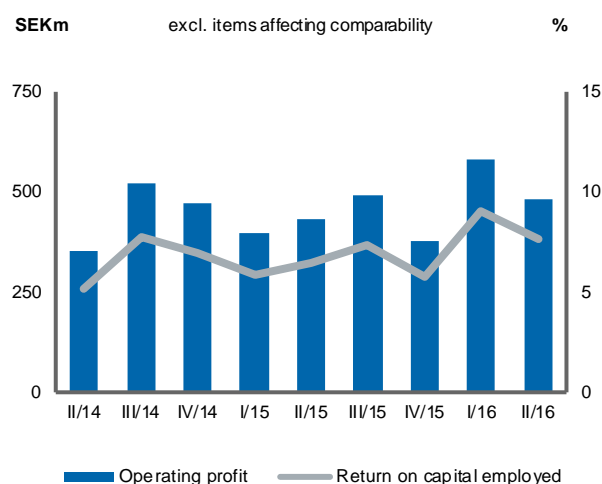
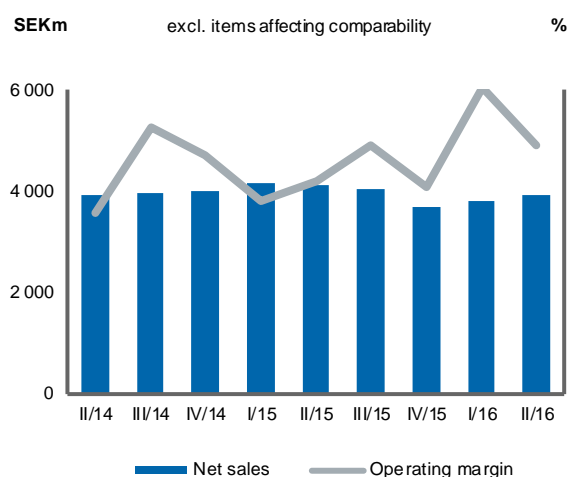


# Holmen's interim report January–June 2016

SEKm	2-16	Quarter 1-16	2-15	January-June 2016	2015	Full year 2015
Net sales	<b>3 937</b>	3 828	4 139	<b>7 765</b>	8 293	16 014
Operating profit excl. items affecting comparability	<b>483</b>	580	435	<b>1 063</b>	831	1 700
Operating profit	<b>483</b>	348	435	<b>831</b>	831	769
Profit after tax excl. items affecting comparability	<b>364</b>	450	322	<b>815</b>	620	1 323
Profit after tax	<b>364</b>	222	322	<b>587</b>	620	559
Return on capital employed, %*	<b>7.7</b>	9.1	6.4	<b>8.4</b>	6.2	6.4
Return on equity, %	<b>7.1</b>	4.3	6.1	<b>5.7</b>	5.8	2.6
Earnings per share, SEK	<b>4.3</b>	2.6	3.8	<b>7.0</b>	7.4	6.7
Cash flow before investments	<b>569</b>	542	574	<b>1 111</b>	1 097	2 526
Debt/equity ratio	<b>0.22</b>	0.21	0.29	<b>0.22</b>	0.29	0.23

\* Excluding items affecting comparability, which are included in operating profit at SEK -232 million in the first quarter of 2016 and SEK -931 million in the fourth quarter of 2015.

- Operating profit excluding items affecting comparability for the first half-year of 2016 increased by SEK 232 million to SEK 1 063 million as a result of higher profits in paper.
- Compared with the first quarter, operating profit for the second quarter decreased by SEK 97 million to SEK 483 million as a result of running in the rebuilt board machine, seasonally lower hydro power production and earnings from timber trading returning to normal levels.
- Profit after tax for January–June amounted to SEK 587 million (620), which corresponds to earnings per share of SEK 7.0 (7.4). Excluding items affecting comparability, profit after tax amounted to SEK 815 million (620) and earnings per share to SEK 9.7 (7.4).
- Sale of the newsprint mill in Madrid was completed in the second quarter. The sale represents a decisive step towards concentrating the paper business into magazine paper and speciality products. The rebuilt board machine in Workington reached full capacity towards the end of the quarter, while a further stage in the expansion of pulp production at Iggesund Mill was completed. At mid-year, forest and hydro power accounted for two thirds of the Group's operating capital.



