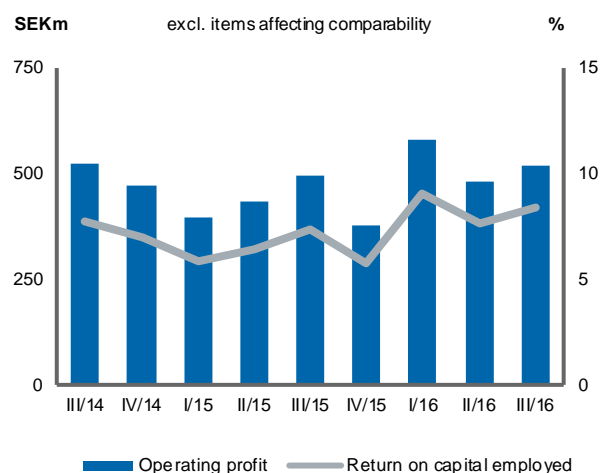
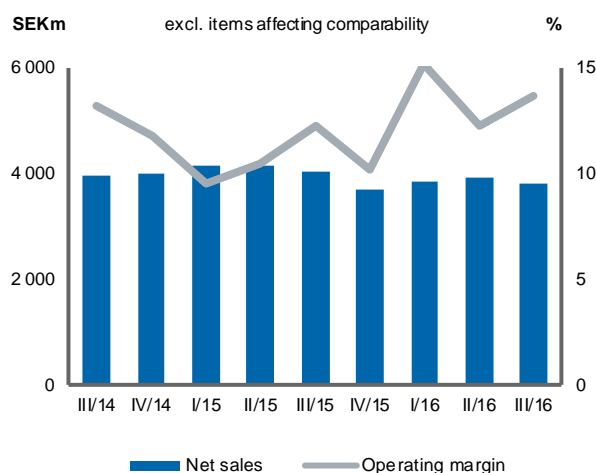


Holmen's interim report January–September 2016

SEKm	3-16	Quarter 2-16	3-15	January-September 2016	2015	Full Year 2015
Net sales	3 810	3 937	4 032	11 575	12 325	16 014
Operating profit excl. items affecting comparability	520	483	493	1 583	1 324	1 700
Operating profit	520	483	493	1 352	1 324	769
Profit after tax excl. items affecting comparability	395	364	377	1 212	997	1 323
Profit after tax	395	364	377	982	997	559
Earnings per share, SEK	4.7	4.3	4.5	11.7	11.9	6.7
Operating margin, % *	13.7	12.3	12.2	13.7	10.7	10.6
Return on capital employed, % *	8.4	7.7	7.3	8.4	6.5	6.4
Return on equity, %	7.7	7.1	7.2	6.3	6.3	2.6
Cash flow before investments and working capital	560	478	629	1 792	1 598	2 083
Debt/equity ratio	0.21	0.22	0.27	0.21	0.27	0.23

* Excluding items affecting comparability, which are included in operating profit at SEK -232 million in 2016 and SEK -931 million in 2015. See also page 15.

- Operating profit excluding items affecting comparability for January–September 2016 increased by SEK 259 million to SEK 1 583 million as a result of higher profits in paper.
- Compared with the second quarter, operating profit for the third quarter increased by SEK 37 million to SEK 520 million as a result of seasonally lower costs.
- Profit after tax for January–September amounted to SEK 982 million (997), which corresponds to earnings per share of SEK 11.7 (11.9). Excluding items affecting comparability, profit after tax amounted to SEK 1 212 million (997) and earnings per share to SEK 14.4 (11.9).
- Following the divestment of the mill in Madrid, the paper business has been focused on magazine and book paper, which in the third quarter increased to account for 85 per cent of paper sales. Investments made in paperboard provide potential for production increases, but production disruptions led to paperboard production being largely unchanged in the third quarter. Reduced costs and higher prices have increased current year earnings from forests. Together with hydro power, forests account for two-thirds of the Group's capital employed.



Forest

Holmen performs active and sustainable forestry on over a million hectares of its own productive forest land. The annual harvest amounts to 3 million cubic metres.

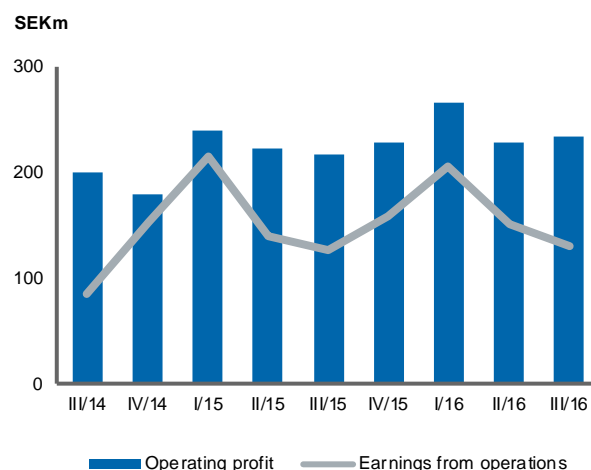
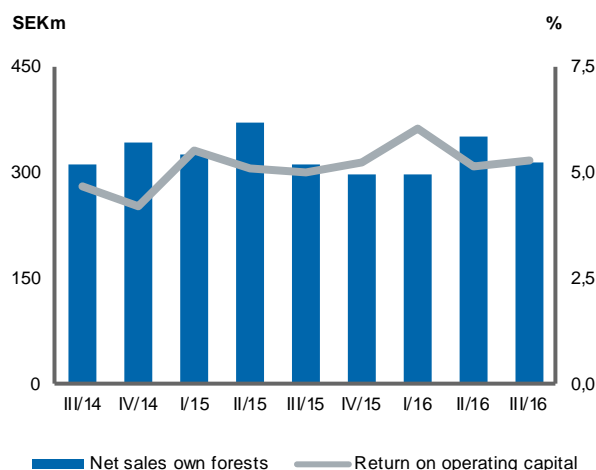
SEKm	Quarter			January-September	Full year	
	3-16	2-16	3-15	2016	2015	2015
Net sales	1 192	1 355	1 240	3 915	4 146	5 481
<i>of which from own forests</i>	313	350	310	960	1 005	1 301
Operating costs	-1 054	-1 197	-1 108	-3 408	-3 645	-4 813
Depreciation and amortisation according to plan	-7	-7	-7	-21	-20	-29
Earnings from operations	131	150	126	485	481	638
Change in value of forests	103	77	91	242	196	267
Operating profit	234	227	217	728	677	905
Investments	9	12	18	24	35	68
Book value of company forests	17 399	17 297	17 080	17 399	17 080	17 173
Return on operating capital, %	5.3	5.2	5.0	5.5	5.2	5.2
Cash flow yield, %	3.0	3.5	2.9	3.7	3.8	3.7
Harvesting own forests, '000 m ³	724	818	789	2 257	2 527	3 213

Demand for logs and pulpwood in Sweden was normal in the third quarter. Selling prices were largely unchanged.

