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

HOLMEN

Interim report presentation

January-June 2020

Henrik Sjölund, CEO
Anders Jernhall, CFO

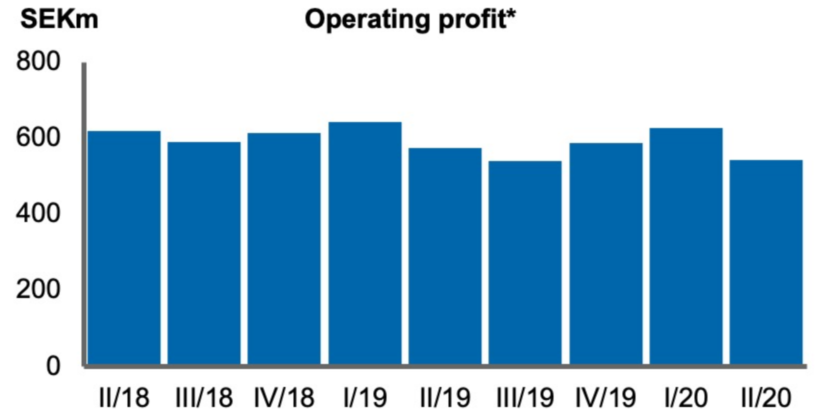
August 13 2020

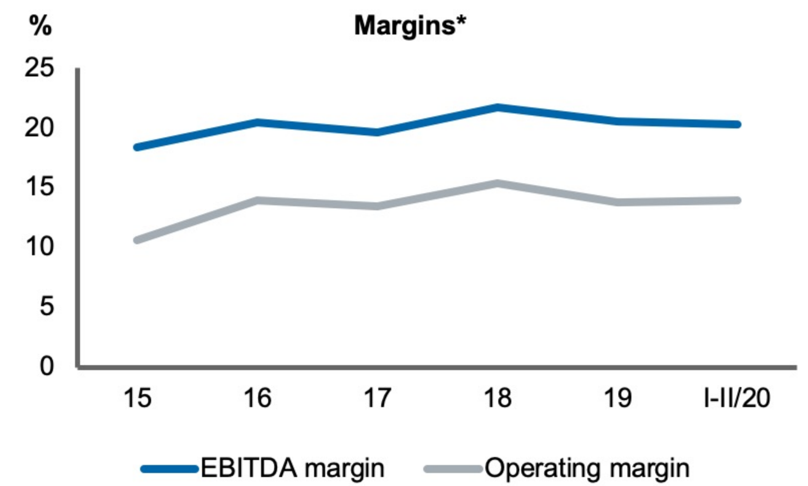
HOLMEN

Highlights

Q2 EBIT SEKm 542 (Q1: 628)

- Strong paperboard performance
- Prices on wood products rising
- Significant drop in paper volumes
- Acquisition of Martinsons
- Proposes SEK 3.5 dividend



