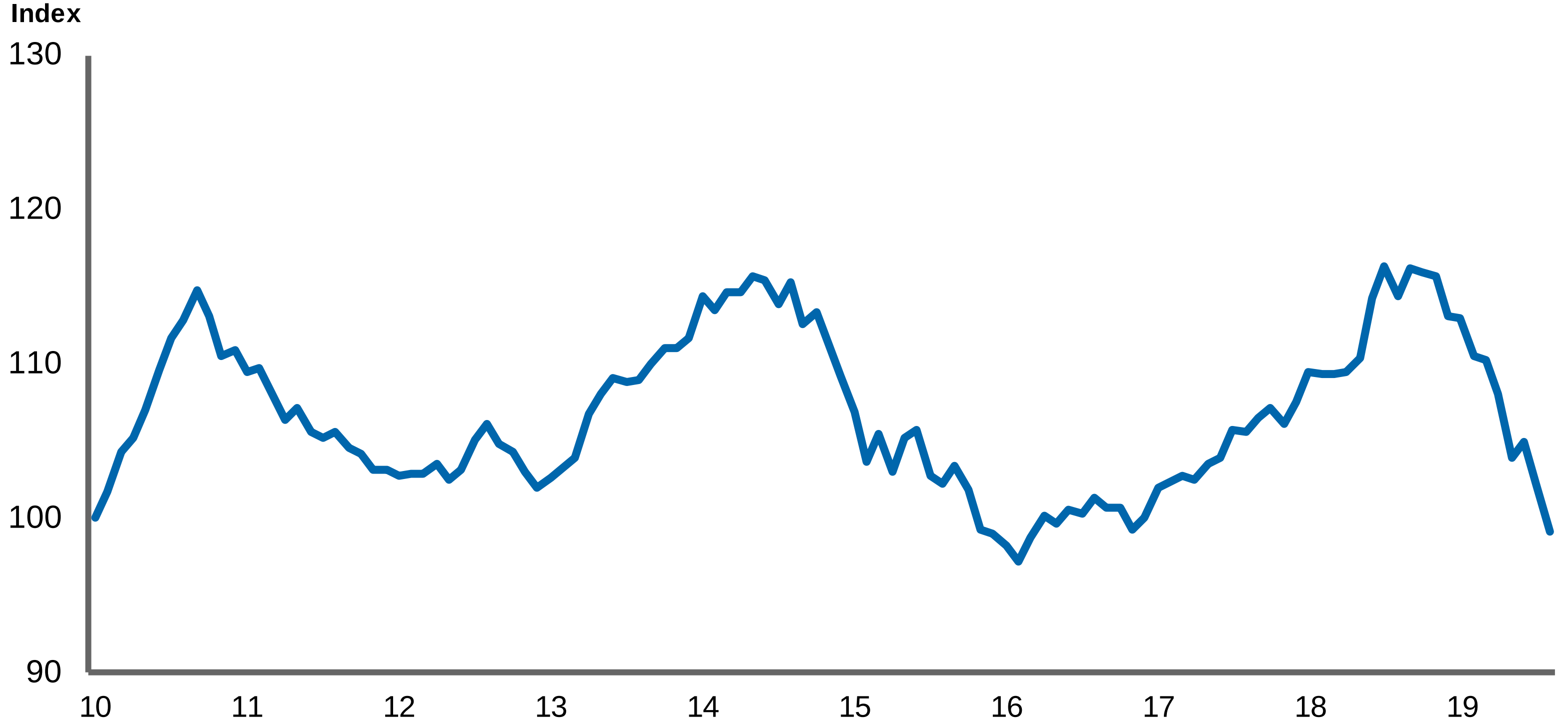
Wood Products

800 000 m³ per year

Supply-driven price decline