Compared with the second quarter, operating profit for the third quarter increased by SEK 7 million to SEK 234 million.

Earnings from operations for January–September amounted to SEK 485 million (481). Harvesting decreased to a normal level but this was offset by reduced costs and higher prices. Operating profit, which includes a change in value of SEK 242 million, increased by SEK 51 million to SEK 728 million.

Earnings from operations in relation to book value of forests correspond to a yield of 3.7 per cent.



Paperboard

Holmen is a market leader in the highest quality segments for consumer packaging and board for advanced graphics printing. Production amounts to 0.5 million tonnes a year at one Swedish mill and one UK mill.

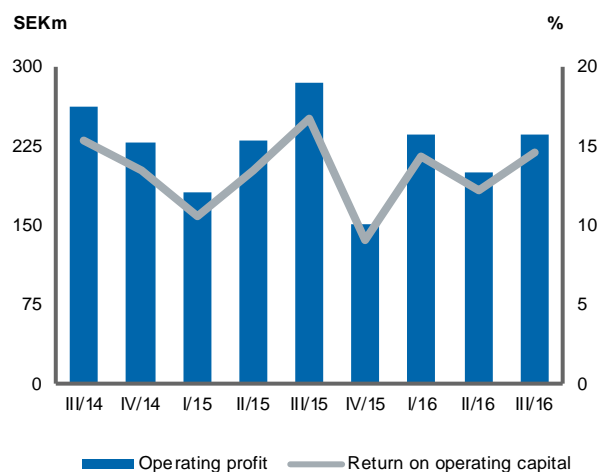
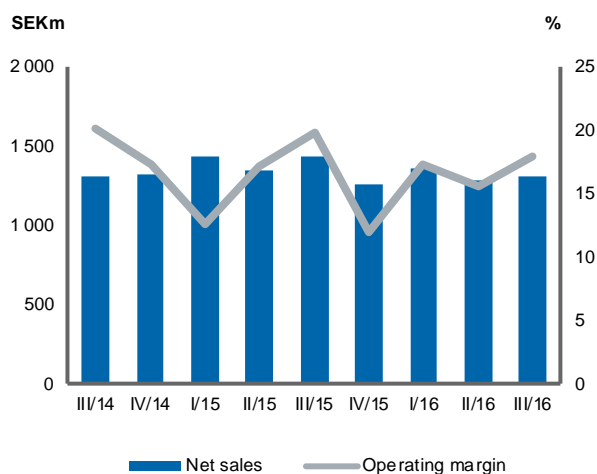
SEKm	Quarter			January-September 2016	2015	Full year 2015
	3-16	2-16	3-15			
Net sales	1 308	1 285	1 439	3 956	4 217	5 472
Operating costs	-954	-963	-1 029	-2 923	-3 148	-4 127
EBITDA	354	321	410	1 033	1 069	1 346
Depreciation and amortisation according to plan	-119	-121	-125	-363	-374	-499
Operating profit	235	200	285	671	696	847
Investments	61	137	44	365	212	334
Operating capital	6 369	6 513	6 793	6 369	6 793	6 622
EBITDA margin, %	27	25	29	26	25	25
Operating margin, %	18	16	20	17	16	15
Return on operating capital, %	15	12	17	14	14	12
Production, consumer board, '000 tonnes	128	127	132	371	382	502
Deliveries, consumer board, '000 tonnes	126	121	132	376	383	499

The market for paperboard was stable in the third quarter. In January–September, demand in Europe was unchanged compared with the same period last year.

Holmen's paperboard deliveries amounted to 376 000 tonnes for January–September, which was 2 per cent lower than the same period last year as a result of production losses owing to the rebuild of a board machine in Workington.

Operating profit for January–September was SEK 671 million (696). Earnings were negatively affected by SEK 100 million as a result of a rebuilding shutdown, which was partly offset by the resolution of a water cost dispute, in Holmen's favour, resulting in a refund of SEK 60 million. Earnings for the same period last year were negatively affected by SEK 60 million as a result of a maintenance shutdown.

Profit for the third quarter was SEK 235 million, which was SEK 35 million higher than in the second quarter as a result of seasonally lower costs and increased deliveries. Several minor production disruptions had a negative effect on earnings.



Paper

Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper choices. Production amounts to 1.1 million tonnes a year at two Swedish mills.

SEKm	Quarter			January-September	Full year	
	3-16	2-16	3-15	2016	2015	2015
Net sales	1 266	1 592	1 636	4 166	4 684	6 148
Operating costs	-1 095	-1 428	-1 478	-3 666	-4 323	-5 634
EBITDA	170	164	158	500	361	514
Depreciation and amortisation according to plan	-89	-91	-147	-288	-442	-588
Operating profit*	82	73	10	212	-80	-74
Investments	48	54	42	198	258	350
Operating capital	2 923	2 857	4 480	2 923	4 480	3 558
EBITDA margin, %*	13	10	10	12	8	8
Operating margin, %*	6	5	1	5	-2	-1
Return on operating capital, %*	11	9	1	9	neg	neg
Production, '000 tonnes	260	347	340	900	986	1 287
Deliveries, '000 tonnes	260	341	356	874	1 008	1 325

