

Year-end report 2010

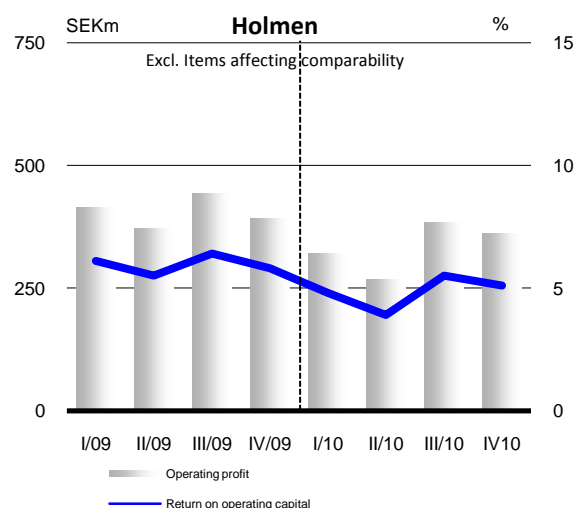
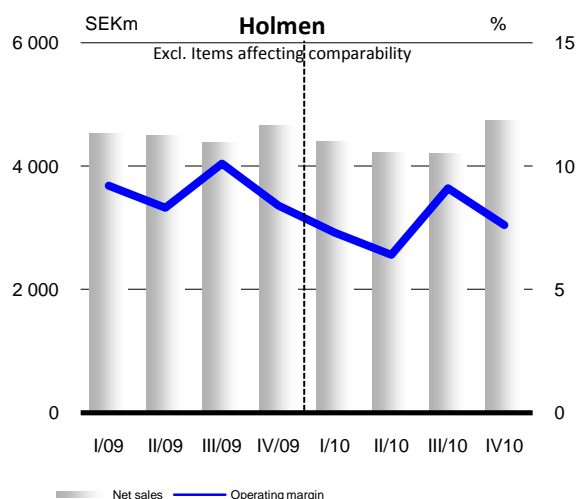
MSEK	4-10	Quarter 3-10	4-09	Full Year 2010	2009
Net turnover	4 747	4 205	4 659	17 581	18 071
Operating profit	625	383	392	1 596	1 620
Operating profit excl. items affecting comp. *	361	383	392	1 332	1 620
Profit after tax	176	216	225	704	1 006
Earnings per share, SEK	2.1	2.6	2.7	8.4	12.0
Return on equity, %	4.2	5.2	5.5	4.2	6.4

* The results for the fourth quarter of 2010 include items affecting comparability in the amount of SEK +264 million, arising from revaluation of forest (SEK +1 050), as well as an impairment loss and provisions (totalling SEK -786 million) within Holmen Paper.

- Profit after tax for 2010 was SEK 704 million (2009: SEK 1 006 million).
- Earnings per share amounted to SEK 8.4 (12.0). The return on equity was 4.2 per cent (6.4).
- The Board of Directors proposes a dividend of SEK 7 (7) per share.
- Operating profit amounted to SEK 1 596 million (1 620). The result includes SEK 264 million in items affecting comparability from a revaluation of forest (SEK +1 050 million), as well as an impairment loss and provisions within Holmen Paper (SEK -786 million).

Operating profit, excluding items affecting comparability, totalled SEK 1 332 million (1 620). Holmen Paper's profit declined considerably as a result of lower newsprint prices and higher fibre costs. Profitability in other parts of the Group improved. Compared to the third quarter, operating profit excluding items affecting comparability decreased by SEK 22 million to SEK 361 million.

- Demand for newsprint in the quarter was somewhat higher than in 2009. Current price negotiations are expected to lead to substantial price increases during 2011. The virgin fibre board market was robust and deliveries to Europe increased by 8 per cent during the year.
- Decision has been made to close the smaller paper machine in Madrid.



Holmen Paper SEKm	Quarter			Full year	
	4-10	3-10	4-09	2010	2009
Net sales	2 223	1 982	2 310	8 142	9 303
Operating costs	-2 157	-1 901	-2 126	-7 913	-8 084
Depreciation and amortisation according to plan	-207	-210	-218	-847	-878
Items affecting comparability*	-786	-	-	-786	-
Operating profit	-927	-129	-34	-1 404	340
<i>Operating profit excl. items affecting comp.</i>	<i>-141</i>	-129	-34	<i>-618</i>	340
Investments	45	80	94	211	287
Operating capital	6 954	7 909	8 789	6 954	8 789
Operating margin, % **	-6	-7	-2	-8	4
Return on operating capital, % **	-8	-6	-2	-8	4
Production, '000 tonnes	452	413	437	1 713	1 715
Deliveries, '000 tonnes	467	425	456	1 732	1 745

* Items affecting comparability refers to impairment of fixed assets (SEK -555 million) and provisions for restructuring (SEK -231million)

** Excl. Items affecting comparability.

Demand for newsprint in Europe in the fourth quarter was slightly higher than in 2009. Over the full year 2010 deliveries increased by 2 per cent. During the year, imports from North America fell and European exports to Asia rose; as a result, capacity utilisation at European producers was high towards year-end. Prices in Europe were significantly lower than in the preceding year. Price negotiations for 2011 are in progress and are expected to lead to substantial increases.

Deliveries by Holmen Paper fell by 1 per cent to 1 732 000 tonnes, compared to 2009. MF Magazine and book paper increased by 72 000 tonnes, while newsprint declined. Compared to the third quarter, total deliveries rose by 10 per cent.