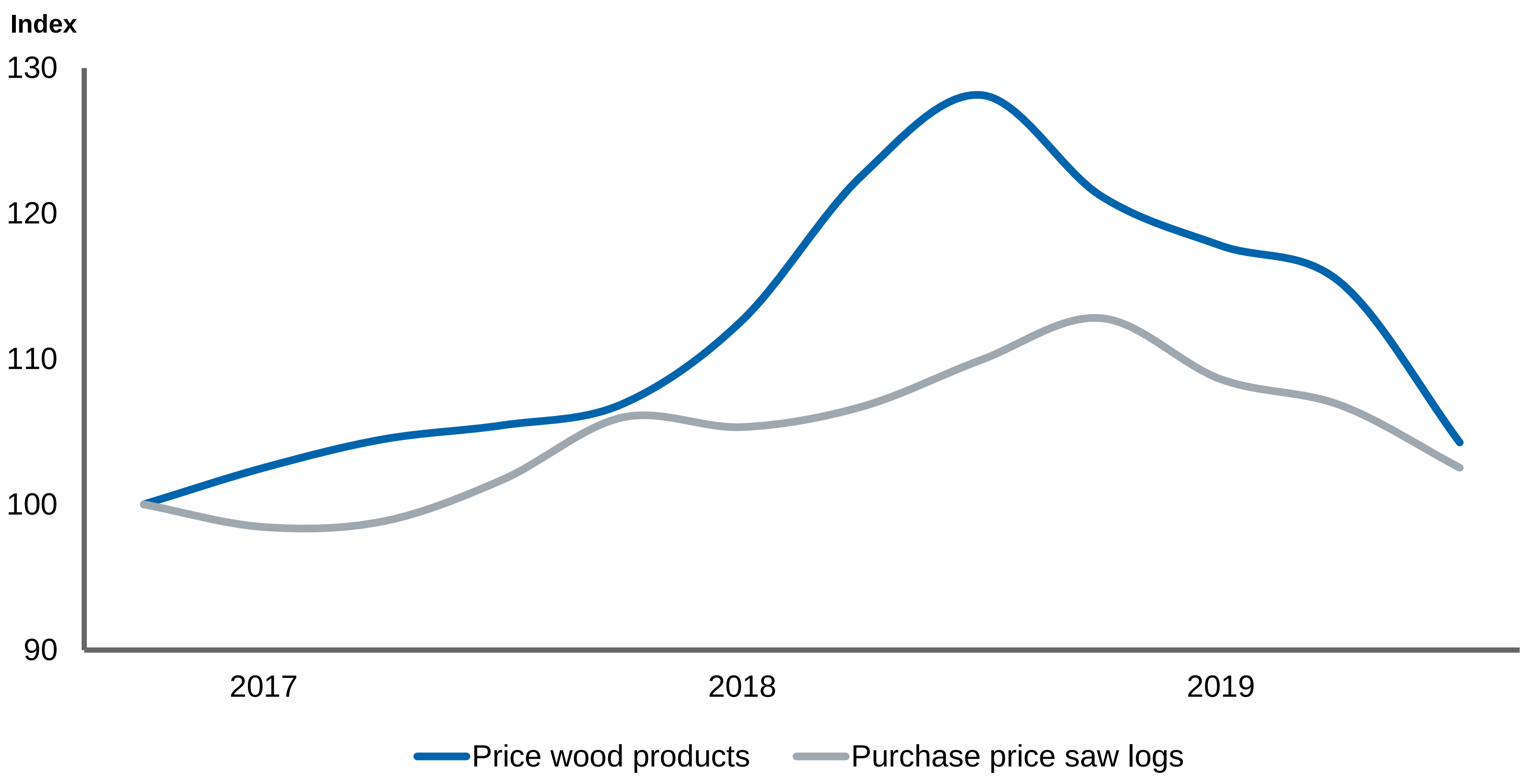
Unusually high production in continental Europe