* Excluding items affecting comparability

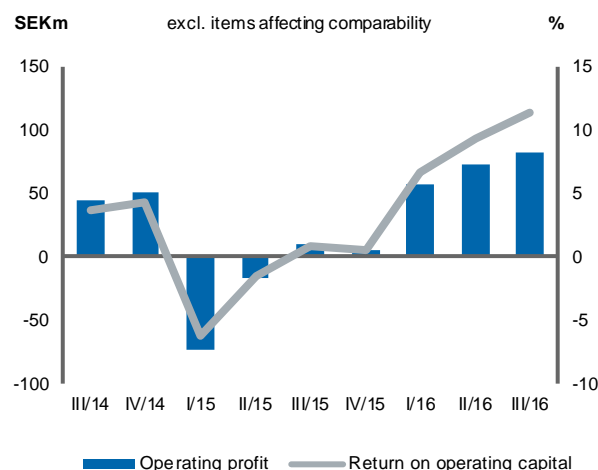
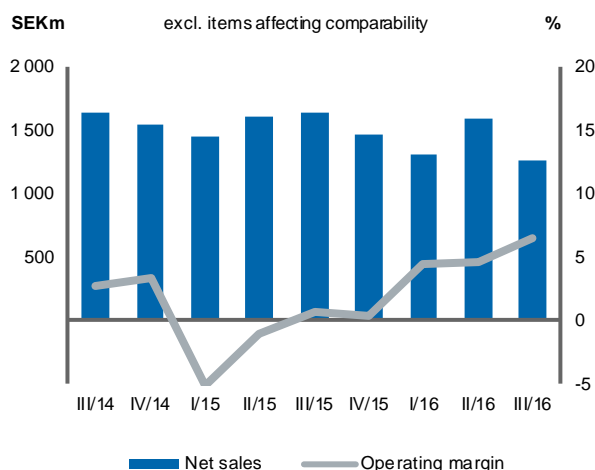
Demand for printing paper in Europe decreased by 3 per cent in January–August compared with the same period in 2015. Selling prices were largely unchanged in the third quarter.

Holmen's deliveries for the first nine months amounted to 874 000 tonnes, which was 13 per cent lower than the same period last year as a result of the Spanish newsprint mill being divested and production losses following the fire at Hallsta Paper Mill.

Operating profit for January–September was SEK 212 million (-80), excluding items affecting comparability. The increase in earnings was due to an improved product mix and the divestment of the Spanish newsprint mill.

Operating profit increased in the third quarter by SEK 9 million compared with the second quarter and amounted to SEK 82 million. A major maintenance shutdown at Braviken Paper Mill had a SEK 40 million negative effect on earnings, which was offset by seasonally lower costs and good production and a positive sales mix.

On 30 June 2016 Holmen completed the sale of its Spanish newsprint mill to International Paper. Holmen will sell the newsprint produced at the mill until the second half-year of 2017, when the mill will be converted for containerboard production. Income and costs from sales of newsprint produced at the mill after the divestment are recognised under the 'Group-wide' segment.



Wood products

Holmen produces wood products for the joinery and construction industry at two large-scale sawmills that are integrated with the Group's paper and paperboard mills. Annual production volume is 0.8 million cubic metres.

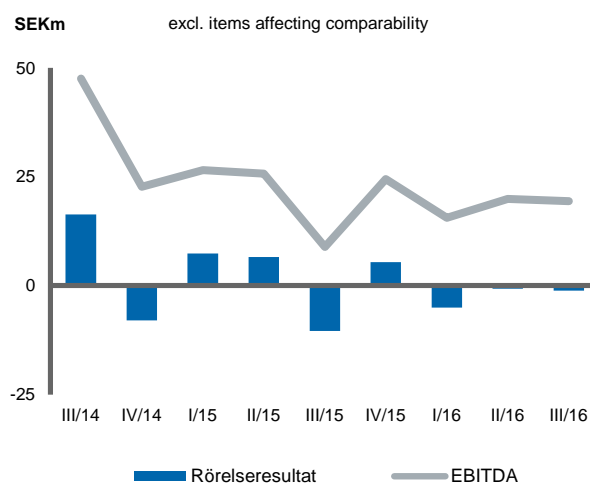
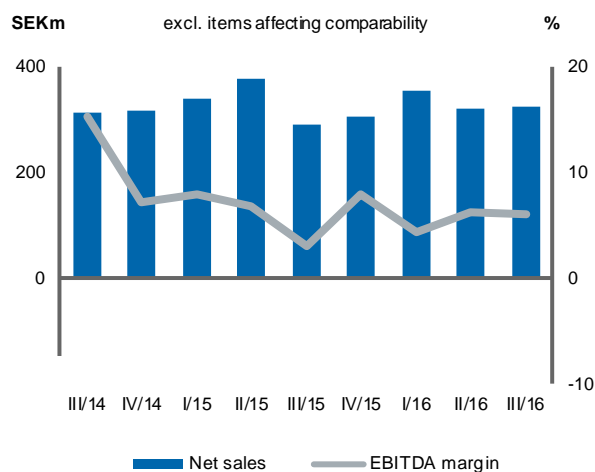
SEKm	Quarter			January-September	Full year	
	3-16	2-16	3-15	2016	2015	2015
Net sales	324	322	291	998	1 007	1 314
Operating costs	-304	-302	-282	-943	-946	-1 228
EBITDA	19	20	9	55	61	86
Depreciation and amortisation according to plan	-21	-21	-19	-62	-58	-77
Operating profit	-1	-1	-10	-7	4	9
Investments	25	2	38	31	75	103
Operating capital	914	918	901	914	901	924
EBITDA margin, %	6	6	3	6	6	7
Operating margin, %	0	0	-4	-1	0	1
Return on operating capital, %	neg	neg	neg	neg	1	1
Production, '000 m ³	177	200	157	561	535	734
Deliveries, '000 m ³	184	188	159	580	556	729

Market conditions for wood products in Europe were stable in the third quarter and prices were largely unchanged. Compared to the same period last year the market prices were significantly lower.

Holmen's deliveries of wood products for January–September amounted to 580 000 cubic metres, which was 5 per cent higher than for the same period last year.

Operating profit for January–September was SEK -7 million (4). The decrease in earnings was due to lower selling prices, which were largely offset by reduced raw material costs.

Earnings for the third quarter were SEK -1 million, which was unchanged compared with the second quarter.