## Forest

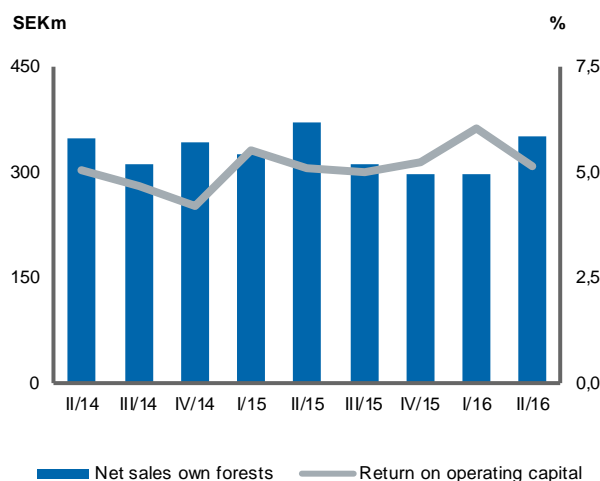
Holmen performs active and sustainable forestry on over a million hectares of own land.

SEKm	Quarter			January-June		Full year
	2-16	1-16	2-15	2016	2015	2015
Net sales	1 355	1 368	1 403	2 722	2 906	5 481
<i>of which from own forests</i>	350	297	370	647	694	1 301
Operating costs	-1 197	-1 157	-1 257	-2 354	-2 538	-4 813
Depreciation and amortisation according to plan	-7	-7	-7	-14	-13	-29
<b>Earnings from operations</b>	<b>150</b>	205	139	<b>355</b>	355	638
Change in value of forests	77	62	82	139	105	267
<b>Operating profit</b>	<b>227</b>	267	222	<b>494</b>	460	905
Investments, net	2	-10	6	-8	11	31
Operating capital	17 625	17 636	17 387	17 625	17 387	17 589
Return on operating capital, %	5	6	5	6	5	5
Harvesting own forests, '000 m <sup>3</sup>	818	715	917	1 533	1 737	3 213

The demand for logs and pulpwood in Sweden was normal in the second quarter. Selling prices were largely unchanged.

Earnings from operations for January–June amounted to SEK 355 million (355). Harvesting decreased from a high level, but the impact was offset by higher prices and lower costs. Operating profit, which includes a change in value of SEK 139 million, increased to SEK 494 million (460).

Compared with the first quarter, earnings from operations for the second quarter decreased by SEK 55 million to SEK 150 million as a result of seasonally higher silviculture costs and the fact that earnings from timber trading returned to normal levels. Harvesting increased seasonally. Operating profit amounted to SEK 227 million (267).



## Consumer board

Holmen is a market leader in the highest quality segments for consumer packaging and board for advanced graphics printing.

SEKm	Quarter			January-June		Full year
	2-16	1-16	2-15	2016	2015	2015
Net sales	1 285	1 364	1 348	2 648	2 778	5 472
Operating costs	-963	-1 005	-992	-1 969	-2 119	-4 127
<b>EBITDA</b>	<b>321</b>	<b>358</b>	<b>355</b>	<b>679</b>	<b>659</b>	<b>1 346</b>
Depreciation and amortisation according to plan	-121	-122	-125	-244	-248	-499
<b>Operating profit</b>	<b>200</b>	<b>236</b>	<b>231</b>	<b>436</b>	<b>411</b>	<b>847</b>
Investments	137	166	65	303	168	324
Operating capital	6 513	6 587	6 849	6 513	6 849	6 622
EBITDA margin, %	25	26	26	26	24	25
Operating margin, %	16	17	17	16	15	15
Return on operating capital, %	12	14	13	13	12	12
Production, consumer board, '000 tonnes	127	117	132	243	250	502
Deliveries, consumer board, '000 tonnes	121	129	122	250	251	499