Source: Skogsindustrierna, Holmen’s calculations local currency

Log costs are coming down

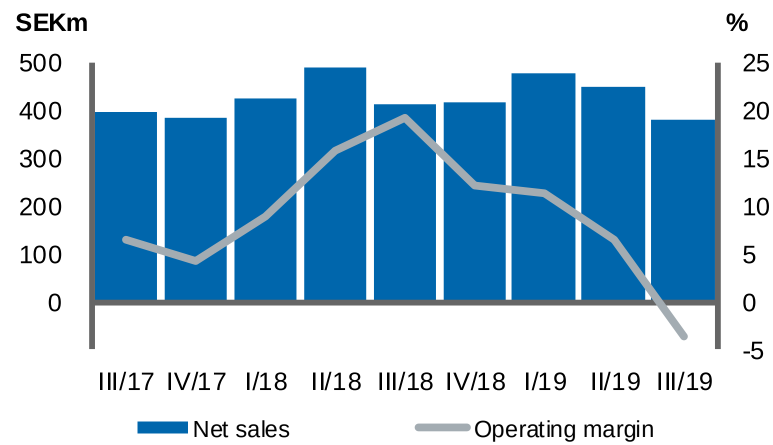
But currently consuming logs purchased 6-9 months ago

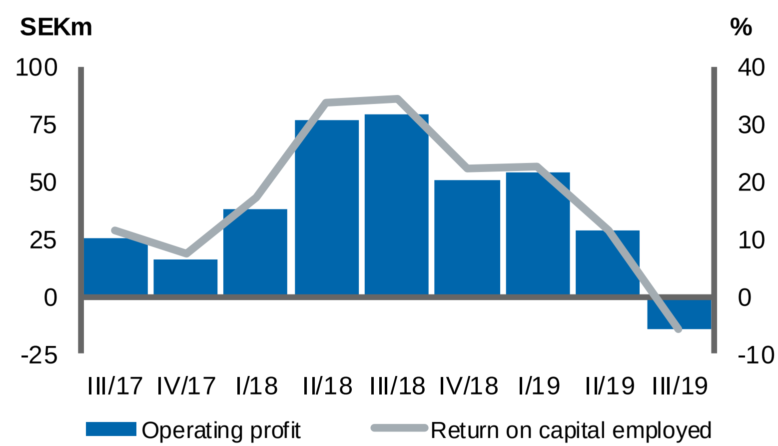