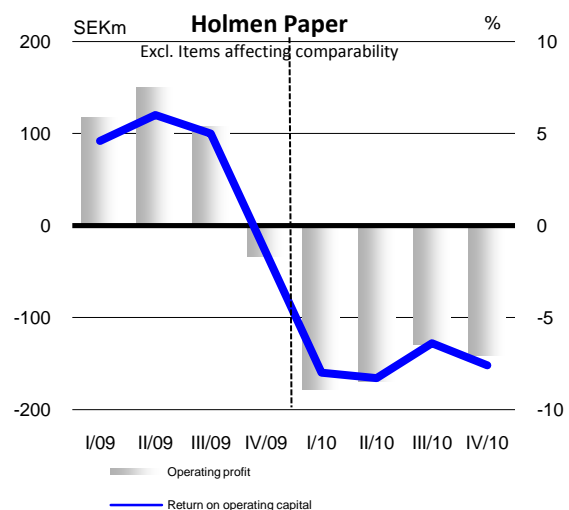
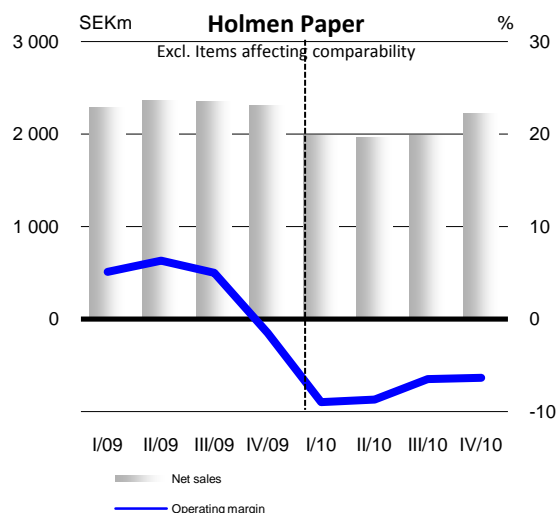
The operating result for 2010 was a deficit of SEK -1 404 million (2009: profit of SEK 340 million). The operating deficit includes SEK -786 million in items affecting comparability from an impairment loss on tangible fixed assets in Spain (SEK -555 million) and restructuring costs (SEK -231 million).

The operating deficit, excluding items affecting comparability, totalled SEK -618 million (340). The

deterioration was attributable above all to lower selling prices. High prices for recovered paper and pulp also had an negative impact.

Relative to the third quarter, operating profit excluding items affecting comparability fell by SEK 12 million to SEK -141 million. Personnel and maintenance costs showed a seasonal increase. Deliveries rose and production capacity was used to its full extent during the quarter, which impacted favourably on earnings.

Holmen's Board of Directors have today decided to shut down the smaller paper machine in Madrid. This corresponds to just under 10 per cent of production capacity for the business area. Approximately 170 employees will be affected. Following this action, the mill will have a capacity of 330 000 tonnes of newsprint from one machine. The cost of shutting down the machine is recognised as an item affecting comparability in the results for the fourth quarter, along with costs associated with personnel cutbacks at Hallsta Paper Mill.



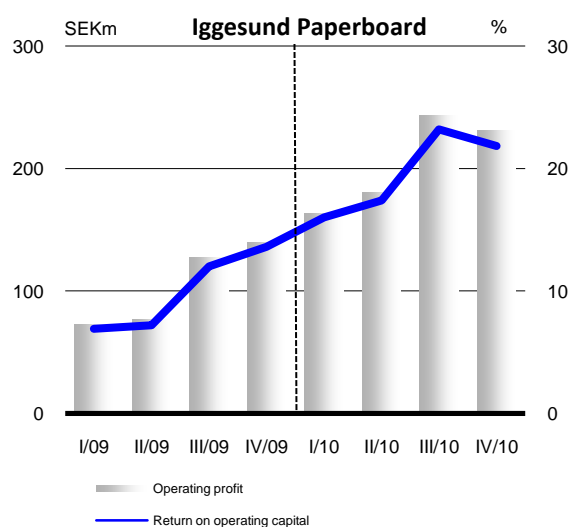
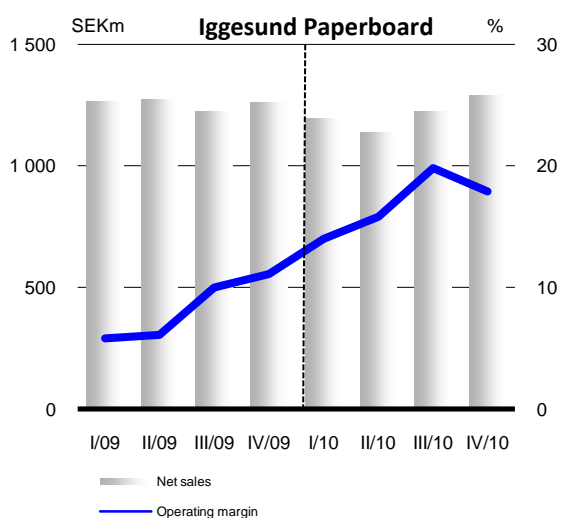
Iggesund Paperboard SEKm	Quarter			Full year	
	4-10	3-10	4-09	2010	2009
Net sales	1 291	1 225	1 260	4 849	5 023
Operating costs	-978	-898	-1 027	-3 708	-4 244
Depreciation and amortisation according to plan	-82	-84	-93	-324	-361
Operating profit	231	243	140	817	419
Investments	264	65	75	521	260
Operating capital	4 313	4 141	4 114	4 313	4 114
Operating margin, %	18	20	11	17	8
Return on operating capital, %	22	23	14	20	10
Production, paperboard, '000 tonnes	117	126	118	463	471
Deliveries, paperboard, '000 tonnes	121	118	123	464	477

The market for virgin fibre board remained good in the fourth quarter. Demand in Europe was 8 per cent higher than last year. Price increases were implemented during the year.

Iggesund Paperboard's deliveries amounted to 464 000 tonnes, which was somewhat lower than in 2009. The strike at Iggesund Mill in the second quarter and the shutdown of board machine BM 1 at Workington Mill in December 2009 had a negative effect. Deliveries were 3 per cent higher than in the third quarter.