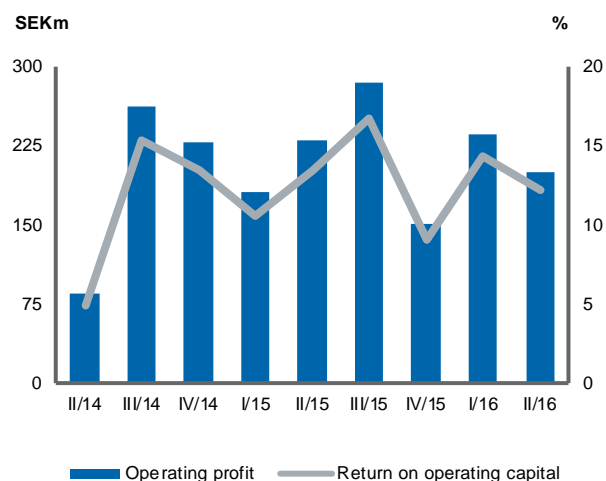
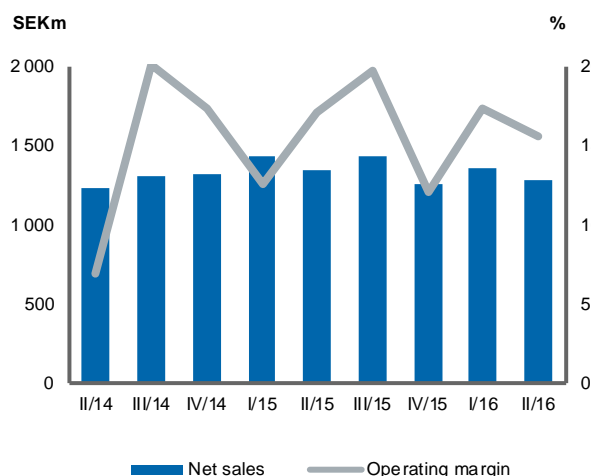
The market for consumer board was stable in the second quarter and prices were unchanged. In the first half-year, demand in Europe was unchanged compared with the same period last year.

Holmen's consumer board deliveries amounted to 250 000 tonnes during January–June, which was the same level as last year.

In March, the board machine in Workington was rebuilt to increase capacity by 20 000 tonnes annually and to improve product quality. The start-up went well and full capacity was reached towards the end of the period. In the second quarter, the last stage of the expansion to increase pulp production at Iggesund Mill by 50 000 tonnes annually was completed.

Operating profit for January–June totalled SEK 436 million (411). Earnings were negatively affected by SEK 100 million as a result of the rebuilding shutdown at the mill in Workington. This was to a certain extent offset by the resolution of a water cost dispute, in Holmen's favour, which resulted in a refund of SEK 60 million. Earnings for the first half of last year were negatively affected by SEK 60 million as a result of a maintenance shutdown.

Compared with the first quarter, profit for the second quarter decreased by SEK 36 million to SEK 200 million. Profit was negatively affected by SEK 40 million as a result of the running in of the rebuilt board machine. Earnings for the first quarter were negatively affected by SEK 60 million from the rebuilding, which was offset by the water charge refund.



## Paper

Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper choices.

SEKm	Quarter			January-June		Full year
	2-16	1-16	2-15	2016	2015	2015
Net sales	1 592	1 308	1 602	2 900	3 049	6 148
Operating costs	-1 428	-1 143	-1 472	-2 571	-2 845	-5 634
<b>EBITDA</b>	<b>164</b>	165	130	<b>329</b>	204	514
Depreciation and amortisation according to plan	-91	-108	-147	-199	-294	-588
<b>Operating profit*</b>	<b>73</b>	57	-17	<b>131</b>	-90	-74
Investments	-440	95	67	-345	214	347
Operating capital	2 857	3 406	4 662	2 857	4 662	3 558
EBITDA margin, %*	10	13	8	11	7	8
Operating margin, %*	5	4	-1	5	-3	-1
Return on operating capital, %*	9	7	neg	8	neg	neg
Production, '000 tonnes	347	293	337	640	646	1 287
Deliveries, '000 tonnes	341	273	346	615	652	1 325