Renewable energy

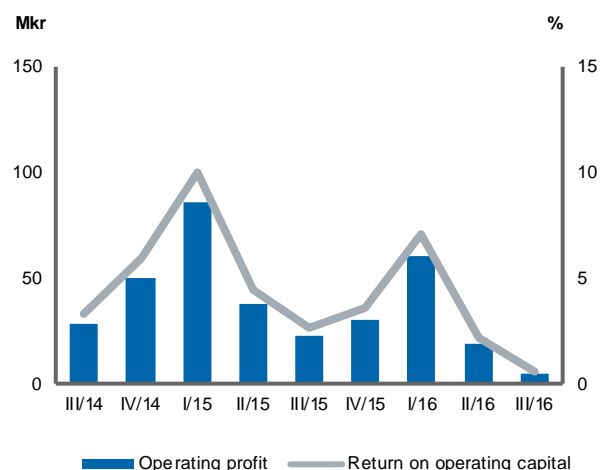
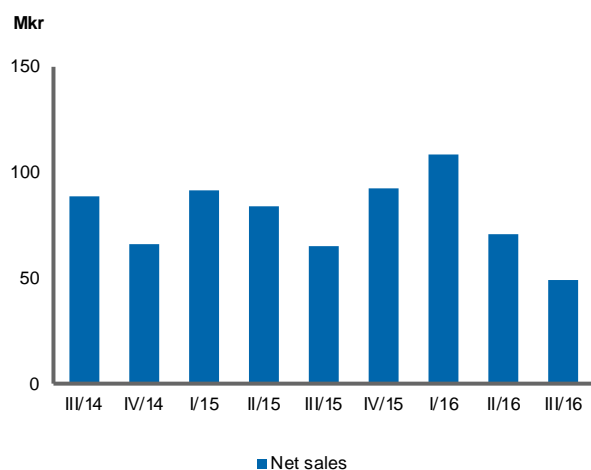
Holmen produces, in a normal year, 1.2 TWh of renewable hydro and wind power.

SEKm	Quarter			January-September		Full year
	3-16	2-16	3-15	2016	2015	2015
Net sales	49	71	65	228	266	359
Operating costs	-38	-47	-38	-128	-105	-161
Depreciation and amortisation according to plan	-6	-6	-5	-17	-16	-22
Operating profit	5	19	22	84	146	176
Investments	1	1	1	8	4	18
Operating capital	3 381	3 419	3 392	3 381	3 392	3 351
Operating margin, %	11	26	34	37	55	49
Return on operating capital, %	1	2	3	3	6	5
Production hydro and wind power, GWh	178	258	349	810	1 092	1 441

Operating profit for January–September was SEK 84 million (146). Production decreased from a high level last year and has been 10 per cent lower than normal so far this year.

Profit for the third quarter was SEK 5 million, which was SEK 14 million lower than in the second quarter as a result of very low production.

At the end of the quarter, the levels in Holmen's water storage reservoirs were lower than normal for the time of year.



Cash flow, financing and net financial items

Cash flow from operating activities for January–September totalled SEK 1 663 million. Cash flow from investing activities was SEK -126 million, of which SEK -635 million was from investments in non-current assets and SEK 508 million was from the disposal of assets. A dividend of SEK 882 million was paid in the second quarter.

For January–September, the Group's net financial debt decreased by SEK 479 million to SEK 4 320 million. At 30 September the debt/equity ratio was 0.21. Financial liabilities including pension provisions totalled SEK 4 608 million, SEK 3 428 million of which were current liabilities. Cash, cash equivalents and financial receivables totalled SEK 288 million. The Group has unused committed credit facilities of SEK 3 850 million, maturing in 2020–2021.

Net financial items for January–September were SEK -56 million (-73). The cost of borrowing was 1.3 per cent (1.6).

Standard & Poor's has a positive outlook on Holmen's long-term credit rating of BBB.

Tax

Recognised tax for January–September amounted to SEK -314 million (-254). Recognised tax as a proportion of profit before tax was 24 per cent (20), which was higher than normal as a result of the sale of the newsprint mill in Madrid.

Equity

The Group's equity decreased in January–September by SEK 316 million to SEK 20 537 million. Profit for the period totalled SEK 982 million and the dividend paid was SEK 882 million. In addition, other comprehensive income totalled SEK -415 million, mainly as a result of an actuarial revaluation of pension liability and the currency translation of the Group's UK net assets.

Hedging exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for January–September includes currency hedges of SEK -12 million (-89). The market value of currency hedges not yet recognised as income amounted to SEK -159 million at the end of the quarter.

For the next two years, 90 per cent of expected flows in EUR/SEK are hedged at an average of 9.39 and for EUR/GBP 90 per cent of one year's expected flows are hedged at 0.84. For other currencies, 4 months of flows are hedged. Changes in exchange rates had a limited effect on

consolidated earnings, both for January–September and in the third quarter.

Prices for the Group's estimated net consumption of electricity in Sweden are 80–90 per cent hedged for 2016–2020 and 40 per cent hedged for 2021.

Personnel

The average number of employees (full-time equivalents) in the Group was 2 994 (3 318). The decrease is mainly due to the sale of the newsprint mill in Madrid, as well as implemented rationalisations.

Share buy-backs

At the 2016 AGM, the Board's authorisation to purchase up to 10 per cent of the company's shares was renewed. No buy-backs took place in the period. The company owns 0.9 per cent of all shares outstanding.

Material risks and uncertainties

The Group and the parent company's material risks and uncertainties relate primarily to changes in demand and the prices of its products, the cost of key input goods, and changes in exchange rates. For a more detailed description of material risks and uncertainties see Holmen's annual report for 2015, pages 42–45 and note 26.

Transactions with related parties

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

Accounting policies

This report has been prepared in accordance with the Swedish Annual Accounts Act and Securities Market Act, and, for the Group, in accordance with IAS 34 Interim Financial Reporting. The parent company and the Group's accounting policies are unchanged from the latest published annual report. The figures in tables are rounded off. Information in accordance with IAS 34:16A has been submitted in the financial statements and in other parts of this interim report.