Iggesund Paperboard's operating profit amounted to SEK 817 million (419). An improved sales mix, higher prices and high productivity boosted the result. Staff and maintenance costs has been reduced after the board machine was shut down at Workington Mill.

Relative to the third quarter, operating profit fell by SEK 12 million to SEK 231 million. Staff costs rose seasonally and maintenance costs were high. Implemented price increases had a favourable impact. Fourth quarter results include SEK 25 million in positive inventory effects.



Holmen Timber SEKm	Quarter			Full year	
	4-10	3-10	4-09	2010	2009
Net sales	147	162	155	586	553
Operating costs	-147	-146	-129	-537	-501
Depreciation and amortisation according to plan	-7	-7	-7	-29	-31
Operating profit	-6	8	19	20	21
Investments	248	212	69	800	110
Operating capital	1 192	972	396	1 192	396
Operating margin, %	-4	5	12	4	4
Return on operating capital, %	-2	4	21	3	6
Production, '000 m ³	72	70	76	285	291
Deliveries, '000 m ³	74	77	76	285	313

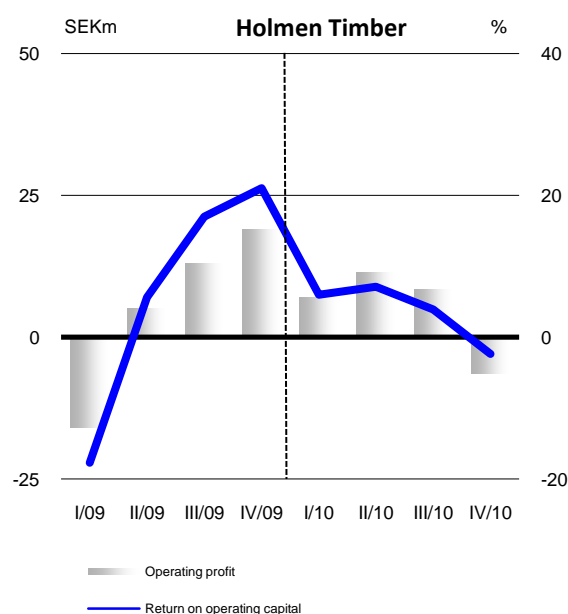
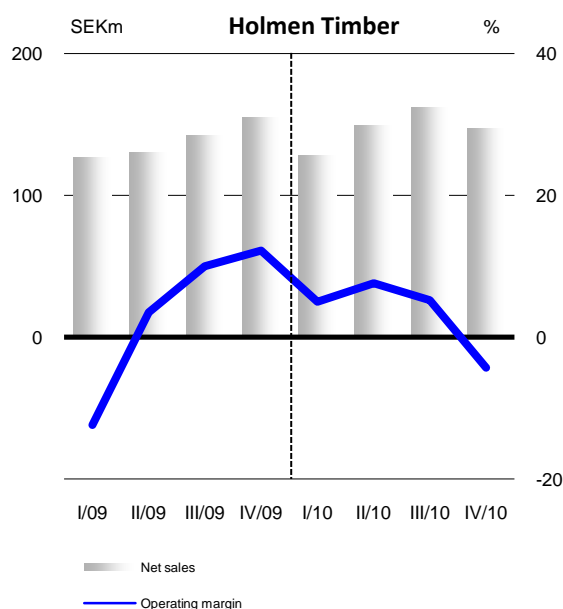
The market for sawn timber declined, reflecting a higher level of supply. Selling prices remained largely unchanged during the quarter, but new contracts are subject to price pressure.

Holmen Timber's deliveries in 2010 totalled 285 000 cubic metres, 9 per cent lower than in the preceding year. After a weak start to the year, partly due to the harsh winter, deliveries has risen and was on a normal level in the fourth quarter.

Operating profit amounted to SEK 20 million (21), and was affected by higher sales prices while higher raw material prices had the opposite effect. The figure includes costs of SEK 28 million for Braviken Sawmill.

Compared with the third quarter, operating profit was down by SEK 14 million, resulting in a deficit of SEK 6 million. The poorer result was due to seasonally higher personnel costs along with higher costs for Braviken Sawmill, SEK 14 million (7).

Production began at Braviken Sawmill in January 2011. In the first year, production is estimated at 300 000 cubic metres, then will gradually rise to 550 000 cubic metres in 2013. The sawmill is designed to be able to produce 750 000 cubic metres. This will require extra investment in expanded drying and planing capacity.



Holmen Skog SEKm	Quarter			Full year	
	4-10	3-10	4-09	2010	2009
Net sales	1 456	1 281	1 306	5 585	4 799
Operating costs	-1 245	-1 110	-1 083	-4 791	-4 184
Depreciation and amortisation according to plan	-10	-6	-9	-28	-27
Earnings from operations	200	165	214	766	589
Change in value of forests	3	47	-35	52	16
Items affecting comparability*	1 050	-	-	1 050	-
Operating profit	1 253	212	179	1 868	605
<i>Operating profit excl. items affecting comp.</i>	203	212	179	818	605
Investments	-8	7	54	-3	69
Operating capital	12 597	11 511	11 384	12 597	11 384
Return on operating capital, %**	7	7	6	7	5
Harvesting company forests, '000 m ³	762	711	859	2 999	2 897

* Items affecting comparability refers to revaluation of forest due to changed assumptions about timber prices.

** Based on earnings from operations.

Demand for timber and pulpwood in Sweden remained strong in the fourth quarter. Following a sharp upswing in 2009–2010, timber prices fell back slightly from high levels. Price increases for pulpwood were announced at year-end.

Operating profit for Holmen Skog amounted to SEK 1 868 million (605). This includes SEK 1 102 million (16) from a change in the value of forests; which is recognised at fair value in accordance with IAS 41. SEK 1 050 million is due to a close to 4 per cent increase in future wood prices used in the valuation. The long-term level of prices assumed in the valuation is, taking this into account, slightly more than 10 per cent lower than prevailing market prices for wood.