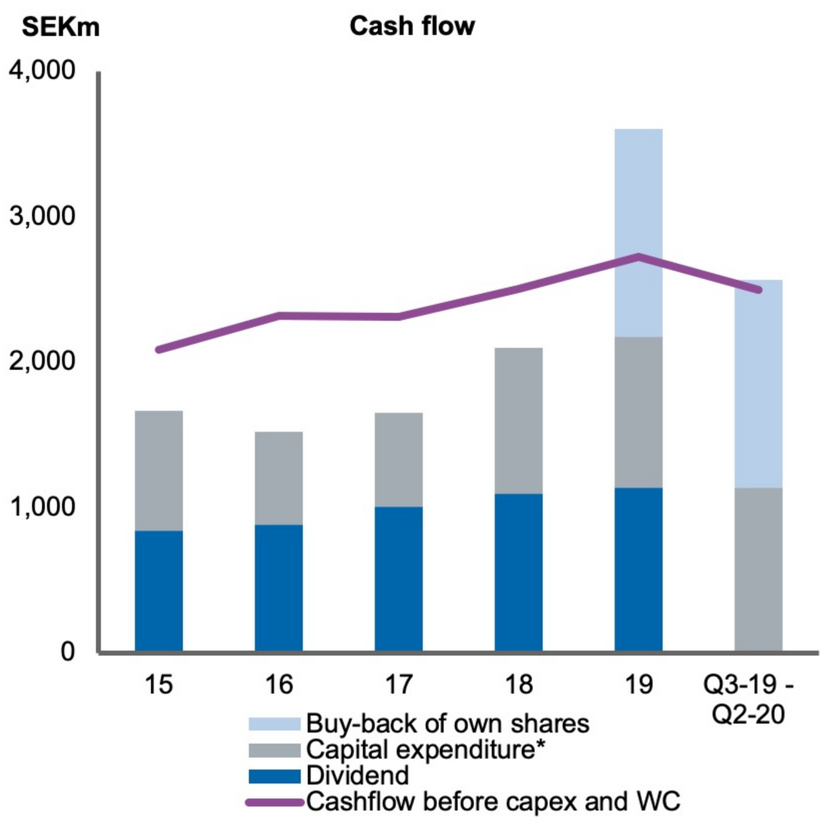


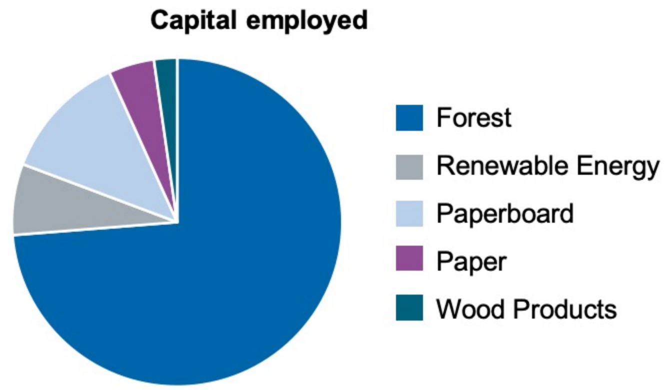
*Excl. items affecting comparability

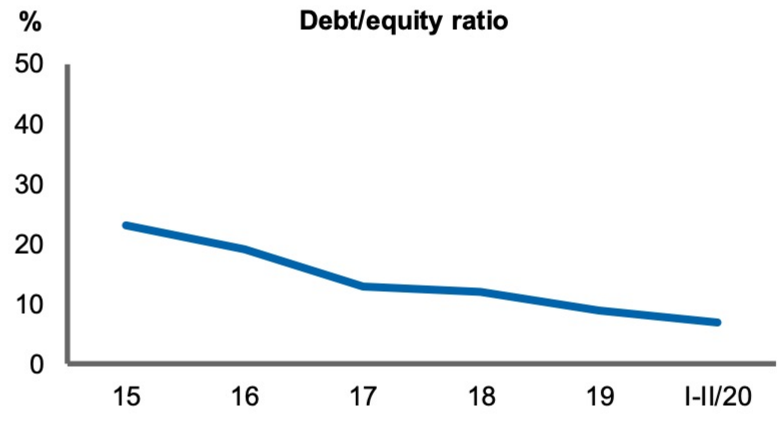
HOLMEN

Strong financial position and solid cash-flow

Prudency applied in dividend decision







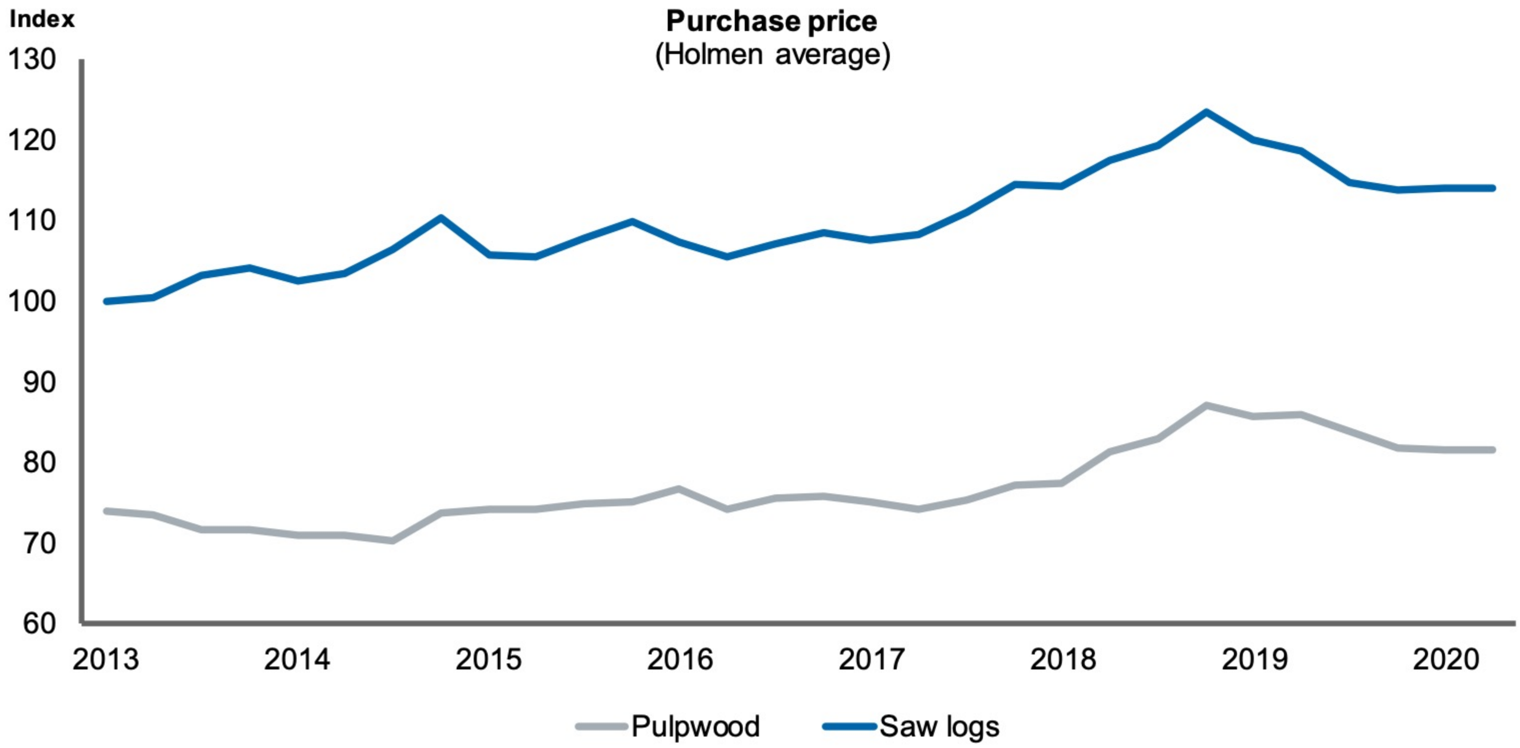
* Excl sale of the newsprint mill in Spain (2016) and acquisition of loan relating partly owned wind power company (2018)

Forest

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

HOLMEN

Production curtailments lowered wood demand

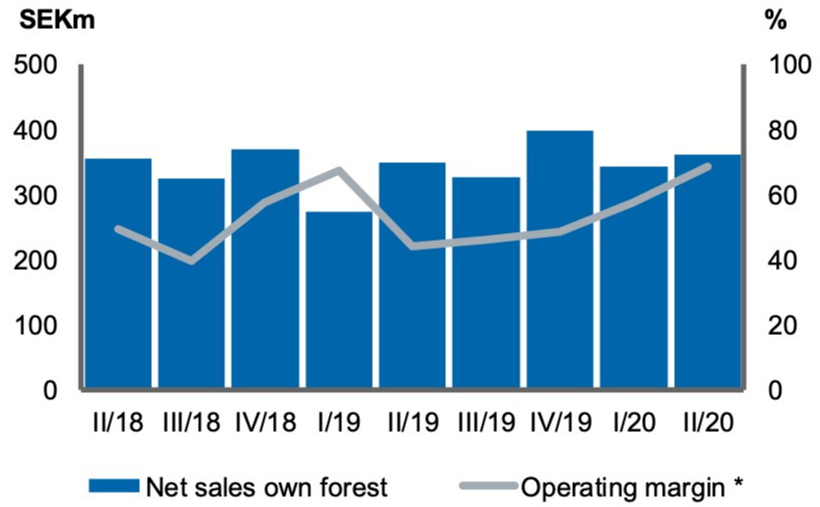


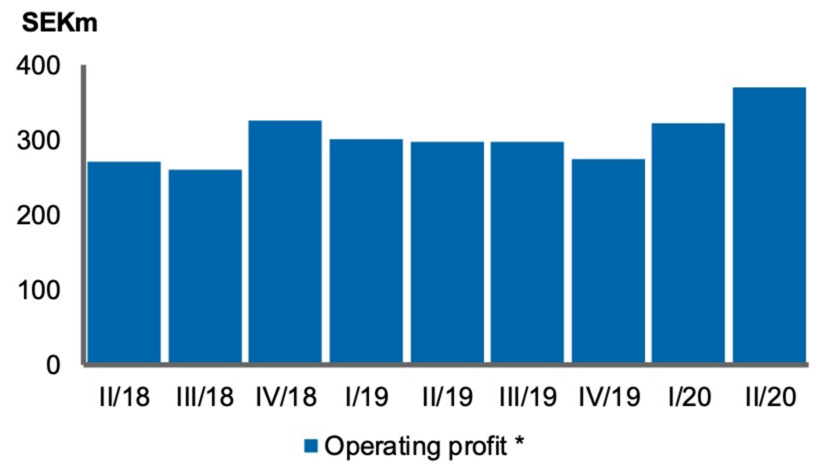
Source: Holmen

HOLMEN

Forest financials

- Q2 SEKm 370 (Q1: 322)
  - Sale of forest holdings
- YTD SEKm 692 (PY: 600)
  - Higher change in value of forests
  - 5% lower selling prices
  - Sale of forest holdings