Stockholm, 26 October 2016
Holmen AB (publ)

Henrik Sjölund
President and CEO

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Review report

Introduction

We have reviewed the condensed interim financial information (interim report) for Holmen AB (publ) as per 30 September 2016 and the nine-month reporting period ending on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditors of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that could have been identified in an audit. Therefore, the conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report was not, in all material respects, prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and, for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm, 26 October 2016

KPMG AB

Joakim Thilstedt
Authorised public accountant

Group

Income statement, SEKm	Quarter			January-September		Full year
	3-16	2-16	3-15	2016	2015	2015
Net sales	3 810	3 937	4 032	11 575	12 325	16 014
Other operating income	370	300	271	1 205	763	1 203
Change in inventories	-3	45	-60	34	-188	-187
Raw materials and consumables	-2 120	-2 167	-2 132	-6 423	-6 525	-8 661
Personnel costs	-505	-606	-546	-1 695	-1 750	-2 335
Other operating costs	-881	-851	-857	-2 685	-2 571	-3 689
Depreciation and amortisation according to plan	-247	-252	-311	-768	-928	-1 240
Impairment losses	-	-	-	-122	-	-555
Change in value of biological assets	103	77	91	242	196	267
Profit from investments in associates and joint ventures	-7	0	4	-12	1	-46
Operating profit	520	483	493	1 352	1 324	769
Finance income	0	12	0	12	1	1
Finance costs	-14	-39	-21	-69	-73	-91
Profit before tax	507	455	473	1 295	1 251	679
Tax	-112	-91	-95	-314	-254	-120
Profit for the period	395	364	377	982	997	559
Earnings per share, SEK	4.7	4.3	4.5	11.7	11.9	6.7
Operating margin, % *	13.7	12.3	12.2	13.7	10.7	10.6
Return on capital employed, % *	8.4	7.7	7.3	8.4	6.5	6.4
Return on equity, %	7.7	7.1	7.2	6.3	6.3	2.6

* Excl. items affecting comparability.

Statement of comprehensive income, SEKm	Quarter			January-September		Full year
	3-16	2-16	3-15	2016	2015	2015
Profit for the period	395	364	377	982	997	559
Other comprehensive income						
Revaluations of defined benefit pension plans	-193	-78	-148	-238	-75	208
Tax attributable to items that will not be reclassified to profit for the period	34	14	30	43	15	-44
Items that will not be reclassified to profit for the period	-158	-64	-118	-195	-60	165
Cash flow hedging	5	-10	-178	-62	-74	-31
Translation difference on foreign operation	-17	9	10	-155	106	8
Hedging of currency risk in foreign operation	-15	-22	-23	-8	-24	22
Tax attributable to items that will be reclassified to profit for the period	0	-1	44	4	19	3
Items that will be reclassified to profit for the period	-27	-24	-148	-220	27	1
Total other comprehensive income after tax	-185	-87	-266	-415	-33	166
Total comprehensive income	209	277	111	566	964	724

Change in equity, SEKm	January-September	
	2016	2015
Opening equity	20 853	20 969
Profit for the period	982	997
Other comprehensive income	-415	-33
Total comprehensive income	566	964
Dividends paid	-882	-840
Closing equity	20 537	21 093

Share structure	Votes	No. of shares		No. of votes	Quota value	SEKm
		2016	2015			
A-share	10	22 623 234	226 232 340	50	1 131.2	
B-share	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			

Group

Balance sheet, SEKm	2016	2016	2015
	30 September	30 June	31 December
Non-current assets			
Intangible non-current assets	88	93	107
Property, plant and equipment	9 492	9 660	10 321
Biological assets	17 399	17 297	17 173
Investments in associates and joint ventures	1 768	1 837	1 914
Other shares and participating interests	3	3	4
Non-current financial receivables	39	38	43
Deferred tax assets	5	5	6
Total non-current assets	28 795	28 933	29 567
Current assets			
Inventories	2 820	2 844	3 089
Trade receivables	2 220	2 232	1 987
Current tax receivable	73	11	12
Other operating receivables	447	562	519
Current financial receivables	56	63	61
Cash and cash equivalents	193	613	221
Asset held for sale	54	-	-
Total current assets	5 862	6 325	5 889
Total assets	34 657	35 258	35 456
Equity	20 537	20 328	20 853
Non-current liabilities			
Non-current financial liabilities	900	1 605	2 295
Pension provisions	280	141	130
Other provisions	709	632	585
Deferred tax liabilities	5 510	5 539	5 508
Total non-current liabilities	7 399	7 918	8 519
Current liabilities			
Current financial liabilities	3 428	3 531	2 698
Trade payables	1 743	1 958	1 916
Current tax liability	1	14	53
Provisions	242	246	157
Other operating liabilities	1 307	1 262	1 259
Total current liabilities	6 721	7 012	6 085
Total liabilities	14 120	14 930	14 603
Total equity and liabilities	34 657	35 258	35 456
Debt/equity ratio, times	0.21	0.22	0.23
Equity/assets ratio, %	59.3	57.7	58.8
Operating capital	30 364	30 427	31 155
Capital employed	24 858	24 893	25 653
Net financial debt	4 320	4 564	4 799
Pledged collateral	122	135	148
Contingent liabilities	135	135	122

Financial instruments, SEKm	Carrying amount		Fair value	
	2016	2015	2016	2015
	30 September	31 December	30 September	31 December
Assets at fair value	72	138	72	138
Assets at acquisition cost	2 491	2 278	2 491	2 275
Liabilities at fair value	499	467	499	467
Liabilities at acquisition cost	5 962	6 820	5 962	6 820

Holmen measures financial instruments at fair value or acquisition cost in the balance sheet depending on classification. In addition to items in net financial debt, with the exception of the pension liability, financial instruments cover trade receivables and trade payables. Financial instruments measured at fair value in the balance sheet belong to measurement level 2 pursuant to IFRS 7.

Group

Cash flow statement, SEKm	Quarter			January-September	Full year	
	3-16	2-16	3-15	2016	2015	2015
Operating activities						
Profit before tax	507	455	473	1 295	1 251	679
Adjustments for non-cash items *	218	137	244	872	753	1 802
Paid income taxes	-165	-115	-88	-375	-406	-398
Cash flow from operating activities before changes in working capital	560	478	629	1 792	1 598	2 083
Cash flow from changes in working capital						
Change in inventories	8	-34	51	105	195	123
Change in trade receivables and other operating receivables	111	-183	56	-205	-78	275
Change in trade payables and other operating liabilities	-126	308	-83	-29	35	45
Cash flow from operating activities	553	569	654	1 663	1 751	2 526
Investing activities						
Acquisition of non-current assets	-152	-206	-138	-635	-572	-874
Disposal of non-current assets	10	484	6	508	15	50
Change in non-current financial receivables	-	-	1	-	-1	-8
Cash flow from investing activities	-142	278	-132	-127	-557	-832
Financing activities						
Change in financial liabilities and current financial receivables	-832	479	-435	-684	-295	-819
Dividends paid to the shareholders of the parent company	-	-882	-	-882	-840	-840
Cash flow from financing activities	-832	-403	-435	-1 566	-1 135	-1 659
Cash flow for the period	-422	443	86	-29	58	35
Opening cash and cash equivalents	613	169	159	221	187	187
Exchange difference in cash and cash equivalents	2	1	0	1	1	0
Closing cash and cash equivalents	193	613	245	193	245	221