Earnings from operations (profit before changes in the value of forests) rose by SEK 178 million to SEK 766 million, as a result of higher prices and a high level of harvesting.

Relative to the third quarter, earnings from operations rose by SEK 35 million to SEK 200 million. The change is mainly due to seasonally lower costs for silviculture and higher wood prices.

Holmen Energi SEKm	Quarter			Full year	
	4-10	3-10	4-09	2010	2009
Net sales	556	419	465	1 932	1 628
Operating costs	-423	-317	-320	-1 416	-1 194
Depreciation and amortisation according to plan	-5	-5	-7	-21	-21
Operating profit	127	96	138	495	414
Investments	38	10	19	65	88
Operating capital	3 235	3 223	3 207	3 235	3 207
Return on operating capital, %	16	12	17	15	13
Production of hydro power, GWh	299	268	355	1 145	1 090

Operating profit for Holmen Energi amounted to SEK 495 million (414). The increase is attributable to high electricity prices and 5 per cent higher production than in the preceding year. Production over the whole year was 3 per cent higher than in a normal year.

Compared to the third quarter, operating profit rose by SEK 31 million to SEK 127 million, mainly as a result of higher prices. Production increased because of seasonal factors, but was somewhat lower than normal for the time of year.

The levels in Holmen's water storage reservoirs were below normal at year-end.

Items affecting comparability

In the fourth quarter, items affecting comparability affected the Group's pre-tax profit by SEK 264 million net, and profit after tax by SEK -12 million.

Revaluation of forest to reflect changes in price assumptions affected operating profit in the amount of SEK +1 050 million. Impairment losses of SEK -555 million were applied to property, plant and equipment in Holmen Paper's Spanish business as a result of the shutdown of the smaller of the two paper machines in the mill. Restructuring costs at Holmen Paper were charged to operating profit in the amount of SEK -231 million.

Revaluation of forest led to an increase of SEK 276 million in the deferred tax liability, which is recognised as a tax expense in the fourth quarter. No deferred tax asset relating to the impairment loss on non-current assets in Spain is recognised.

Net financial items and financing

Net financial items for 2010 amounted to SEK -208 million (-255). During the year, interest expense of SEK 24 million (1) was capitalised in connection with major investment projects, reducing the recognised interest expense. The net liability for the Group was on average lower than in the preceding year, while the cost of borrowing was higher, at 3.9 per cent (3.5).

Cash flow from operating activities totalled SEK 1 523 million. This includes SEK -611 million relating to a tax dispute (see below). The cash flow from investing activities was SEK -1 597 million. A dividend of SEK 588 million was paid to shareholders.

During the year, the Group's net financial debt increased by SEK 89 million to SEK 5 772 million at year-end. The debt/equity ratio was 0.34 and the equity/assets ratio 51 per cent. Financial liabilities including pension provisions totalled SEK 6 227 million, of which SEK 2 349 million were current liabilities. Cash, cash equivalents and financial receivables totalled SEK 454 million. In January 2011, a new five-year credit facility totalling EUR 400 million (SEK 3 600 million) was entered into with a group of ten banks. The facility replaces an existing one totalling EUR 600 million, originally to mature in 2012. The Group thereafter has unused long-term contractually agreed credit facilities of SEK 5 474 million, maturing in 2016–2017.

At year-end 2010, Standard & Poor's changed the outlook for Holmen's long-term credit rating of BBB from negative to stable. The short-term rating was raised from A3/K2 to A2/K2.

Equity

In 2010, the Group's equity increased by SEK 408 million to SEK 16 913 million. Profit for the

period totalled SEK 704 million. The dividend paid was SEK 588 million. In addition, other comprehensive income totalled SEK 292 million. This is mainly attributable to the fact that strengthening of the Swedish krona had a positive effect on the fair value of outstanding transaction hedges.

Tax

Recognised tax for 2010 was SEK -684 million. Recognised tax corresponded to 49 per cent of profit before tax, which is considerably higher than normal. This was due to the negative result and impairment losses for the Spanish business, for which no tax receivable has been recognised.

MoDo Capital AB, a Holmen subsidiary, has appealed against the judgment that the Stockholm County Administrative Court issued in January 2010 regarding depreciation deduction. Holmen has already made provision for any costs and the judgment has not therefore affected profit, although it did result in a tax payment of SEK 611 million that affected cash flow.

Hedging exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for 2010 includes currency hedges of SEK 227 million (-408).

Of the Group's estimated net flows in euro for 2011, at year-end 2010 about 75 per cent was hedged at an exchange rate of SEK 10.6, and for 2012 about 20 per cent was hedged at an exchange rate of SEK 10.5. Four months' estimated flows in dollars were hedged at an exchange rate of SEK 7.0. The fair value of currency hedges not yet recognised in profit/loss amounted to SEK 612 million at year-end.

For the 2011–2012 period, 85 per cent of the price of the Group's estimated net consumption of electricity in Sweden has been hedged, while approximately 80 per cent has been hedged for the 2013–2015 period. In December, Holmen signed a new agreement on electricity supplies for the period 2016–2021. Under the agreement, Holmen will annually buy some 0.9 TWh of electricity, corresponding to around 30 per cent of Holmen's net consumption in Sweden.

Capital expenditure

Cash flow from investing activities in 2010 was SEK -1 597 million (-818). Scheduled depreciation and amortisation totalled SEK 1 251 million (1 320). The majority of the investments were in the new sawmill at Braviken and in a new recovery boiler and turbine at Iggesund Mill.

Personnel

The average number of employees (full-time equivalents) in the Group was 4 241 (4 577). The reduction was attributable to staff cuts at Holmen Paper and to shutting down board machine BM 1 at Workington Mill.