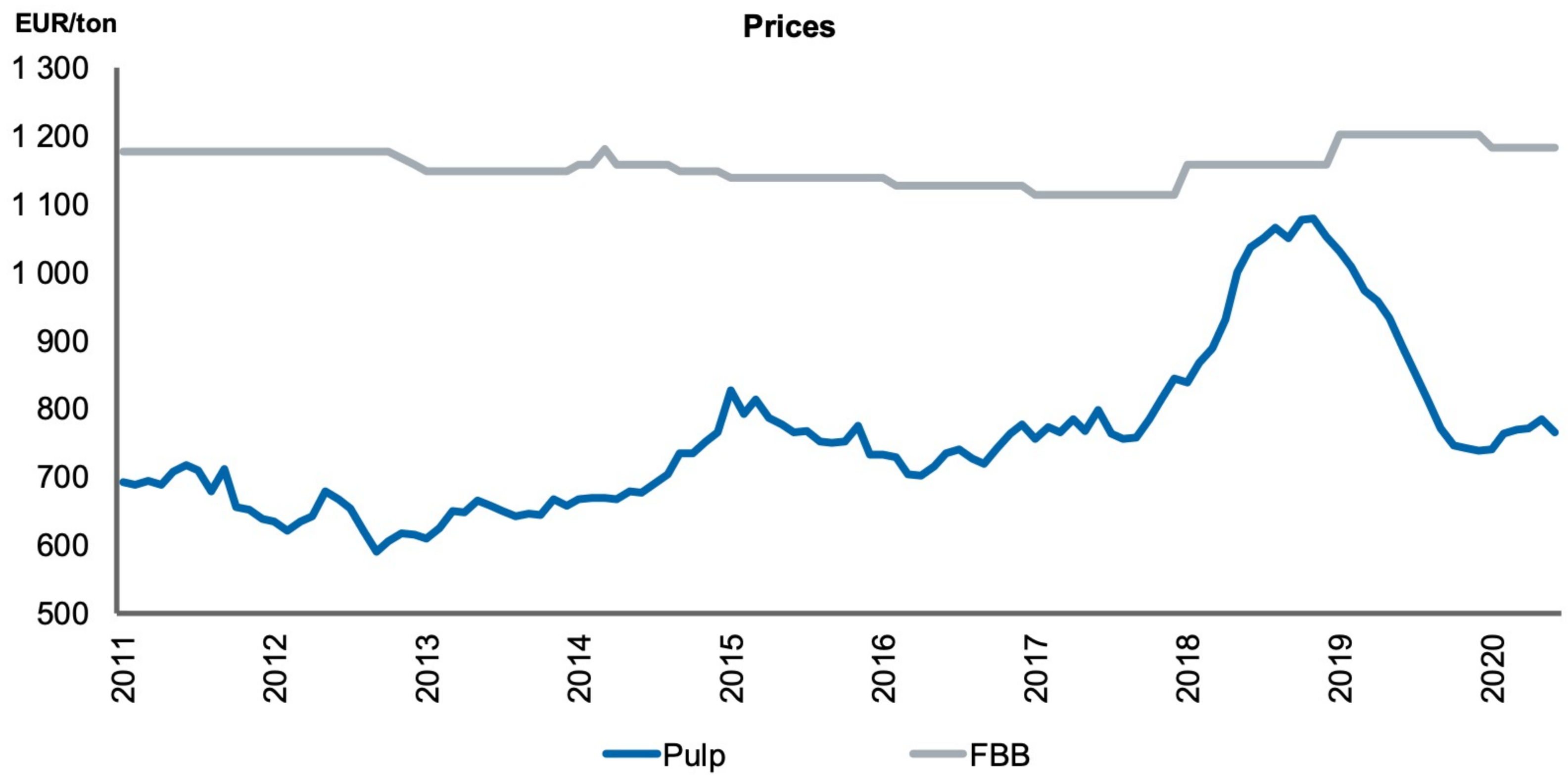
*Excl. items affecting comparability

Paperboard

550 kton per year

HOLMEN

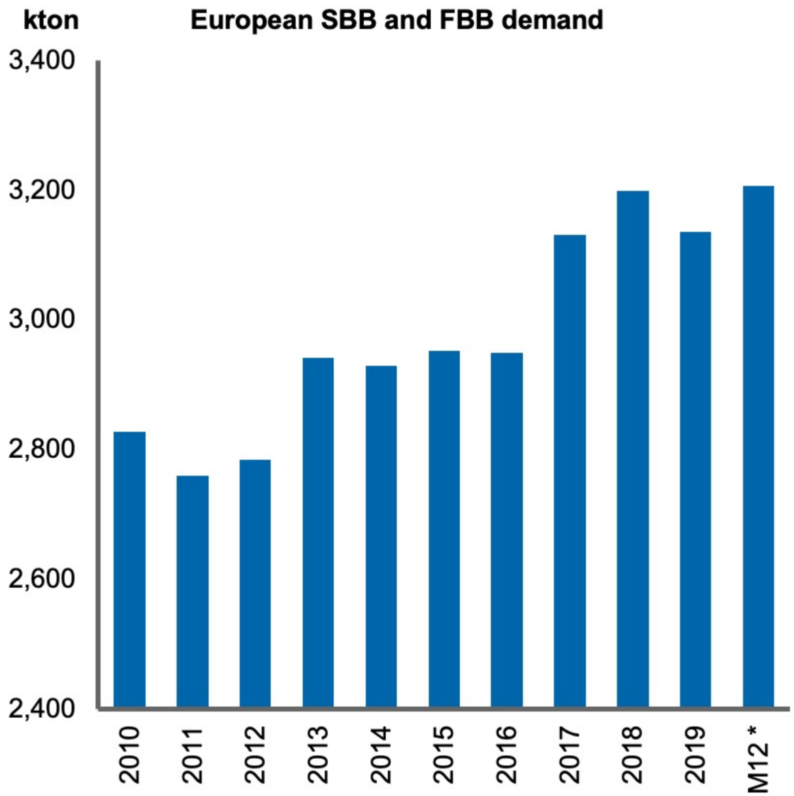
Stable board prices

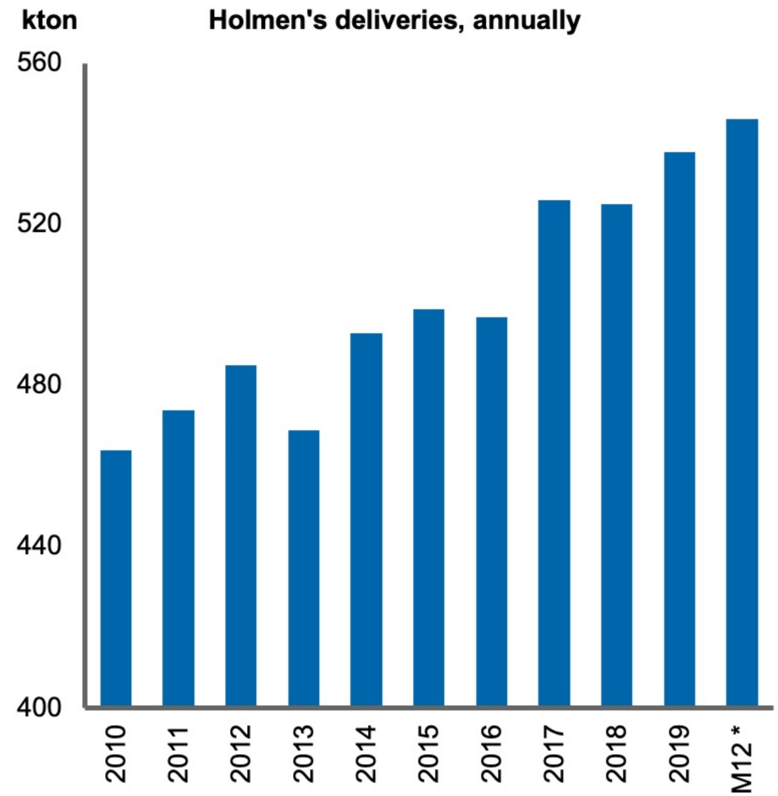


Source: RISI, FOEX and CEPI

HOLMEN

Solid demand development





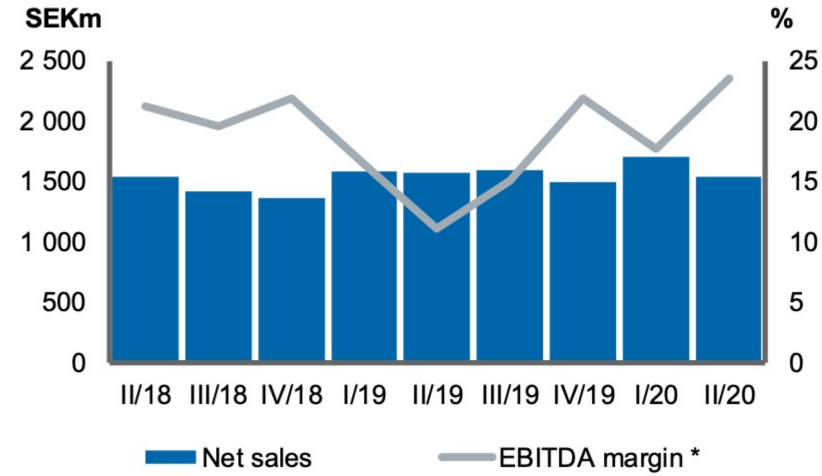
* Q3-19 – Q2-20