Change in net financial debt, SEKm	Quarter			January-September	Full year	
	3-16	2-16	3-15	2016	2015	2015
Opening net financial debt	-4 564	-4 476	-6 040	-4 799	-5 907	-5 907
Cash flow from operating activities	553	569	654	1 663	1 751	2 526
Cash flow from investing activities (excl financial receivables)	-142	278	-133	-127	-557	-824
Dividends paid	-	-882	-	-882	-840	-840
Revaluations of defined benefit pension plans	-194	-77	-146	-238	-75	206
Foreign exchange effects and changes in fair value	27	25	4	63	-33	40
Closing net financial debt	-4 320	-4 564	-5 661	-4 320	-5 661	-4 799

* The adjustments consist primarily of depreciation according to plan, impairment losses, 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.

Parent company

Income statement, SEKm	Quarter			January-September		Full year
	3-16	2-16	3-15	2016	2015	2015
Operating income	3 606	3 679	3 632	10 913	11 222	14 686
Operating costs	-3 363	-3 437	-3 395	-10 097	-10 626	-14 361
Operating profit	243	242	237	816	596	324
Net financial items	-17	-14	119	-316	81	-163
Profit after net financial items	227	228	356	499	677	161
Appropriations	219	-16	200	289	472	821
Profit before tax	445	212	557	788	1 149	982
Tax	-99	-45	-90	-241	-219	-244
Profit for the period	347	167	467	548	930	738

Statement of comprehensive income, SEKm	Quarter			January-September		Full year
	3-16	2-16	3-15	2016	2015	2015
Profit for the period	347	167	467	548	930	738
Other comprehensive income						
Cash flow hedging	18	4	-171	-27	-56	-30
Tax attributable to other comprehensive income	-4	-1	38	6	12	7
Items that will be reclassified to profit for the period	14	3	-133	-21	-44	-23
Total comprehensive income	361	170	333	526	887	715

Balance sheet, SEKm	2016	2016	2015
	30 September	30 June	31 December
Non-current assets	17 756	17 595	18 163
Current assets	4 743	5 189	4 578
Total assets	22 499	22 784	22 741
Restricted equity	5 915	5 915	5 915
Non-restricted equity	4 080	3 720	4 436
Untaxed reserves	2 226	2 124	1 994
Provisions	1 483	1 411	1 512
Liabilities	8 795	9 615	8 884
Total equity and liabilities	22 499	22 784	22 741

Sales to Group companies accounted for SEK 69 million (85) of operating income in January–September.

Net financial items include SEK -7 million (-24) result from hedging equity in foreign subsidiaries and SEK -303 million (0) impairment loss on shares in subsidiaries.

Balance sheet appropriations include Group contributions of SEK 520 million (263).

The parent company's investments in property, plant and equipment and intangible non-current assets totalled SEK 25 million (19).

Group

Quarterly figures, SEKm	2016			2015			January-September Full year			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2016	2015	2015
Income statement										
Net sales	3 810	3 937	3 828	3 689	4 032	4 139	4 154	11 575	12 325	16 014
Operating costs	-3 139	-3 275	-3 036	-3 078	-3 323	-3 475	-3 472	-9 450	-10 270	-13 348
Profit from investments in associates and joint ventures	-7	-5	-5	7	4	-2	-2	-16	1	7
Depreciation and amortisation according to plan	-247	-252	-269	-313	-311	-309	-308	-768	-928	-1 240
Change in value of forests	103	77	62	71	91	82	23	242	196	267
Operating profit excl. items affecting comparability	520	483	580	376	493	435	396	1 583	1 324	1 700
Items affecting comparability*	-	-	-232	-931	-	-	-	-232	-	-931
Operating profit	520	483	348	-555	493	435	396	1 352	1 324	769
Net financial items	-14	-28	-15	-17	-20	-25	-28	-56	-73	-90
Profit before tax	507	455	333	-572	473	410	368	1 295	1 251	679
Tax	-112	-91	-111	134	-95	-88	-70	-314	-254	-120
Profit for the period	395	364	222	-438	377	322	298	982	997	559
Earnings per share, SEK	4.7	4.3	2.6	-5.2	4.5	3.8	3.5	11.7	7.4	6.7
Net sales										
Forest	1 192	1 355	1 368	1 335	1 240	1 403	1 503	3 915	4 146	5 481
Paperboard	1 308	1 285	1 364	1 255	1 439	1 348	1 431	3 956	4 217	5 472
Paper	1 266	1 592	1 308	1 463	1 636	1 602	1 447	4 166	4 684	6 148
Wood products	324	322	353	306	291	378	339	998	1 007	1 314
Renewable energy	49	71	108	93	65	83	117	228	266	359
Elimination of intra-group net sales	-328	-688	-672	-764	-639	-675	-682	-1 688	-1 996	-2 760
Group	3 810	3 937	3 828	3 689	4 032	4 139	4 154	11 575	12 325	16 014
Operating profit/loss by business area**										
Forest	234	227	267	228	217	222	239	728	677	905
Paperboard	235	200	236	151	285	231	180	671	696	847
Paper	82	73	57	6	10	-17	-73	212	-80	-74
Wood products	-1	-1	-5	5	-10	7	7	-7	4	9
Renewable energy	5	19	60	30	22	38	86	84	146	176
Group-wide	-34	-35	-35	-45	-31	-45	-43	-104	-118	-163
Group	520	483	580	376	493	435	396	1 583	1 324	1 700
Operating margin, %**										
Paperboard	18.0	15.6	17.3	12.0	19.8	17.1	12.6	17.0	16.5	15.5
Paper	6.5	4.6	4.4	0.4	0.6	-1.1	-5.1	5.1	-1.7	-1.2
Wood products	-0.4	-0.2	-1.4	1.8	-3.6	1.7	2.2	-0.7	0.4	0.7
Group	13.7	12.3	15.1	10.2	12.2	10.5	9.5	13.7	10.7	10.6
EBITDA by business area**										
Forest	138	157	211	167	133	146	222	507	501	668
Paperboard	354	321	358	276	410	355	304	1 033	1 069	1 346
Paper	170	164	165	153	158	130	74	500	361	514
Wood products	19	20	16	24	9	26	27	55	61	86
Renewable energy	11	24	66	36	28	43	91	100	162	198
Group-wide	-28	-29	-29	-39	-24	-38	-37	-86	-99	-138
Group	665	658	787	618	713	662	681	2 109	2 055	2 673
Return on operating capital, %**										
Forest	5.3	5.2	6.1	5.2	5.0	5.1	5.5	5.5	5.2	5.2
Paperboard	14.6	12.2	14.3	9.0	16.7	13.5	10.6	13.7	13.6	12.5
Paper	11.3	9.3	6.6	0.6	0.9	neg	neg	8.9	neg	neg
Wood products	neg	neg	neg	2.4	neg	2.9	3.3	neg	0.5	1.0
Renewable energy	0.6	2.2	7.1	3.6	2.6	4.4	10.0	3.3	5.7	5.2
Group	6.9	6.3	7.5	4.7	6.1	5.3	4.9	6.9	5.4	5.3
Key indicators										
Return on capital employed, %**	8.4	7.7	9.1	5.7	7.3	6.4	5.9	8.4	6.5	6.4
Return on equity, %	7.7	7.1	4.3	-8.4	7.2	6.1	5.6	6.3	6.3	2.6
Deliveries										
Harvesting own forests, '000 m³	724	818	715	686	789	917	820	2 257	2 527	3 213
Paperboard, '000 tonnes	126	121	129	116	132	122	129	376	383	499
Paper, '000 tonnes	260	341	273	317	356	346	306	874	1 008	1 325
Wood products, '000 m³	184	188	209	174	159	208	188	580	556	730
Own production of hydro and wind power, GWh	178	258	373	349	349	366	377	810	1 093	1 441