Source: Holmen

Wood Products financials

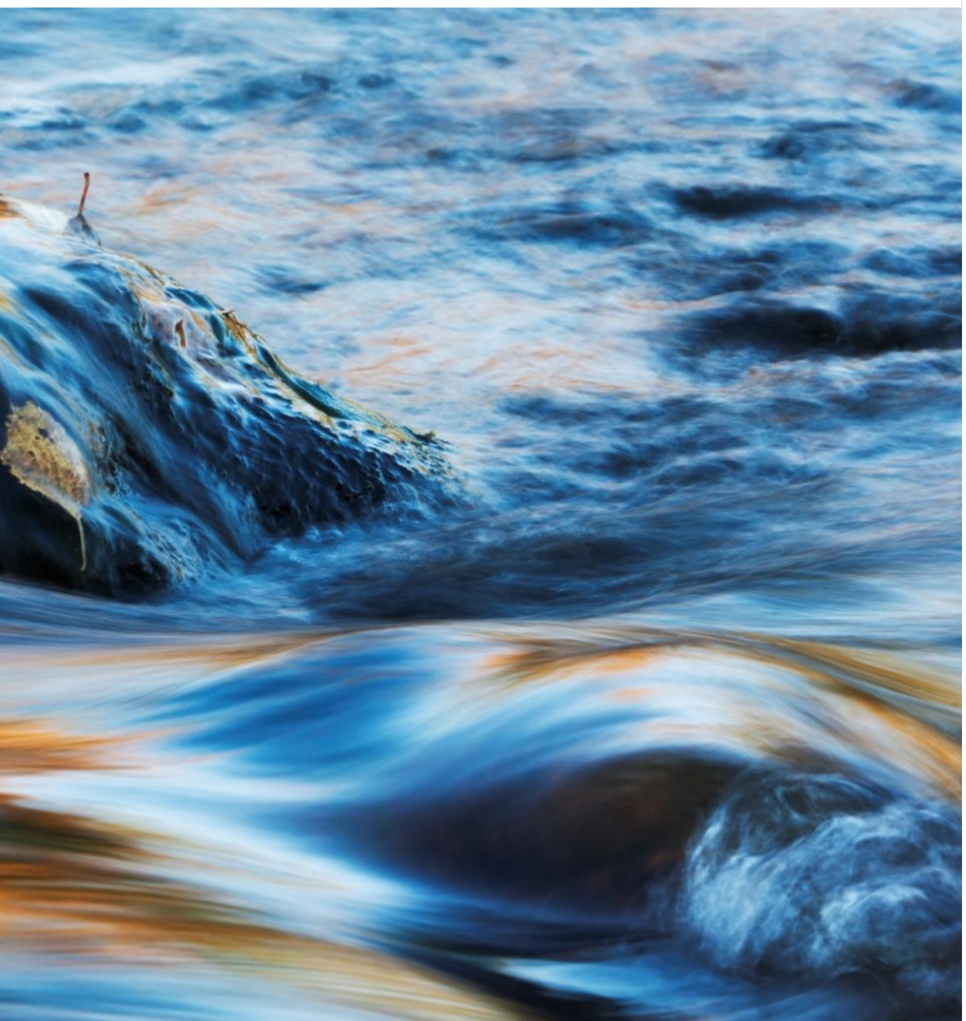
- Q3 SEKm -14 (Q2: 29)
  - – 10% lower selling prices
  - – Log costs still at peak levels
- YTD SEKm 69 (PY: 195)
  - – Lower selling prices