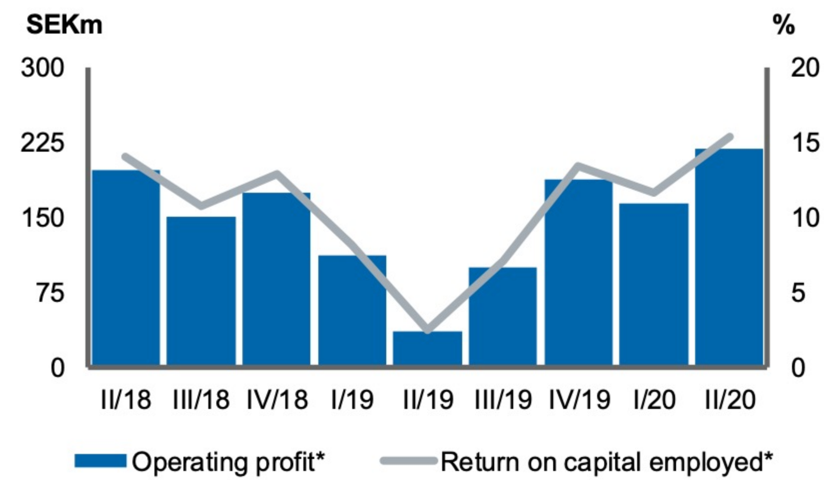
Source: Holmen

HOLMEN

Paperboard financials

- Q2 SEKm 218 (Q1: 163)
  - Good product mix
  - Slightly lower costs
- YTD SEKm 381 (PY: 148)
  - Lower production costs
  - Higher deliveries
  - Better product mix
  - Maintenance stop in 2019
- Upcoming maintenance stops
  - Q4 SEKm 120