* Items affecting comparability in operating profit in Q1 2016 and Q4 2015 refers to the sale of the mill in Madrid, impairment losses on non-current assets, provisions for costs and the effects of a fire

** Excl. items affecting comparability.

***Income and costs from the sale of newsprint from the divested Spanish mill are recognised under the 'Group-wide' segment from Q3 2016.

****Deliveries from own mills, i.e. not deliveries from the divested Spanish mill from Q3 2016.

Group

Full year review, SEKm	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Income statement										
Net sales	16 014	15 994	16 231	17 852	18 656	17 581	18 071	19 334	19 159	18 592
Operating costs	-13 348	-13 270	-13 919	-15 224	-15 501	-15 077	-15 191	-16 614	-15 637	-15 069
Profit from investments in associates and joint ventures	7	-7	3	47	84	28	45	50	12	11
Depreciation and amortisation according to plan	-1 240	-1 265	-1 370	-1 313	-1 260	-1 251	-1 320	-1 343	-1 337	-1 346
Change in value of forests	267	282	264	350	-	52	16	-16	89	115
Operating profit excl. items affecting comparability	1 700	1 734	1 209	1 713	1 979	1 332	1 620	1 412	2 286	2 303
Items affecting comparability	-931	-450	-140	-193	3 593	264	-	-361	557	-
Operating profit	769	1 284	1 069	1 520	5 573	1 596	1 620	1 051	2 843	2 303
Net financial items	-90	-147	-198	-227	-244	-208	-255	-311	-261	-247
Profit before tax	679	1 137	871	1 294	5 328	1 388	1 366	740	2 582	2 056
Tax	-120	-230	-160	559	-1 374	-684	-360	-98	-1 077	-597
Profit for the year	559	907	711	1 853	3 955	704	1 006	642	1 505	1 459
Diluted earnings per share, SEK	6.7	10.8	8.5	22.1	47.1	8.4	12.0	7.6	17.8	17.2
Operating profit by business area*										
Forest	905	817	924	931	739	818	605	632	702	643
Paperboard	847	674	433	596	863	817	419	320	599	752
Paper	-74	141	-309	94	228	-618	340	280	623	754
Wood products	9	37	-75	-130	-136	20	21	13	146	80
Renewable energy	176	212	371	355	406	495	414	327	272	197
Group-wide	-163	-146	-136	-132	-120	-200	-178	-159	-56	-123
Group	1 700	1 734	1 209	1 713	1 980	1 332	1 620	1 412	2 286	2 303
EBITDA by business area*										
Forest	668	563	694	614	769	794	616	674	639	556
Paperboard	1 346	1 161	878	959	1 186	1 141	780	688	954	1 108
Paper	514	725	429	862	1 002	229	1 218	1 176	1 537	1 667
Wood products	86	160	45	-10	-26	49	52	47	169	104
Renewable energy	198	233	391	374	425	516	435	346	289	214
Group-wide	-138	-126	-121	-123	-116	-198	-176	-160	-54	-115
Group	2 673	2 717	2 315	2 676	3 240	2 531	2 925	2 771	3 534	3 534
Deliveries										
Harvesting own forests, '000 m³	3 213	3 297	3 465	3 211	2 988	2 999	2 897	2 649	2 575	2 618
Paperboard, '000 tonnes	499	493	469	485	474	464	477	494	516	536
Paper, '000 tonnes	1 325	1 305	1 574	1 651	1 668	1 732	1 745	2 044	2 025	2 021
Wood products, '000 m³	730	725	686	660	487	285	313	266	262	248
Own production of hydro and wind power, GWh	1 441	1 113	1 041	1 353	1 235	1 149	1 090	1 128	1 193	934
Balance sheet										
Non-current assets	29 524	30 221	30 652	30 664	30 334	26 028	25 694	26 506	26 153	25 354
Current assets	5 607	5 964	5 774	6 005	6 642	6 950	6 075	7 268	6 549	6 138
Financial receivables	325	249	327	377	240	454	407	828	541	649
Total assets	35 456	36 434	36 753	37 046	37 217	33 432	32 176	34 602	33 243	32 141
Equity	20 853	20 969	20 854	20 813	19 773	16 913	16 504	15 641	16 932	16 636
Deferred tax liability	5 508	5 480	5 804	5 504	6 630	5 910	5 045	4 819	5 482	5 030
Financial liabilities and interest-bearing provisions	5 124	6 156	6 443	6 967	6 499	6 227	6 091	8 332	6 518	6 634
Operating liabilities	3 971	3 829	3 653	3 762	4 313	4 382	4 536	5 809	4 310	3 841
Total equity and liabilities	35 456	36 434	36 753	37 046	37 217	33 432	32 176	34 602	33 243	32 141
Cash flow										
Operating activities	2 526	2 176	2 011	2 254	2 101	1 523	2 873	1 660	2 476	2 358
Investing activities	-832	-834	-869	-1 920	-1 733	-1 597	-818	-1 124	-1 315	-947
Cash flow after investments	1 693	1 342	1 142	334	368	-74	2 054	536	1 161	1 411
Key indicators										
Return on capital employed, % *	6	6	4	7	9	6	7	6	10	10
Return on equity, %	3	4	3	9	23	4	6	4	9	9
Return on equity, % *	7	6	4	6	8	4	6	4	9	9
Debt/equity ratio	0.23	0.28	0.29	0.32	0.32	0.34	0.34	0.48	0.35	0.36
Dividend										
Dividend, SEK	10.5	10	9	9	8	7	7	9	12	12