Share buy-backs

At the 2010 AGM, the Board had its authorisation renewed to make decisions on buying back up to 10 per cent of all the company's shares. No buy-backs took place during the year. The company already owns the 0.9 per cent of the shares necessary to secure the company's commitments pursuant to the call option scheme for employees.

The Board proposes that the AGM to be held on 30 March 2011 authorises the Board to buy back and transfer up to 10 per cent of all the company's shares.

Dividend

The Board proposes that the AGM to be held on 30 March 2011 resolves in favour of paying a dividend of SEK 7 (7) per share, corresponding to 3.5 per cent of shareholders' equity. The dividend proposal is based on an appraisal of the Group's profitability, future investment plans and financial position. The proposed record date for dividend is 4 April 2011.

Nomination committee proposals to the 2011 AGM

Holmen's nomination committee proposes the re-election of these board members: Fredrik Lundberg (who is also proposed for re-election as Chairman of the Board), Carl Bennet, Magnus Hall, Carl Kempe, Hans Larsson, Louise Lindh, Ulf Lundahl and Göran Lundin. Curt Källströmer has declined re-election.

The nomination committee also proposes that the AGM elects Lars G Josefsson as a new board member. Lars G Josefsson was born in 1950 and has an M.Sc. in Engineering. He previously held the position of President and CEO of Vattenfall and is a board member of, amongst others, Robert Bosch GmbH and Eskom Holdings Ltd as well as a member of The Royal Swedish Academy of Engineering Sciences.

The nomination committee's other proposals will be presented in the notice to the AGM.

For the period until the 2011 AGM, Holmen's nomination committee consists of: Mats Guldbrand, L E Lundbergföretagen; Johan Kempff, Kempe Foundations; Håkan Sandberg, Handelsbanken incl. pension fund; and Fredrik Lundberg, Chairman of the

Board. The chairman of the nomination committee is Mats Guldbrand.

Material risks and uncertainties

The Group's and the parent company's material risks and uncertainties relate primarily to changes in demand and the prices of its products, the cost of important input goods, and to changes in exchange rates. For a more detailed description of material risks and uncertainties, see pages 47–48 and Note 27 in Holmen's annual report for 2009.

Transactions with closely related parties

There were no transactions between Holmen and related parties that had a significant effect on the company's financial position and performance.

Stockholm, 2 February, 2011
Holmen AB (publ)

Magnus Hall
President and CEO

The report has not been reviewed by the company's auditors.

Interim report for January – March 2011 will be published May 6, 2011.

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Accounting principles

The year-end report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and the Swedish Securities Market Act. For the Parent company the year-end report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which complies with Recommendation RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The parent company's and the Group's accounting policies used in the report are unchanged from the latest published annual report. The figures in tables are rounded off.

The Group

Income statement, SEKm	Quarter			Full year	
	4-10	3-10	4-09	2010	2009
Net sales	4 747	4 205	4 659	17 581	18 071
Other operating income	278	121	188	862	600
Change in inventories	-53	24	-163	0	-381
Raw materials and consumables	-2 652	-2 298	-2 267	-9 800	-9 017
Staff costs	-834	-568	-699	-2 689	-2 662
Other operating costs	-983	-842	-945	-3 616	-3 709
Depreciation and amortisation according to plan	-312	-314	-334	-1 251	-1 320
Impairment losses	-555	-	-22	-555	-22
Change in value of biological assets	1 053	47	-35	1 102	16
Interest in earnings of associates	-63	7	10	-38	45
Operating profit	625	383	392	1 596	1 620
Finance income	6	2	4	12	12
Finance costs	-53	-56	-63	-220	-267
Profit before tax	578	329	332	1 388	1 366
Tax	-402	-113	-107	-684	-360
Profit for the period	176	216	225	704	1 006
Earnings per share, basic, SEK	2.1	2.6	2.7	8.4	12.0
Earnings per share, diluted, SEK	2.1	2.6	2.7	8.4	12.0
Operating margin, % *	7.6	9.1	8.4	7.6	9.0
Return on capital employed, % *	6.4	6.7	7.0	5.9	7.2
Return on equity, %	4.2	5.2	5.5	4.2	6.4

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-10	3-10	4-09	2010	2009
Profit for the period	176	216	225	704	1 006
Other comprehensive income					
Cash flow hedging	-1	161	-17	686	910
Actuarial gains and losses in respect of pensions, incl. special employer's contribution	0	82	-8	97	15
Translation difference on foreign operation	-62	-280	57	-631	-256
Hedging of currency risk in foreign operation	40	151	-39	472	254
Tax attributable to other comprehensive income	-11	-105	17	-333	-310
Total other comprehensive income	-34	10	10	292	613
Total comprehensive income	142	226	234	996	1 619

* Excl. Items affecting comparability.

The Group

Balance sheet, SEKm	2010	2010	2009
	31 December	30 September	31 December
Non-current assets			
Intangible non-current assets	19	21	27
Property, plant and equipment	11 877	12 297	12 473
Biological assets	12 161	11 160	11 109
Interests in associates	1 748	1 776	1 770
Other shares and participating interests	12	12	10
Non-current financial receivables	188	156	151
Deferred tax assets	210	225	304
Total non-current assets	26 216	25 646	25 845
Current assets			
Inventories	3 340	3 060	2 850
Trade receivables	2 518	2 461	2 712
Current tax receivable	4	3	22
Other operating receivables	1 088	1 154	490
Current financial receivables	73	146	74
Cash and cash equivalents	193	109	182
Total current assets	7 216	6 934	6 331
Total assets	33 432	32 580	32 176
Equity	16 913	16 771	16 504
Non-current liabilities			
Non-current financial liabilities	3 666	3 773	3 472
Pension provisions	213	193	320
Other provisions *	459	545	1 102
Deferred tax liabilities	5 910	5 542	5 045
Total non-current liabilities	10 247	10 054	9 939
Current liabilities			
Current financial liabilities	2 349	2 399	2 298
Trade payables	2 453	2 127	1 911
Current tax liability	112	53	102
Provisions	270	188	274
Other operating liabilities	1 088	987	1 149
Total current liabilities	6 273	5 755	5 733
Total liabilities	16 520	15 809	15 672
Total equity and liabilities	33 432	32 580	32 176
Debt/equity ratio, times	0.34	0.36	0.34
Equity/assets ratio, %	50.6	51.5	51.3
Operating capital	28 385	28 044	26 929
Capital employed	22 684	22 726	22 188
Net financial debt	5 772	5 955	5 683
Pledged collateral	17	17	21
Contingent liabilities	135	142	140