\* Excluding items affecting comparability

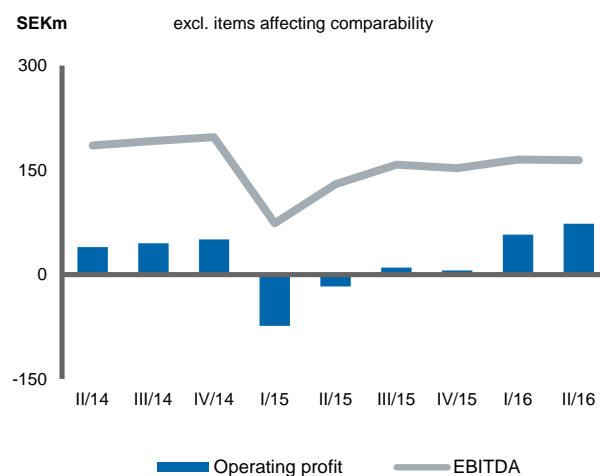
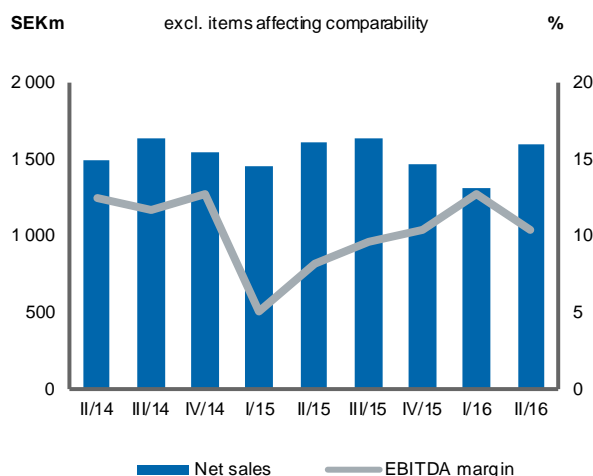
Demand for printing paper in Europe fell by 3 per cent during January–May compared with the same period in 2015. Selling prices were largely unchanged in the second quarter.

Holmen's deliveries in the first half-year amounted to 615 000 tonnes, which was 6 per cent lower than the same period last year as a result of production losses and rebuild of inventories following the fire at Hallsta in November 2015. Production has been at full capacity since March.

Operating profit for January–June was SEK 131 million (-90), excluding items affecting comparability. The improvement was due to good production, a better product mix following the launch of the new Holmen UNIQ product and lower depreciation. The result in the preceding year was impacted by cost from rebuilding a paper machine. Production losses and additional costs resulting from the fire are covered by insurance.

Compared with the first quarter, operating profit for the second quarter increased by SEK 16 million to SEK 73 million, excluding items affecting comparability. The improvement was due to lower depreciation as a result of the sale of the newsprint mill in Madrid. The sale was completed in the second quarter, when International Paper took over the facility. 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.

During the third quarter, Braviken Paper Mill will have a maintenance shutdown, which is expected to negatively affect earnings by SEK 40 million.



## 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 consumer board mills.

SEKm	Quarter			January-June		Full year
	2-16	1-16	2-15	2016	2015	2015
Net sales	322	353	378	675	716	1 314
Operating costs	-302	-337	-352	-639	-664	-1 228
<b>EBITDA</b>	<b>20</b>	16	26	<b>36</b>	52	86
Depreciation and amortisation according to plan	-21	-21	-19	-41	-38	-77
<b>Operating profit</b>	<b>-1</b>	-5	7	<b>-6</b>	14	9
Investments	2	4	32	6	37	103
Operating capital	918	953	907	918	907	924
EBITDA margin, %	6	4	7	5	7	7
Operating margin, %	0	-1	2	-1	2	1
Return on operating capital, %	neg	neg	3	neg	3	1
Production, '000 m <sup>3</sup>	200	185	180	385	377	734
Deliveries, '000 m <sup>3</sup>	188	209	208	396	396	729