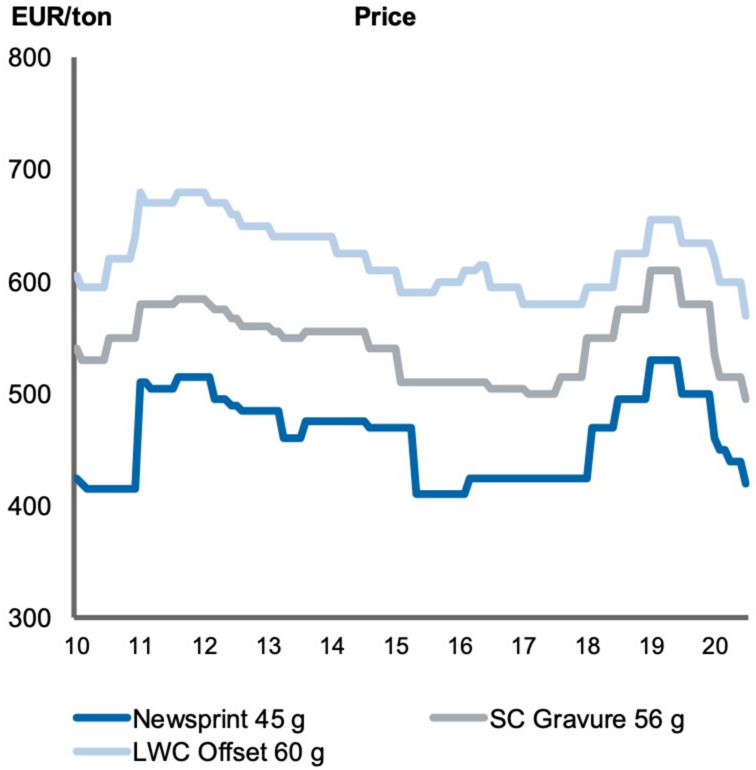
*Excl. items affecting comparability

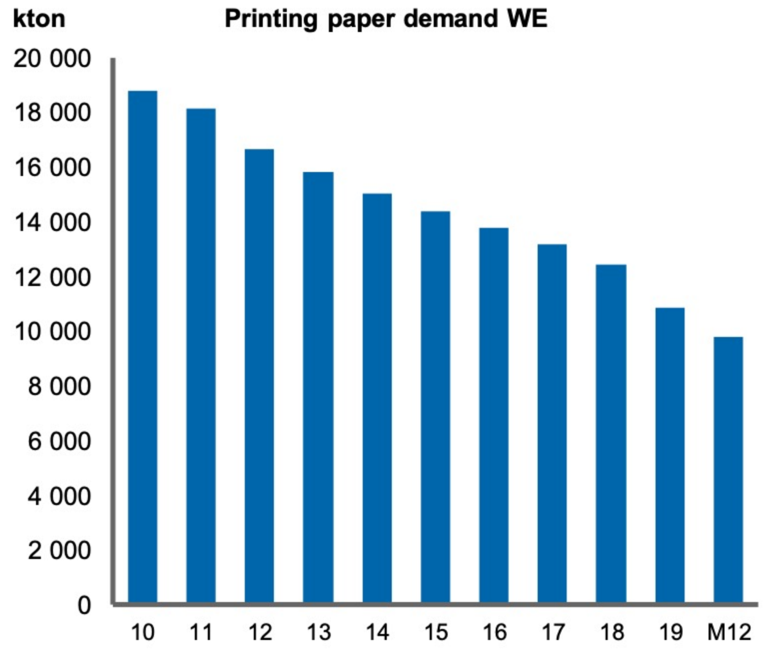
Paper

1.1 million tonnes per year

30% drop in demand

Prices under pressure

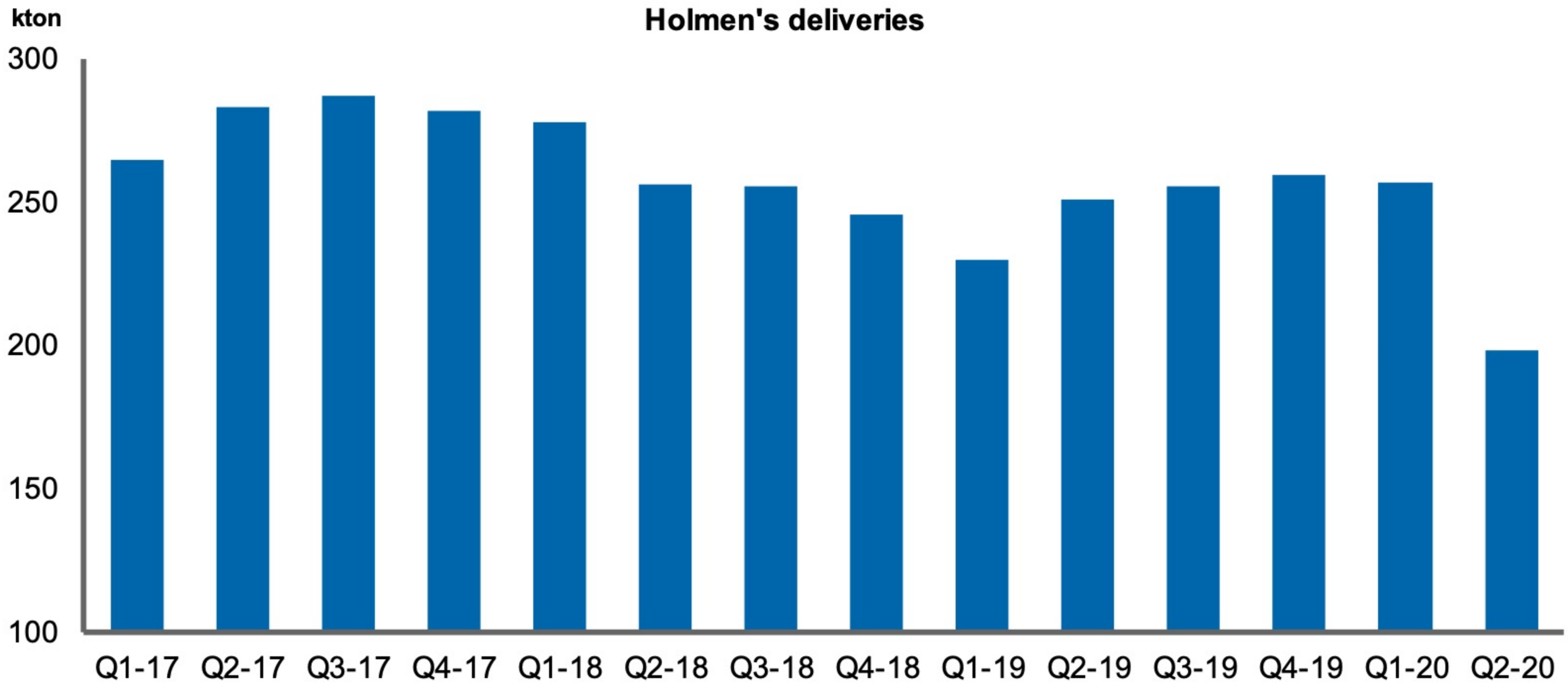




Source: RISI, FOEX, PPPC, Euro-Graph

Significant production curtailments in Q2

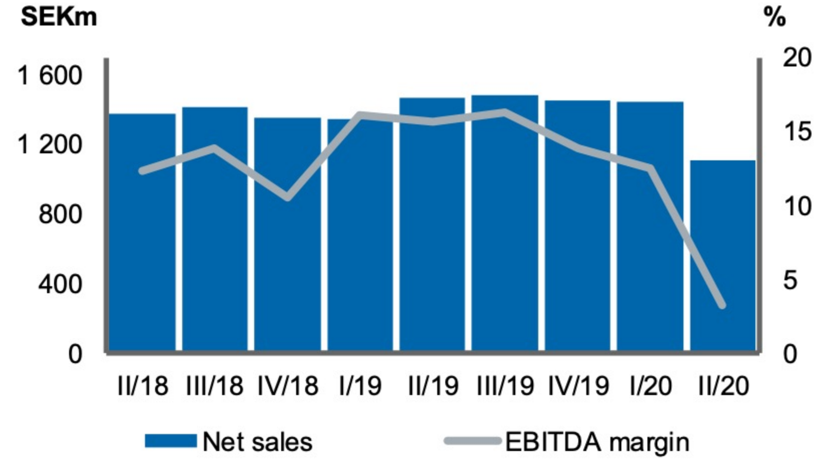
Keeping inventories under control

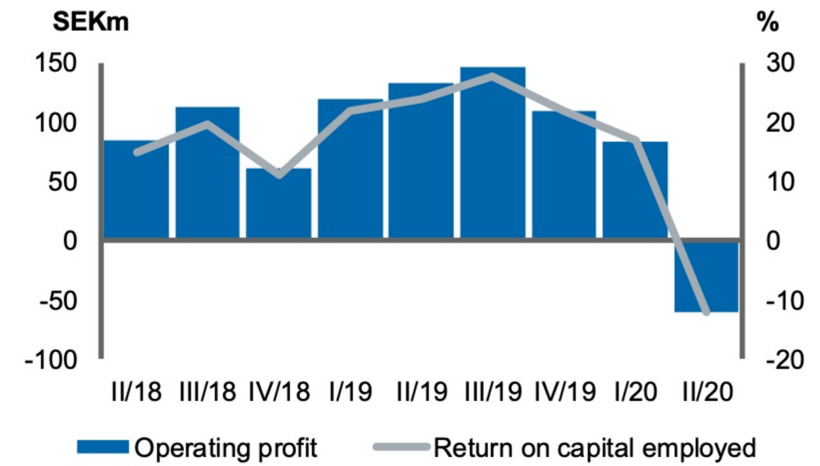


Source: Holmen

Paper financials

- Q2 SEKm -60 (Q1: 83)
  - Lower deliveries
  - Production curtailments
  - Maintenance stop SEKm 30
- YTD SEKm 23 (PY: 253)
  - Lower prices
  - Production curtailments in Q2