* Payment of tax related to ongoing tax litigation has from 31 December 2009 reduced Other provisions by SEK 611 million.

The Group

Change in equity, SEKm	Full year	
	2010	2009
Opening equity	16 504	15 641
Profit for the period	704	1 006
Other comprehensive income	292	613
Dividends paid	-588	-756
Closing equity	16 913	16 504

Share structure

Share	Votes	No. of shares	No. of votes	Quota value	SEKm
A	10	22 623 234	226 232 340	50	1 131.2
B	1	62 132 928	62 132 928	50	3 106.6
Total number of shares		84 756 162	288 365 268		4 237.8
Holding of own B shares bought back		-760 000	-760 000		
Total number of shares in issue		83 996 162	287 605 268		

Issued call options, B shares (exercise period 2013) 758 300

The Group

Cash flow analysis, SEKm	Quarter			Full year	
	4-10	3-10	4-09	2010	2009
Operating activities					
Profit before tax	578	329	332	1 388	1 366
Adjustments for non-cash items *	-5	285	308	811	1 163
Paid income taxes **	-11	10	-130	-704	-334
Cash flow from operating activities before changes in working capital	562	624	510	1 495	2 195
Cash flow from changes in working capital					
Change in inventories	-174	-256	115	-428	621
Change in trade receivables and other operating receivables	-95	-23	55	-139	445
Change in trade payables and other operating liabilities	370	192	147	595	-389
Cash flow from operating activities	663	537	828	1 523	2 873
Investing activities					
Acquisition of non-current assets	-631	-373	-293	-1 692	-759
Disposal of non-current assets	27	8	7	107	45
Change in non-current financial receivables	1	0	-24	-12	-104
Cash flow from investing activities	-602	-366	-309	-1 597	-818
Financing activities					
Change in financial liabilities and current financial receivables	24	-169	-727	681	-1 766
Dividends paid to the shareholders of the parent company	-	0	-	-588	-756
Cash flow from financing activities	24	-169	-727	93	-2 522
Cash flow for the period	85	3	-209	19	-467
Opening cash and cash equivalents	109	110	390	182	653
Exchange difference in cash and cash equivalents	0	-4	1	-8	-4
Closing cash and cash equivalents	193	109	182	193	182

Change in net financial debt, SEKm	Quarter			Full year	
	4-10	3-10	4-09	2010	2009
Opening net financial debt	-5 955	-6 284	-6 287	-5 683	-7 504
Cash flow from operating activities	663	537	828	1 523	2 873
Cash flow from investing activities (excl financial receivables)	-604	-366	-285	-1 585	-714
Dividends paid	0	0	-	-588	-756
Actuarial revaluation of pension liability	-3	81	-8	94	13
Foreign exchange effects and changes in fair value	127	76	69	468	405
Closing net financial debt	-5 772	-5 955	-5 683	-5 772	-5 683

* The adjustments consist primarily of depreciation according to plan and write-downs of fixed assets, change in value of biological assets, change in provisions, interests in earnings of associated companies, currency effects and revaluations of financial instruments as well as capital gains/losses on sale of fixed assets.

** Paid income taxes 2010 includes SEK -611 million related to ongoing tax litigation.

The Parent Company

Income statement, SEKm	Quarter			Full year	
	4-10	3-10	4-09	2010	2009
Operating income	3 763	3 355	3 652	13 990	13 884
Operating costs	-3 737	-3 132	-3 398	-13 537	-13 022
Operating profit	27	223	254	453	861
Net financial items	- 9	106	-439	272	746
Profit after net financial items	18	329	-185	725	1 607
Appropriations	-88	-21	452	-155	388
Profit before tax	-70	308	267	570	1 995
Tax	-23	-82	-174	-198	-331
Profit for the period	-94	226	93	372	1 664

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-10	3-10	4-09	2010	2009
Profit for the period	-94	226	93	372	1 664
Other comprehensive income					
Cash flow hedging	200	167	137	923	919
Tax attributable to other comprehensive income	-53	-44	-36	-243	-242
Total other comprehensive income	148	123	101	680	677
Total comprehensive income	54	349	194	1053	2 341

Balance sheet, SEKm	2010	2009
	31 December	31 December
Non-current assets	19 666	19 645
Current assets	5 896	4 675
Total assets	25 562	24 320
Restricted equity	5 915	5 915
Non-restricted equity	5 235	4 776
Untaxed reserves	2 518	2 363
Provisions	1 663	1 185
Liabilities	10 231	10 081
Total equity and liabilities	25 562	24 320
Pledged collateral	6	6
Contingent liabilities	177	717

Sales to Group companies in 2010 accounted for SEK 124 million (103) of operating income.

The parent company's investments in property, plant and equipment and intangible non-current assets totalled SEK 39 million (40).

Net financial items include the result from hedging equity in foreign subsidiaries totalling SEK 472 million (254).