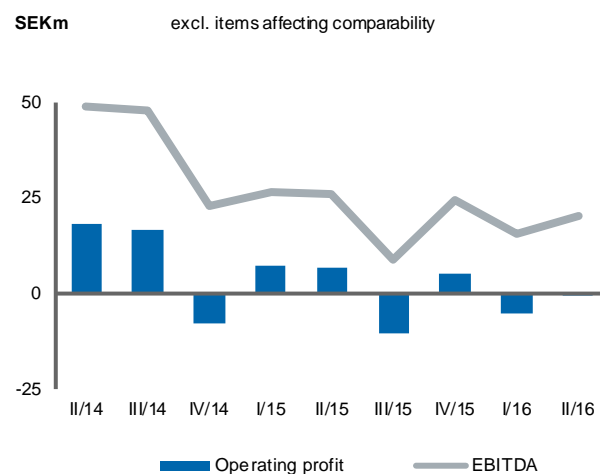
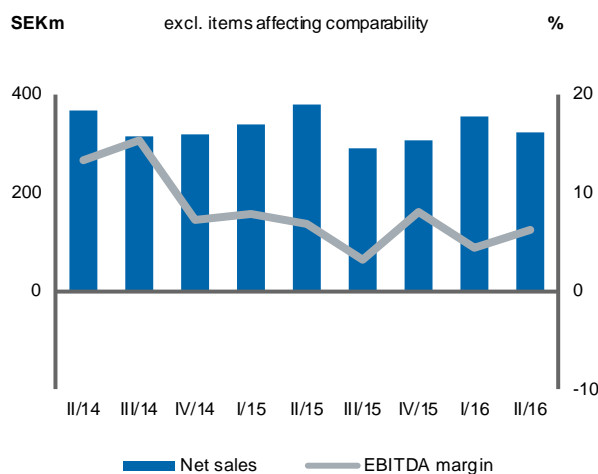
Market conditions for wood products in Europe was stable in the second quarter. Minor price increases have been implemented following considerable decreases during 2015.

Holmen's deliveries of wood products amounted to 396 000 cubic metres, which was unchanged from the same period last year.

Operating profit for January–June was SEK -6 million (14). The decrease in earnings was due to lower selling prices, which were partly offset by lower raw material costs.

Compared with the first quarter, earnings for the second quarter improved by SEK 4 million to SEK -1 million.

During the quarter, a decision was taken to invest SEK 50 million in a wood treatment plant and distribution warehouse at Braviken Sawmill. The aim is to increase added value and boost sales in Sweden.



## Renewable energy

Holmen produces renewable hydro and wind power.

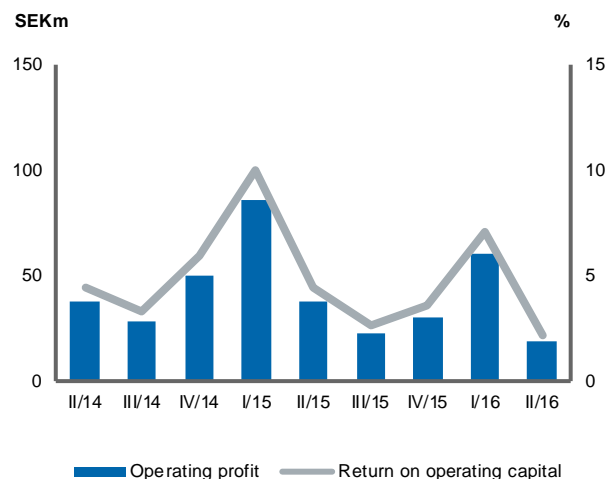
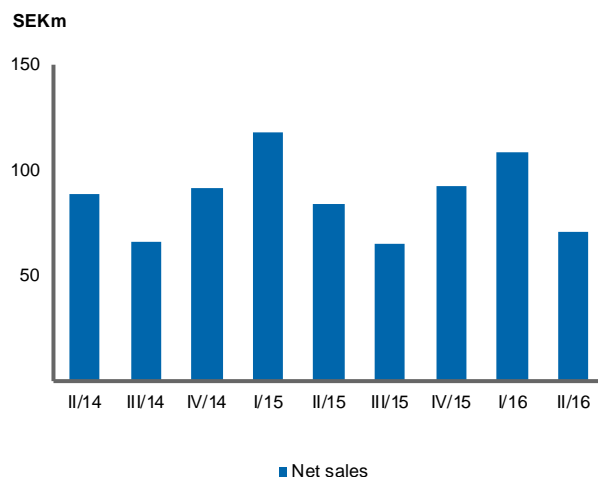
SEKm	Quarter			January-June		Full year
	2-16	1-16	2-15	2016	2015	2015
Net sales	71	108	83	180	201	359
Operating costs	-47	-43	-40	-90	-67	-161
Depreciation and amortisation according to plan	-6	-6	-5	-11	-11	-22
<b>Operating profit</b>	<b>19</b>	<b>60</b>	<b>38</b>	<b>78</b>	<b>123</b>	<b>176</b>
Investments	1	5	-2	6	3	18
Operating capital	3 419	3 428	3 379	3 419	3 379	3 351
Operating margin, %	26	55	45	44	61	49
Return on operating capital, %	2	7	4	5	7	5
Production hydro and wind power, GWh	258	373	366	631	743	1 441