* Excl. items affecting comparability

Use of performance measures

Holmen uses performance measures to supplement measures defined by IFRS or directly in the income statement and balance sheet in order to clarify the company's financial position and performance.

Earnings measures

Operating profit is the principal measure of results that is used to monitor financial performance. It includes all income and costs, as well as depreciation/amortisation of non-current assets. EBITDA is used as a supplementary measure to illustrate the cash flow that a business area generates before investments and changes in working capital, excluding items affecting comparability. For the Forest business area, the measure 'earnings from operations' is used, which summarises operating profit/loss excluding change in fair value of biological assets. To clarify how the earnings measures are affected by events outside normal operations, such as impairments, disposals, fire and restructuring, the term 'items affecting comparability' is used. The purpose is also to increase comparability between different periods. The effects of maintenance and rebuilding shutdowns are not treated as items affecting comparability.

SEKm	Quarter			January-September		Full year
	3-16	2-16	3-15	2016	2015	2015
EBITDA	664	658	713	2 109	2 055	2 673
Depreciation and amortisation according to plan	-247	-252	-311	-768	-928	-1 240
Change in value of forests	103	77	91	242	196	267
Operating profit excl. items affecting comp.	520	483	493	1 583	1 324	1 700
Items affecting comparability	-	-	-	-232	-	-931
Operating profit	520	483	493	1 352	1 324	769

SEKm	Quarter			January-September		Full year
	3-16	2-16	3-15	2016	2015	2015
Earnings from operations of forest	131	150	126	485	481	638
Change in value of forests	103	77	91	242	196	267
Operating profit of forest	234	227	217	728	677	905

Earnings in 2016 have been negatively impacted by SEK 232 million from the sale of the mill in Madrid and insurance compensation for reconstruction following a fire at Hallsta Paper Mill, which were treated as items affecting comparability. In 2015, items affecting comparability negatively impacted earnings by SEK 931 million relating to impairments of non-current assets, provisions for costs and effects of a fire.

Measure of margin, return and indebtedness

Operating profit, excluding items affecting comparability, as a proportion of sales is known as the operating margin. Profit before depreciation/amortisation as a proportion of sales is known as the EBITDA margin. For the Group, the performance measure return on capital employed is used to measure the operating profit, excluding items affecting comparability, in proportion to capital employed. Capital employed is calculated as net financial debt plus equity. For the business areas, the performance measure return on operating capital is used to measure the operating profit, excluding items affecting comparability, in proportion to operating capital. Operating capital is calculated as capital employed plus the net sum of deferred tax liability and deferred tax assets, which corresponds to non-current assets plus working capital. For the Forest business area, the performance measure of yield is used, which is calculated as earnings from operations in relation to the book value of biological assets.

SEKm	2016	2016		2015
	30 September	30 June	31 December	
Equity	20 537	20 328	20 853	
Net financial debt	4 320	4 564	4 799	
Capital employed	24 858	24 893	25 653	
Deferred tax assets	-5	-5	-6	
Deferred tax liabilities	5 510	5 539	5 508	
Operating capital	30 364	30 427	31 155	

The debt/equity ratio is calculated as net financial debt divided by equity. The equity/assets ratio is calculated as equity divided by total assets. Net financial debt consists of the following components:

SEKm	2016	2016		2015
	30 September	30 June	31 December	
Non-current financial liabilities	900	1 605	2 295	
Current financial liabilities	3 428	3 531	2 698	
Pension provisions	280	141	130	
Non-current financial receivables	-39	-38	-43	
Current financial receivables	-56	-63	-61	
Cash and cash equivalents	-193	-613	-221	
Net financial debt	4 320	4 564	4 799	

Holmen in brief

Holmen's strategy is to own forest and energy assets and to develop industrial operations in paperboard, paper and wood products. The substantial forest and energy assets shall deliver stable revenue that grows over time. Large-scale industrial operations at efficient facilities shall provide good profitability through the refining of forest raw material into high-performance paperboard, cost-effective printing paper and wood products for the joinery and construction industries.

Press and analyst conference

Following publication of the year-end report, a press and analyst conference will be held at 14.30 CET on Wednesday, 26 October. Venue: Tändstickspalatset, Kreugersalen. Västra Trädgårdsgatan 15, Stockholm. Holmen President and CEO Henrik Sjölund 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)8 505 564 74 (within Sweden), +44 (0)203 364 53 74 (from the rest of Europe) or +1 855 753 22 30 (from the US) no later than 14.25 CET.

Financial reports

8 February 2017	Year-end report 2016
3 May 2017	Interim report January–March 2017
17 August 2017	Interim report January–June 2017
24 October 2017	Interim report January–September 2017

This information is information that Holmen AB is obliged to make public pursuant to the EU Market Abuse Regulation and/or the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 26 October 2016 at 12.35 CET.

This is a translation of the Swedish interim report of Holmen Aktiebolag (publ.). In the event of inconsistency between the English and the Swedish versions, the Swedish version shall prevail.