The Group

Quarterly figures, SEKm	2010				2009				Full year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2010	2009
Income statement										
Net sales	4 747	4 205	4 227	4 400	4 659	4 387	4 496	4 529	17 581	18 071
Operating costs	-4 078	-3 516	-3 650	-3 782	-3 943	-3 636	-3 806	-3 789	-15 026	-15 175
Depreciation and amortisation according to plan	-312	-314	-318	-308	-334	-322	-333	-332	-1 251	-1 320
Interest in earnings of associates	4	7	8	9	10	13	15	7	28	45
Items affecting comparability*	264	-	-	-	-	-	-	-	264	-
Operating profit	625	383	268	320	392	442	372	415	1 596	1 620
Net financial items	-48	-54	-55	-52	-60	-55	-66	-74	-208	-255
Profit before tax	578	329	214	268	332	386	306	341	1 388	1 366
Tax	-402	-113	-81	-89	-107	-106	-51	-96	-684	-360
Profit for the period	176	216	133	178	225	280	256	245	704	1 006
Diluted earnings per share, SEK	2.1	2.6	1.6	2.1	2.7	3.3	3.0	2.9	8.4	12.0
Net sales										
Holmen Paper	2 223	1 982	1 955	1 982	2 310	2 348	2 361	2 284	8 142	9 303
Iggesund Paperboard	1 291	1 225	1 139	1 195	1 260	1 223	1 274	1 266	4 849	5 023
Holmen Timber	147	162	150	128	155	142	130	127	586	553
Holmen Skog	1 456	1 281	1 441	1 408	1 306	1 048	1 163	1 283	5 585	4 799
Holmen Energi	556	419	408	549	465	363	359	442	1 932	1 628
Elimination of intra-group net sales	-924	-863	-864	-862	-837	-737	-791	-872	-3 513	-3 236
Group	4 747	4 205	4 227	4 400	4 659	4 387	4 496	4 529	17 581	18 071
Operating profit/loss										
Holmen Paper**	-141	-129	-170	-178	-34	107	150	117	-618	340
Iggesund Paperboard	231	243	180	163	140	128	77	73	817	419
Holmen Timber	-6	8	11	7	19	13	5	-16	20	21
Holmen Skog**	203	212	214	189	179	147	144	134	818	605
Holmen Energi	127	96	90	182	138	72	59	144	495	414
Group-wide costs	-52	-45	-46	-45	-50	-43	-51	-47	-188	-191
Elimination of internal operating profit/loss	0	-3	-11	2	0	16	-11	9	-12	13
Items affecting comparability*	264	-	-	-	-	-	-	-	264	-
Group	625	383	268	320	392	442	372	415	1 596	1 620
Operating margin, % **										
Holmen Paper	-6.3	-6.5	-8.7	-9.0	-1.5	4.6	6.3	5.1	-7.6	3.7
Iggesund Paperboard	17.9	19.8	15.8	13.7	11.1	10.5	6.1	5.8	16.9	8.3
Holmen Timber	-4.3	5.2	7.6	5.3	12.2	9.5	3.5	-12.4	3.5	3.8
Group	7.6	9.1	6.4	7.3	8.4	10.1	8.3	9.2	7.6	9.0
Return on operating capital, % **										
Holmen Paper	-7.6	-6.4	-8.3	-8.4	-1.5	4.5	6.0	4.6	-7.7	3.5
Iggesund Paperboard	21.8	23.1	17.4	16.1	13.6	12.1	7.2	6.9	19.7	9.9
Holmen Timber	-2.3	3.9	7.1	5.9	21.0	16.7	5.6	-17.7	2.7	6.2
Holmen Skog	6.7	7.4	7.5	6.6	6.3	5.1	5.0	4.7	7.1	5.3
Holmen Energi	15.7	12.0	11.2	22.6	17.3	9.1	7.7	19.1	15.4	13.3
Group	5.1	5.5	3.9	4.8	5.8	6.4	5.5	6.1	4.8	5.9
Key indicators										
Return on capital employed, % **	6.4	6.7	4.8	5.8	7.0	7.8	6.6	7.3	5.9	7.2
Return on equity, %	4.2	5.2	3.2	4.3	5.5	7.0	6.6	6.4	4.2	6.4
Deliveries										
New sprint and magazine paper, '000 tonnes	467	425	420	421	456	455	437	397	1 732	1 745
Paperboard, '000 tonnes	121	118	110	115	123	118	119	117	464	477
Sawn timber, '000 m ³	74	77	71	62	76	76	80	81	285	313
Harvesting company forests, '000 m ³	762	711	882	643	859	704	753	580	2 999	2 897
Production of hydro power, GWh	299	268	255	323	355	229	203	304	1 145	1 090

* Items affecting comparability in the fourth quarter refers to impairment of fixed assets, provisions for restructuring and revaluation of forest.