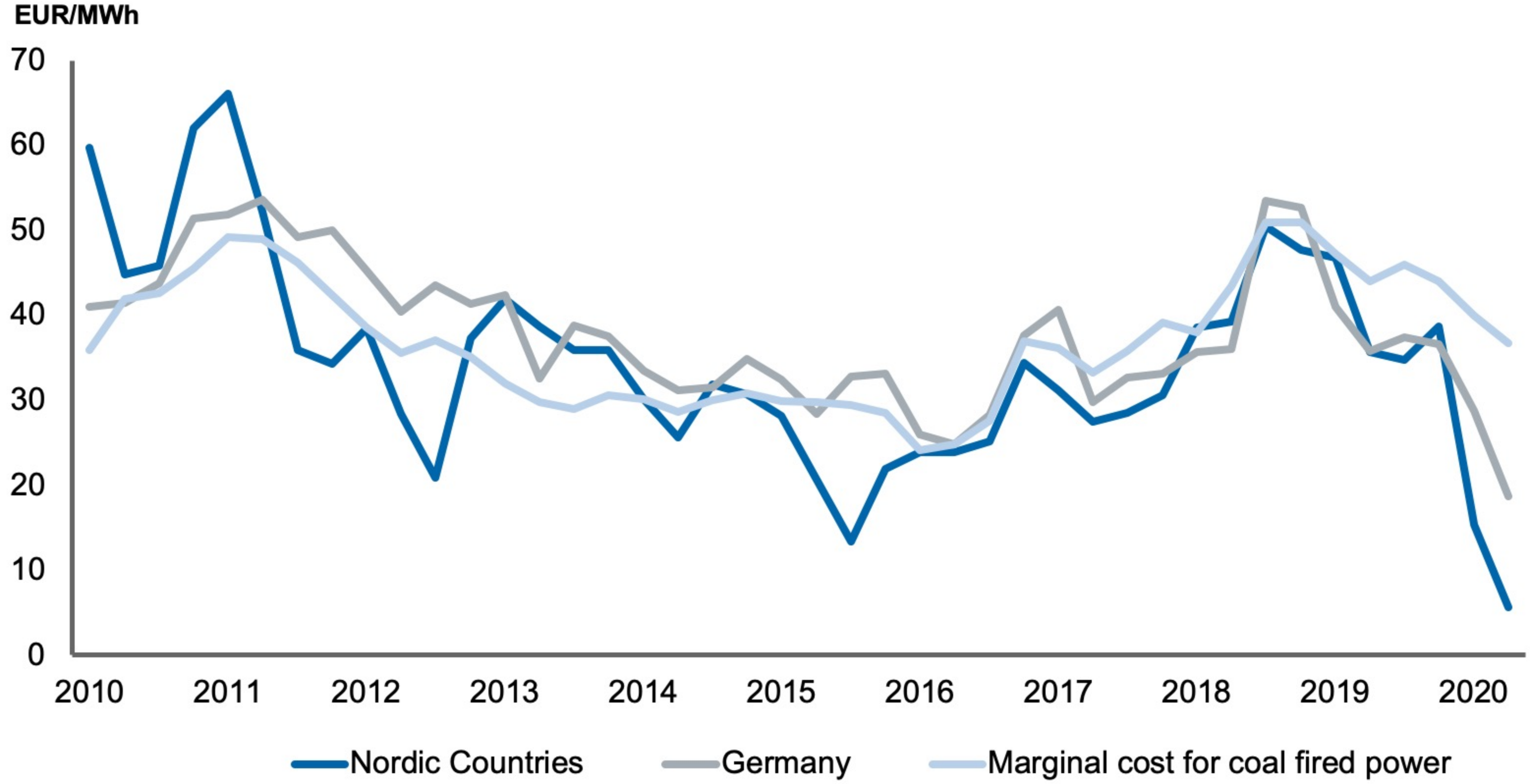
Renewable Energy

1.2 TWh hydro & wind power

HOLMEN

Low Nordic electricity prices

Ample supply and low demand

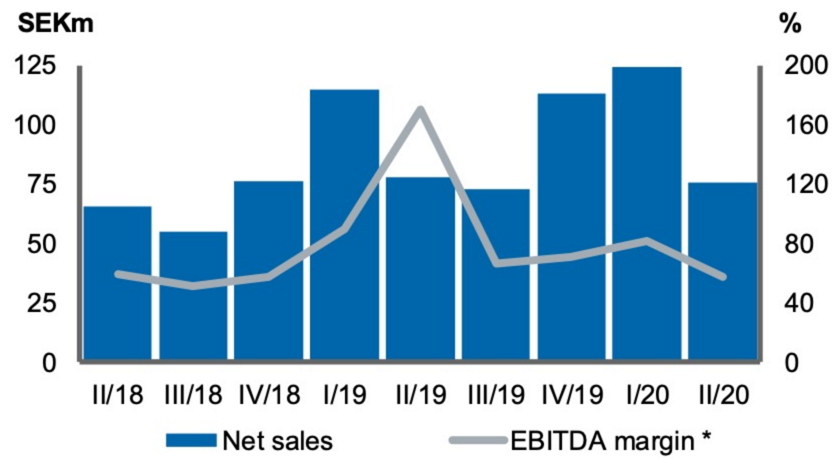


Source: Marcobond, Holmen's own calulation for marginal coal fierd power

HOLMEN

Renewable Energy financials

- Q2 SEKm 37 (Q1: 95)
  - Lower prices
  - Seasonally lower production
- YTD SEKm 132 (PY: 222)
  - Higher production
  - Lower prices
  - Gain from sale of wind farm 2019
    - SEKm 80