Renewable Energy

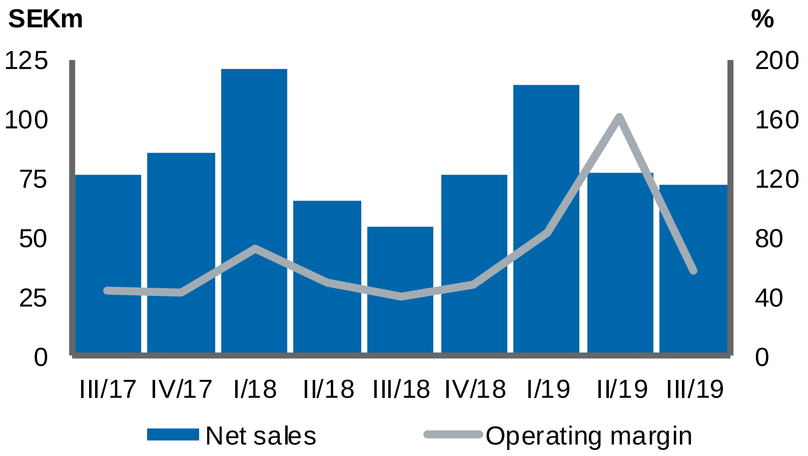
1,1 TWh hydro & wind power

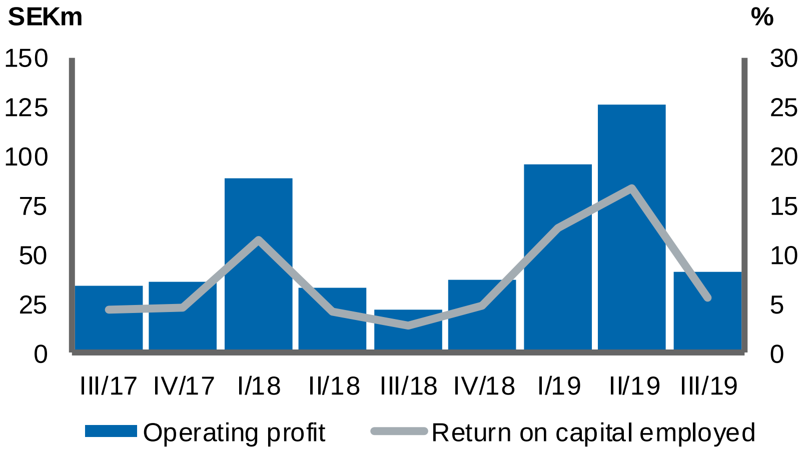


Evaluating profitability in wind power

Renewable Energy financials

- Q3 SEKm 42 (Q2: 126)
  - Sale of wind permit in Q2
  - Normal production for the season
- YTD SEKm 264 (PY: 144)
  - Sale of permit to build wind on Holmen's land SEKm 80
  - Higher prices
  - Lower property tax