** Excl. Items affecting comparability.

The Group

Full year review, SEKm	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Income statement										
Net sales	17 581	18 071	19 334	19 159	18 592	16 319	15 653	15 816	16 081	16 655
Operating costs	-15 025	-15 175	-16 630	-15 548	-14 954	-13 205	-12 570	-12 306	-12 205	-12 460
Depreciation and amortisation according to plan	-1 251	-1 320	-1 343	-1 337	-1 346	-1 167	-1 156	-1 166	-1 153	-1 126
Interest in earnings of associates	28	45	50	12	11	20	25	-6	-10	-3
Items affecting comparability *	264	-	-361	557	-	-	-	-	-	-620
Operating profit	1 596	1 620	1 051	2 843	2 303	1 967	1 952	2 338	2 713	2 446
Net financial items	-208	-255	-311	-261	-247	-233	-206	-212	-149	-152
Profit before tax	1 388	1 366	740	2 582	2 056	1 734	1 746	2 126	2 564	2 294
Tax	-684	-360	-98	-1 077	-597	-478	-471	-675	-605	-108
Profit for the year	704	1 006	642	1 505	1 459	1 256	1 275	1 451	1 959	2 186
Diluted earnings per share, SEK	8.4	12.0	7.6	17.8	17.2	14.8	15.1	17.5	23.6	26.4
Operating profit by business area										
Holmen Paper**	-618	340	280	623	754	631	487	747	1 664	2 410
Iggesund Paperboard	817	419	320	599	752	626	809	1 001	818	455
Holmen Timber	20	21	13	146	80	13	5	18	-6	-79
Holmen Skog**	818	605	632	702	643	537	586	516	450	455
Holmen Energi	495	414	327	272	197	301	178	193	-26	49
Group-wide costs and eliminations	-200	-178	-159	-56	-123	-141	-113	-137	-187	-224
Items affecting comparability *	264	-	-361	557	-	-	-	-	-	-620
Transferred operations	-	-	-	-	-	-	-	-	-	-
Group	1 596	1 620	1 051	2 843	2 303	1 967	1 952	2 338	2 713	2 446
Balance sheet										
Non-current assets	26 028	25 694	26 506	26 153	25 354	25 793	23 381	20 940	21 357	19 150
Current assets	6 950	6 075	7 268	6 549	6 138	5 709	5 149	4 743	4 922	5 366
Financial receivables	454	407	828	541	649	712	459	675	688	432
Total assets	33 432	32 176	34 602	33 243	32 141	32 214	28 989	26 358	26 967	24 948
Equity	16 913	16 504	15 641	16 932	16 636	16 007	15 635	15 366	15 185	14 072
Deferred tax liability	5 910	5 045	4 819	5 482	5 030	5 143	5 177	4 557	4 370	4 014
Financial liabilities and interest-bearing provisions	6 227	6 091	8 332	6 518	6 634	7 351	5 335	4 044	4 496	3 593
Operating liabilities	4 382	4 536	5 809	4 310	3 841	3 713	2 842	2 391	2 916	3 269
Total equity and liabilities	33 432	32 176	34 602	33 243	32 141	32 214	28 989	26 358	26 967	24 948
Cash flow										
Operating activities	1 523	2 873	1 660	2 476	2 358	2 471	2 331	2 443	3 498	3 786
Investing activities	-1 597	-818	-1 124	-1 315	-947	-3 029	-1 195	-726	-1 810	-1 669
Cash flow after investments	-74	2 054	536	1 161	1 411	-558	1 136	1 717	1 688	2 117
Key indicators										
Return on capital employed, % **	6	7	6	10	10	9	10	12	16	18
Return on equity, %	4	6	4	9	9	8	8	10	14	16
Debt/equity ratio	0.34	0.34	0.48	0.35	0.36	0.41	0.31	0.22	0.25	0.22
Dividend										
Ordinary dividend, SEK***	0	7	9	12	12	11	10	10	11	10
Extra dividend, SEK	-	-	-	-	-	-	-	30	-	-

* Items affecting comparability in 2010 refers to impairment of fixed assets (SEK -555 million), provisions for restructuring (SEK -231 million) and revaluation of forrest (SEK +1050 million).

Items affecting comparability in 2008 of cost SEK 361 million relate to provisions and costs due to restructure and closure of mills and result effects from fire.

Items affecting comparability in 2007 relate to a write-down of goodwill and tangible fixed assets of SEK -1 603 million within Holmen Paper, a reversed write-down of SEK 60 million within Holmen Timber, and a positive revaluation of forests by SEK 2 100 million within Holmen Skog.

** Excl. items affecting comparability.

*** Proposed by the board

Stated in accordance with IFRS from 2004. As far as Holmen is concerned, the principal difference between IFRS and previous accounting principles is that forest assets are valued and stated in the accounts at fair value, that goodwill is no longer depreciated according to plan, and that the fair value of financial assets and liabilities that are hedged are taken into the balance sheet.

Holmen in brief

Holmen's business concept is to develop and run profitable business within three product-oriented business areas for printing paper, paperboard and sawn timber as well as two raw material-oriented business areas for forest and energy. Europe is the key market.

The business area **Holmen Paper** manufactures printing paper for daily newspapers, magazines, directories, advertising material and books at two Swedish mills and one Spanish mill. **Iggesund Paperboard** produces paperboard for packaging and graphic purposes at one Swedish and one English mill. **Holmen Timber** produces sawn timber in two Swedish sawmills. Annual production capacity is 1 940 000 tonnes of printing paper, 530 000 tonnes of paperboard and 890 000 cubic metres of sawn timber.

Holmen Skog manages the Group's forest covering just over one million hectares. The annual volume harvested in company forests is some 2.5 million cubic metres. **Holmen Energi** is responsible for the Group's hydro power assets and for developing the Group's business within the energy sector. Normal yearly production amounts to some 1 100 GWh of electric power at wholly and partly owned hydro power stations in Sweden. Holmen Skog and Holmen Energi are also responsible for the Group's wood and electricity supply in Sweden.

Press and analyst conference

On the publication of the year-end report, a press and analyst conference will be held at 14.30 CET on Wednesday February 2. **Venue: Scandic Anglais, Humlegårdsgatan 23, Stockholm.** Holmen President and CEO Magnus Hall will present and comment on the report. The presentation will be held in English.

The conference is also directly available as a webcast on Holmen's website, www.holmen.com. You may also participate in the conference by telephone, by calling +46 (0)8 505 598 53 (within Sweden), +44 (0)203 043 24 36 (from the rest of Europe) or +1 866 458 40 87 (from the US) no later than 14.25 CET.

Financial reports in 2011

6 May 2011	Interim report January-March
17 August 2011	Interim report January-June
26 October 2011	Interim report January-September

In its capacity as issuer, Holmen AB is releasing the information in this year-end report 2010 in accordance with Chapter 17 of the Swedish Securities Market Act (2007:528). The information was distributed to the media for publication at 12.00 CET on Wednesday 2 February 2011.