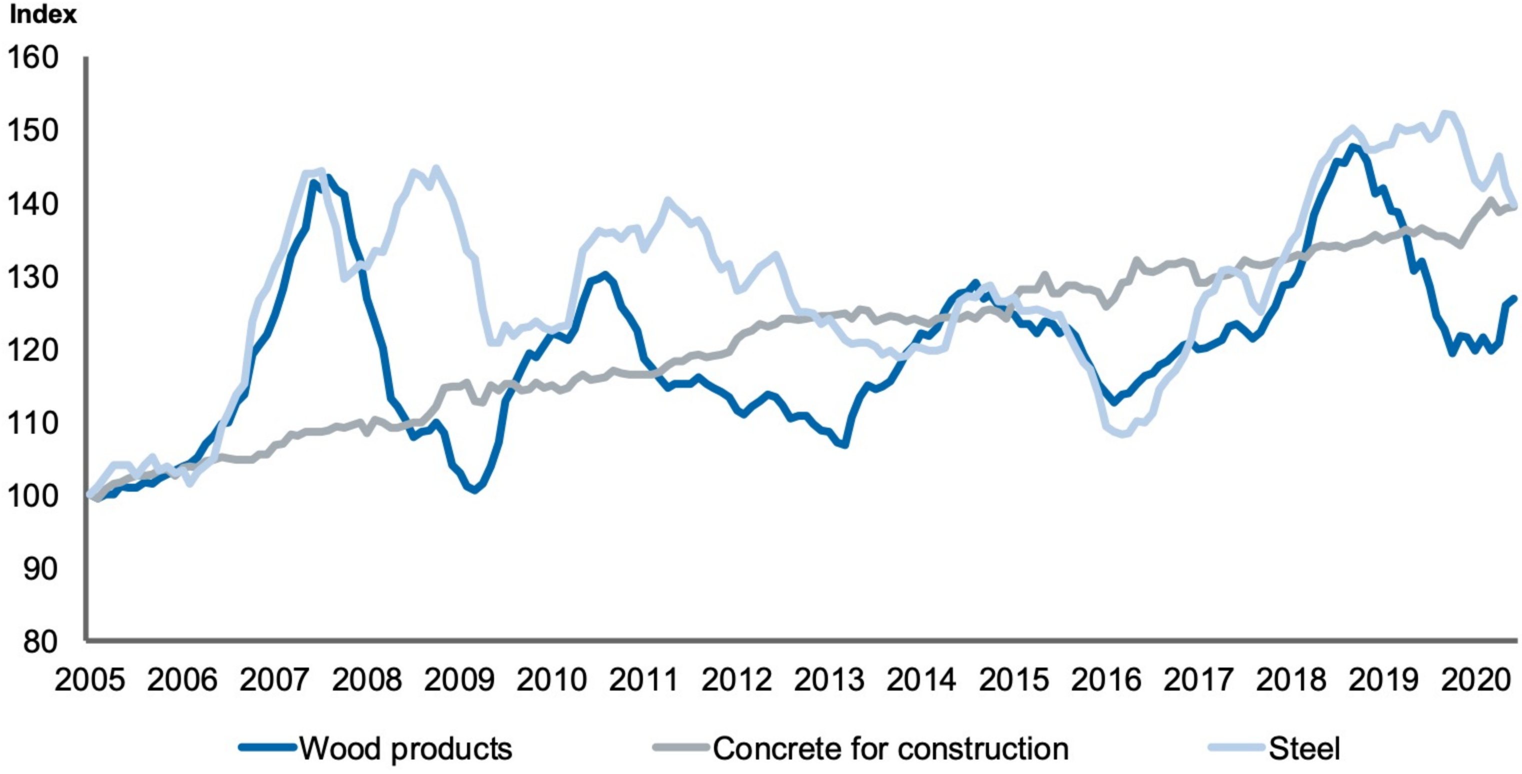
*Excl. items affecting comparability

Wood Products

900 km³ per year

HOLMEN

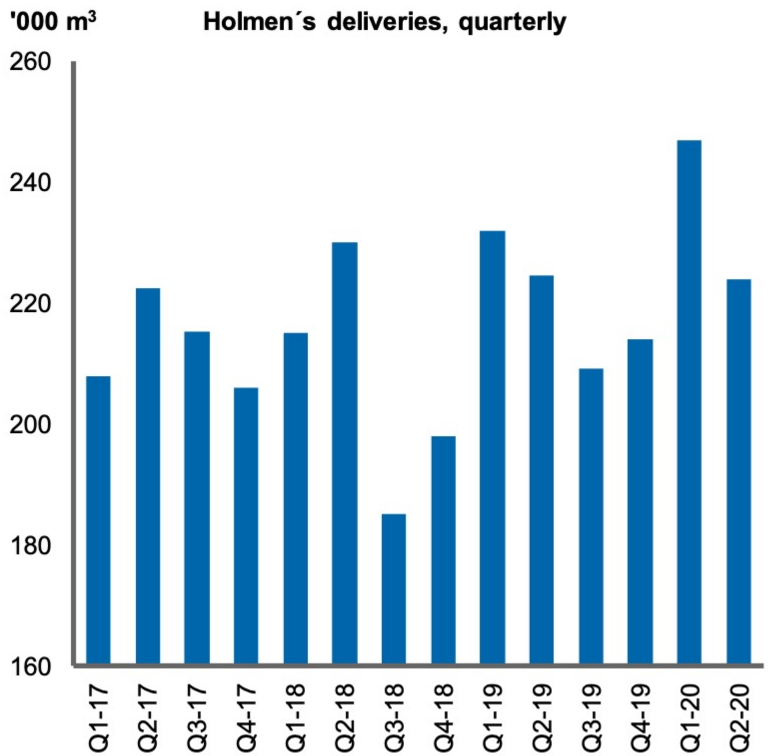
Price increases in Q2

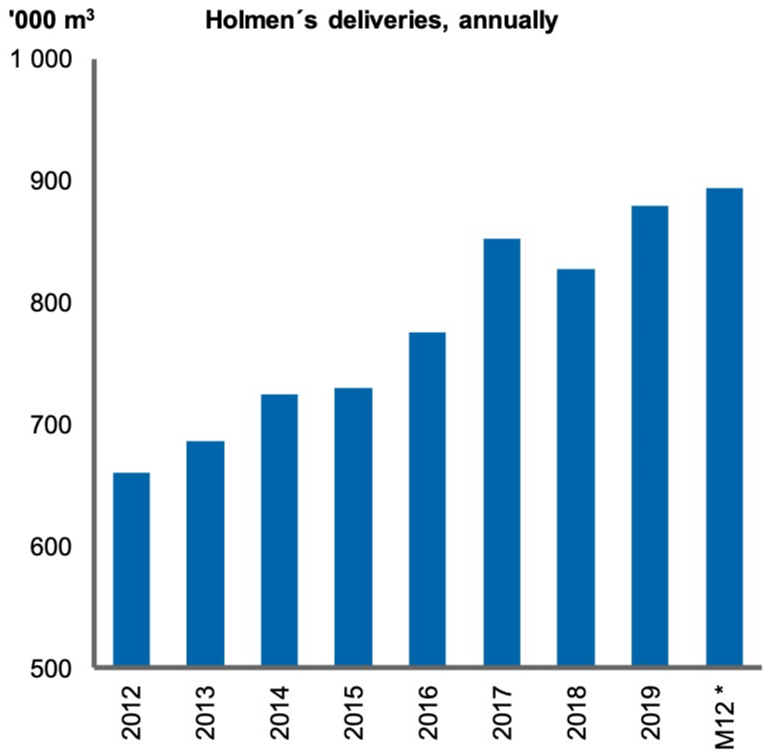


Source: Wood products: Skogsindustrierna, export statistics recalculated to local currency (Holmen's calculations); Concrete & Steel: Macrobond statistics for Europe

HOLMEN

Healthy market balance



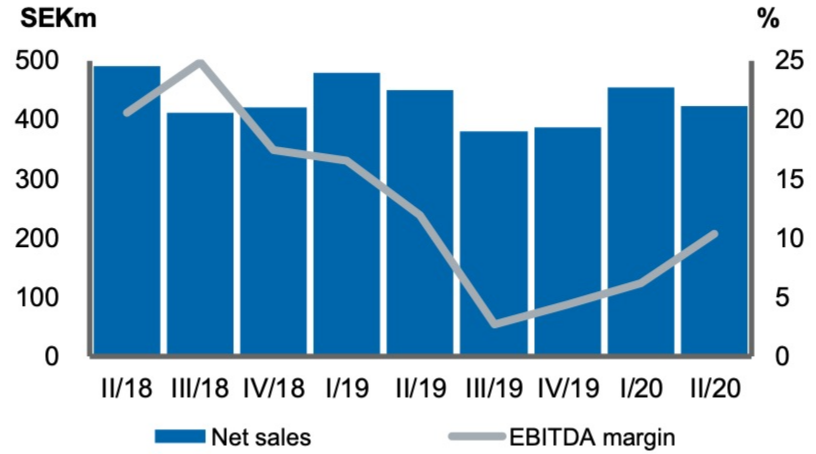


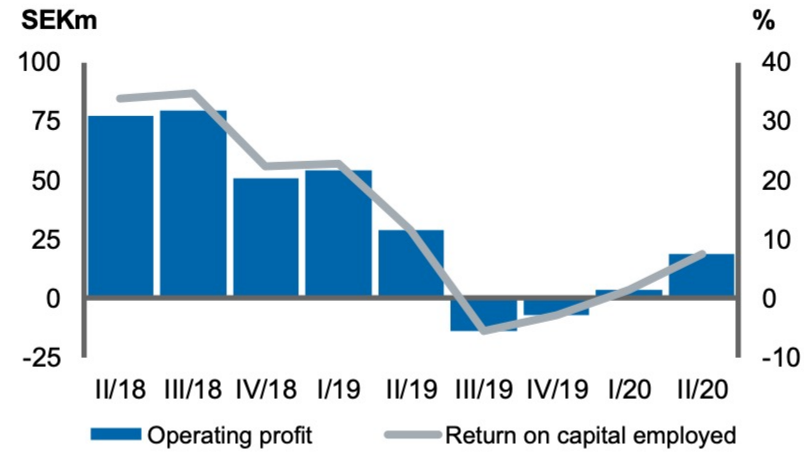
* Q3-19 – Q2-20

Source: Holmen

Wood Products financials

- Q2 SEKm 19 (Q1: 4)
  - Slightly higher prices
  - Good product mix
- YTD SEKm 22 (PY: 83)
  - Lower selling prices
  - Slightly lower log costs



