

# Press release

26 October 2007

## Holmen to build new sawmill in Norrköping

Holmen's Board decided on Friday to invest approximately SEK 1.1 billion in a new sawmill adjacent to the Braviken paper mill in Norrköping, Sweden. When it reaches its rated capacity the sawmill will be able to produce 750,000 cubic metres of whitewood sawn timber per year. Production start is planned for the autumn of 2009.

The investment involves a sawmill with the highest possible productivity and cost efficiency. The mill's output will consist of structural timber intended for the main markets in Scandinavia and Great Britain, with additional sales going to the rest of Europe, Japan and the USA.

When operating at its rated capacity, the sawmill will have approximately 140 employees.

Holmen's President and CEO Magnus Hall states that once the new sawmill in Norrköping is in production Holmen will be a leading supplier of structural timber too. Holmen Timber's sawmill in Iggesund – which has an annual output of 300,000 cubic metres of redwood sawn timber – concentrates its marketing primarily on the joinery industry.

“As a large forest-owner and player on the European paper and paperboard markets it is natural for us to develop our business on the sawn timber market too,” says Magnus Hall.

“The integration of the existing printing paper mill with the sawmill is expected to result in valuable synergies in wood procurement and joint infrastructure at the mill site, as well as possibilities for effective energy solutions. The Group will gain access to large volumes of biofuel from the sawmill and forest biofuel in connection with final harvesting. These fuels could eventually be utilised within the framework of this integrated sawmill and paper mill”.

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In its capacity as issuer, Holmen AB is releasing the information in this press release in accordance with Chapter 9 a § 3 of the Swedish Securities Exchange and Clearing Operations Act (1992:543). The information was distributed to the media for publication at 12.36 hrs a.m. on Friday 26 October 2007.

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