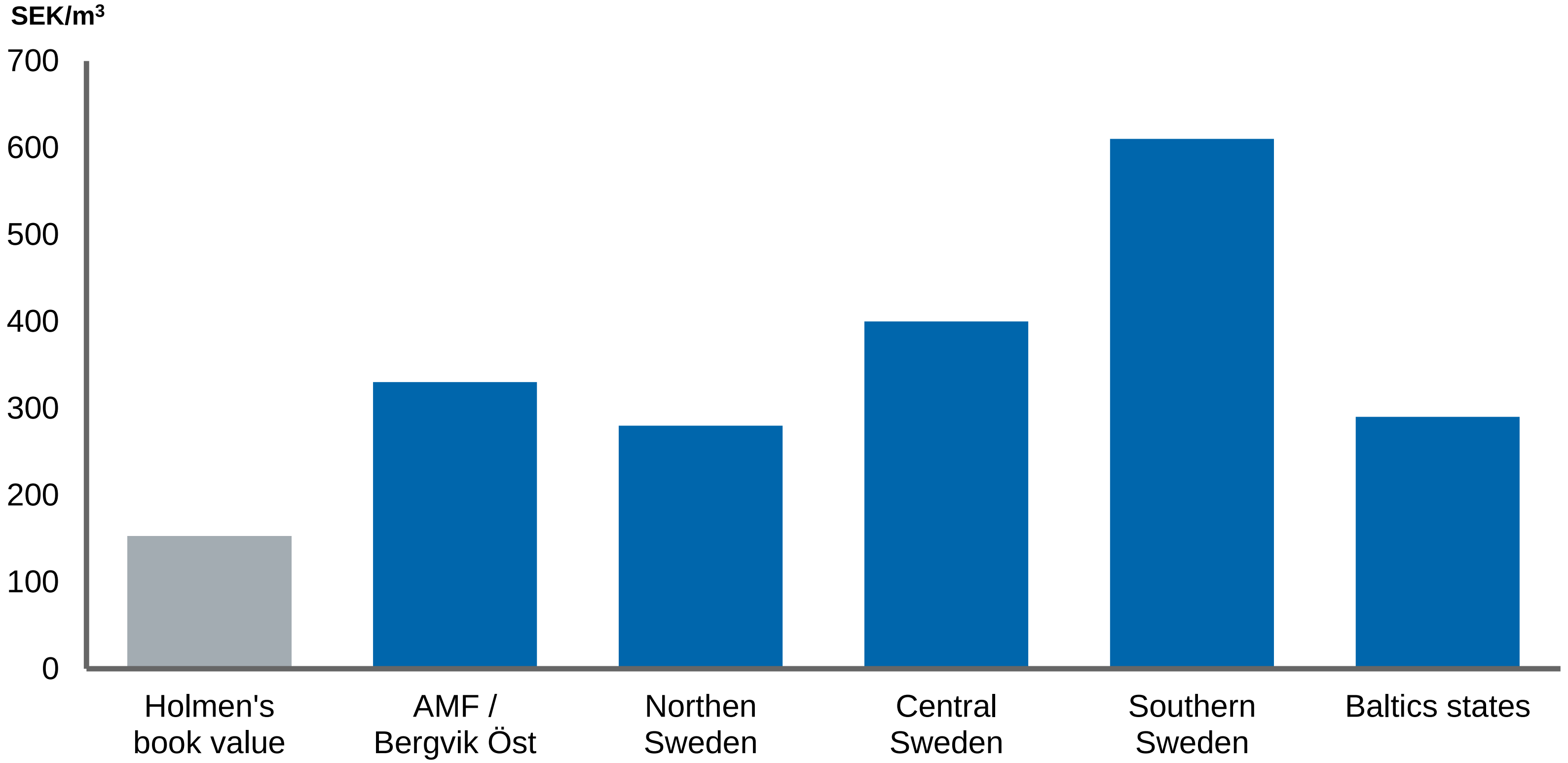


Forest

1,0 million ha productive forest land
(1,3 million ha total land area)

Market value significantly above book value

Will report our forest asset at transaction prices starting YE



Source: Holmen, SVEFA

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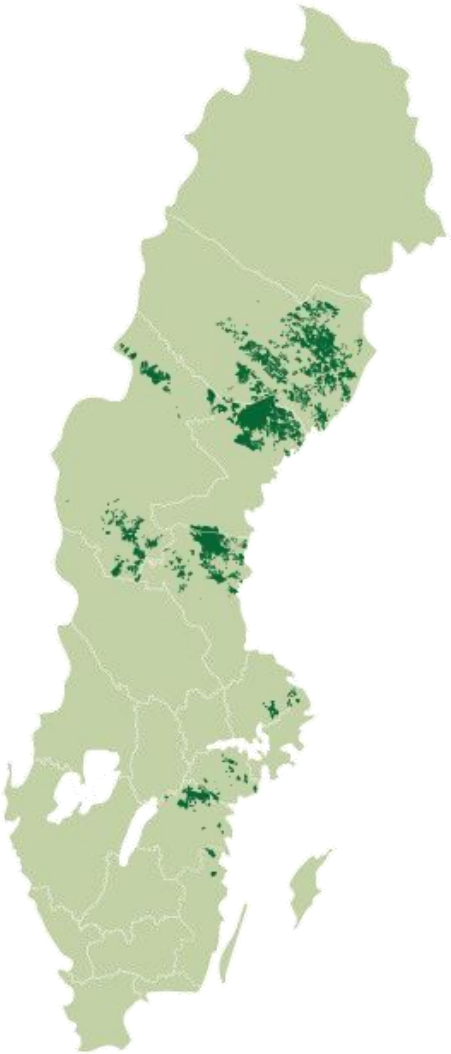
39-43 bn SEK market value