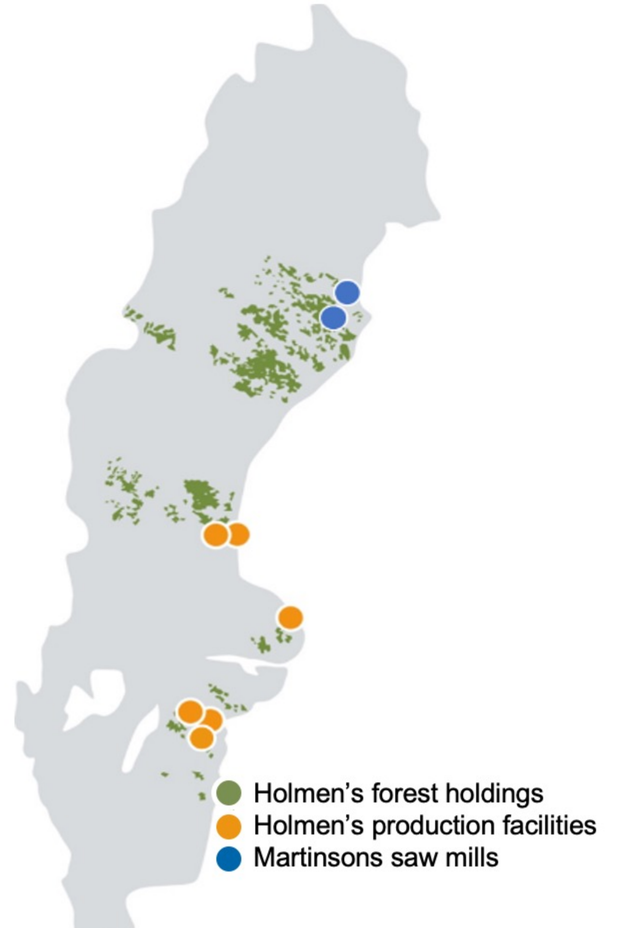


HOLMEN

Martinsons – a forerunner in wood construction

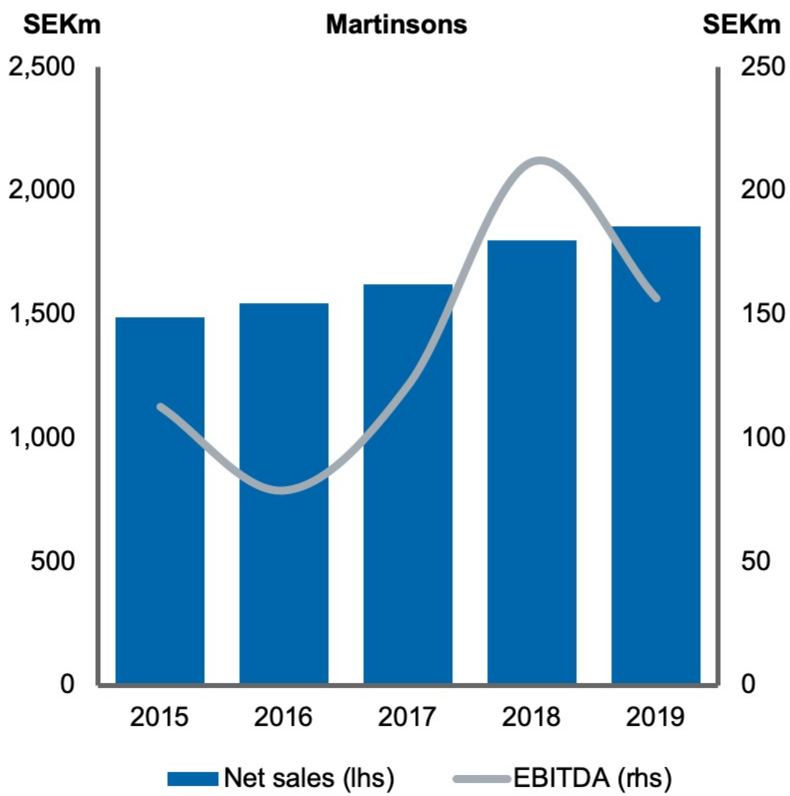
Integrates our forest with own industry

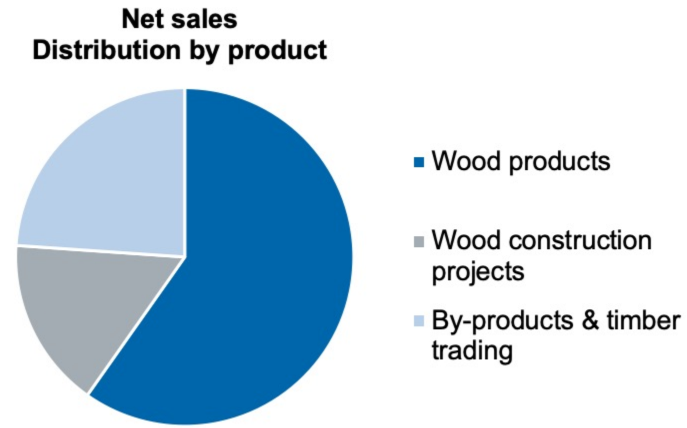
- Well invested saw mills
  - 500 000 m^3 run rate with 20% growth potential
- Extensive refinement facilities
  - CLT, glulam beams, painting, finger jointing etc
- Building systems
  - Complete wooden frames for offices, sport centres and apartment buildings
- Acquires 100% of shares for SEKbn 1.0
  - Closing in Q4

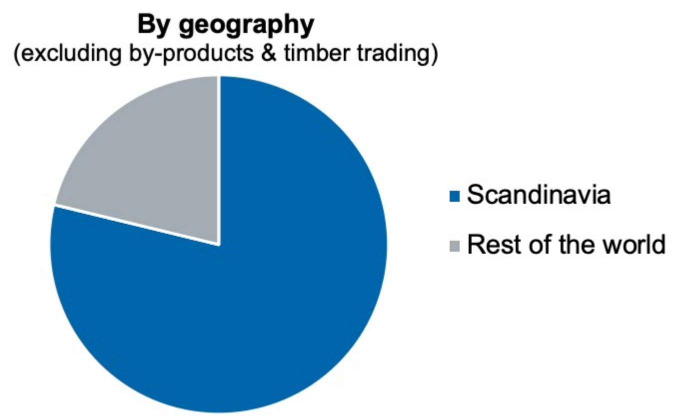


Growing business with healthy margins

Focused on Scandinavia







HOLMEN

Another step in growing our sustainable business

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


Ambition to grow the value
of the forest and industry