Based on transactions in the areas we have forest

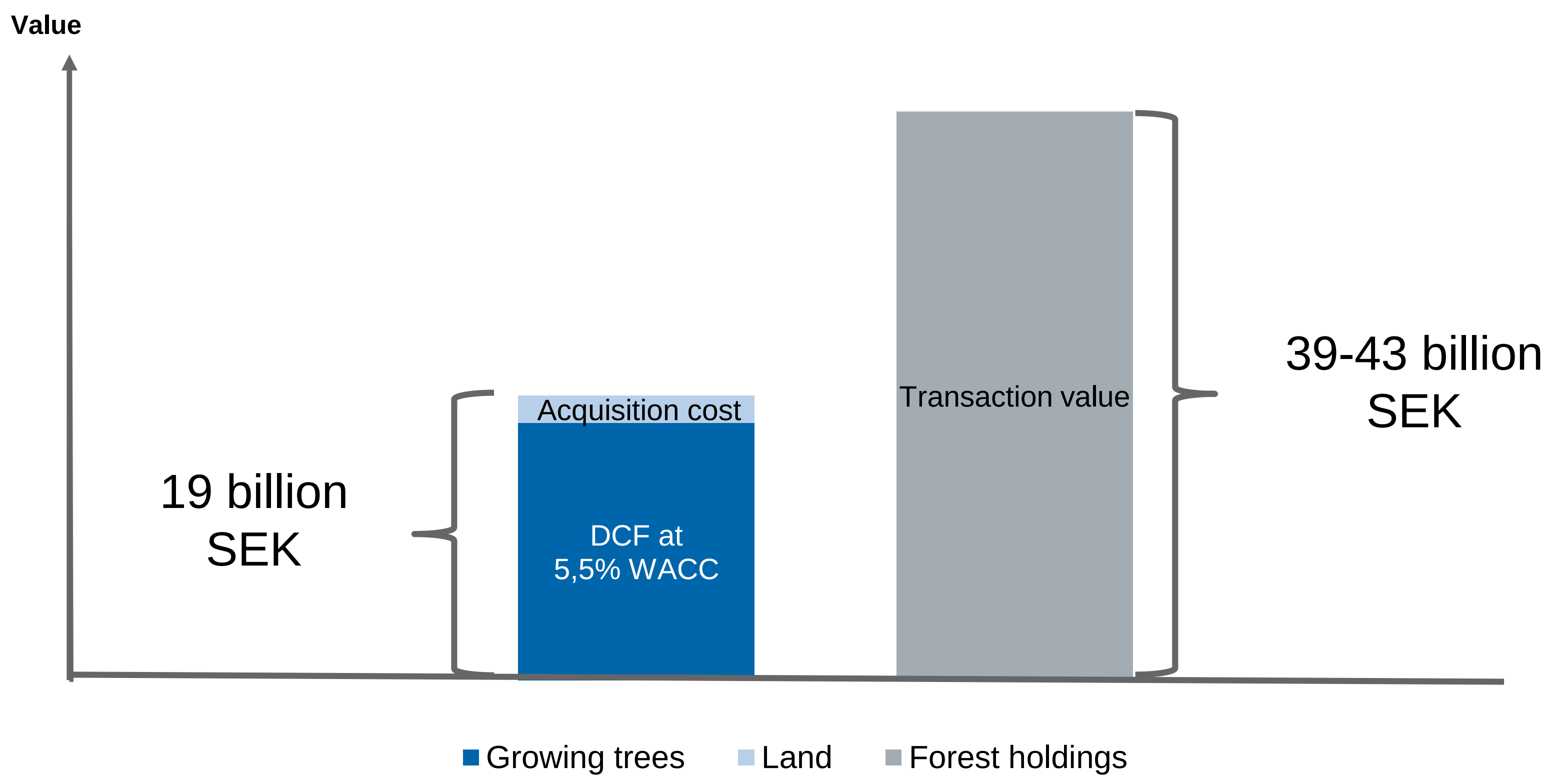
	Total land area, tha	Productive land, tha	Volume standing timber, Mm^3sk
North	890	690	72
Middle	310	260	34
South	100	90	15
Total	1 300	1 040	122



Source: Holmen

Moving to transaction based valuation

From combination of DCF and historic acquisition cost



Source: Holmen

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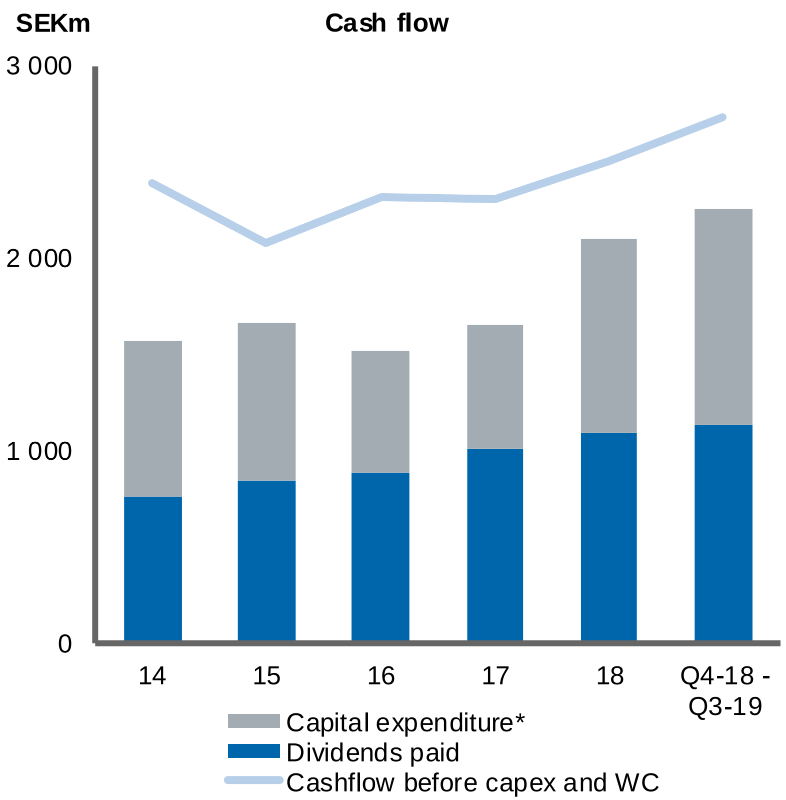
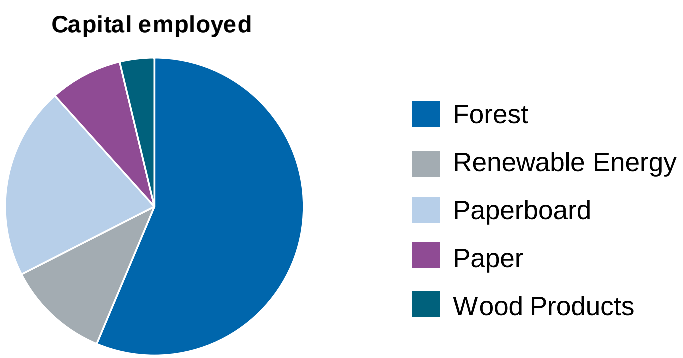
New principles introduced at YE

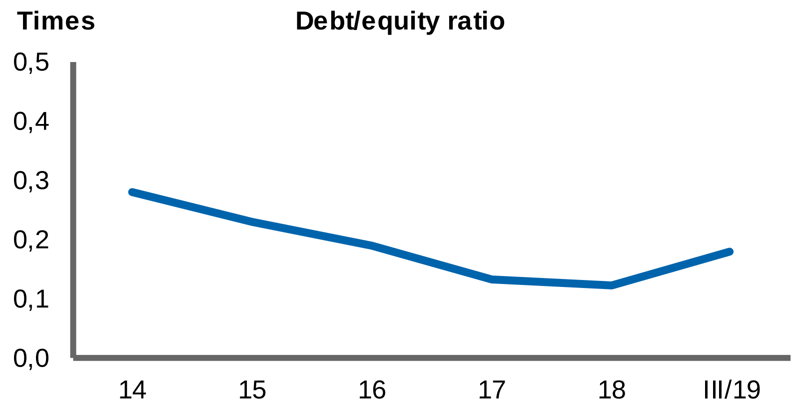
- Forest holding 39-43 bn SEK based on transaction values
  - IFRS requires a split upon growing trees & land
    - DCF calculation to establish growing trees value
- Deferred tax 8-9 bn SEK
  - 20,6% of reported forest value
- Change in value of growing trees through P&L
- Change in value of land in OCI


Solid financial position

Bought back 4% of own shares for 1,4 bn SEK







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

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Priorities

- Retain balance in paperboard
- Develop sales in magazine & book paper
- Manage difficult market for wood products
- Evaluate wind power expansion
- Finalise forest valuation

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