Operating profit during January–June amounted to SEK 78 million (123). The decrease is due to production declining to a normal level.

Compared with the first quarter, operating profit for the second quarter decreased by SEK 41 million to SEK 19 million as a result of seasonally lower production.

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

In June, a political agreement was reached concerning Sweden's future energy policy. The agreement proposes among other things that the property tax on hydro power should be gradually lowered such that by 2020 it will be on the same level as for other electricity production.



**Net financial items and financing**

Net financial items for January–June amounted to SEK -43 million (-52). The cost of borrowing was 1.5 per cent (1.7).

Cash flow from operating activities during January–June totalled SEK 1 110 million. Cash flow from investment activities was, as a result of the sale of the newsprint mill in Madrid, positive at SEK 16 million net. Dividend of SEK 882 million was paid in the second quarter.

In January–June, the Group's net financial debt decreased by SEK 235 million to SEK 4 564 million. On 30 June the debt/equity ratio was 0.22. Financial liabilities including pension provisions totalled SEK 5 277 million, SEK 3 531 million of which were current liabilities. Cash, cash equivalents and financial receivables totalled SEK 714 million. The Group has unused committed long-term credit facilities of SEK 3 770 million, of which SEK 270 million matures in 2020 and SEK 3 500 million matures in 2021.

Standard & Poor's has revised the outlook for Holmen's credit rating from stable to positive. The long-term credit rating is BBB and the short-term A-2.

**Tax**

Recognised tax for January–June amounted to SEK -202 (-159) million. Recognised tax as a proportion of profit before tax was 26 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 by SEK 525 million in January–June to SEK 20 328 million. Profit for the period totalled SEK 587 million and the dividend paid was SEK 882 million. In addition, other comprehensive income totalled SEK -230 million.

**Hedging exchange rates and electricity prices**

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for January–June includes currency hedges of SEK 24 million (-56). The market value of currency hedges not yet recognised as income amounted to SEK -59 million at the end of the quarter.

For the next two years, 80 per cent of expected flows in EUR/SEK are hedged at an average of 9.33. For other currencies, 4-6 months of flows are hedged. Exchange rates differences made impact to second quarter earnings in the amount of SEK -30 million, compared to the first quarter. Changes in exchange rate are expected to affect third quarter earnings marginally.

Prices for the Group's estimated net consumption of electricity in Sweden are 80–90 per cent hedged for 2016-2018, 70 per cent hedged for 2019-2020 and 40 per cent hedged for 2021.

**Investment and disposals**

Cash flow from investment activities in January–June totalled SEK 16 million (-425), SEK -483 million from investments in non-current assets and SEK 498 million from disposal of assets. Depreciation and amortisation according to plan totalled SEK 521 (617) million.

**Personnel**

The average number of employees (full-time equivalents) in the Group was 3 186 (3 250).

**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 during the period. The company owns 0.9 per cent of all shares outstanding.

**Share saving programme**

The Annual General Meeting approved a proposal to introduce a long-term share saving programme aimed at Group and business area management teams. The participation has been good, and 43 individuals have acquired just over 24,000 shares within the scope of the programme. The Company's undertaking to provide shares to those participating in the share saving programme, which is estimated at no more than 100,000 shares, will be effected via transfers of the Company's holding of own shares.

**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.

The Board of Directors and the Chief Executive Officer hereby confirm that this interim report provides a true and fair view of the parent company's and Group's operations, position and performance, and describes material risks and uncertainties which affects the parent company and Group companies.

Stockholm, 17 August 2016  
Holmen AB (publ)

**Fredrik Lundberg**

Chairman

**Lars G Josefsson**

Board member

**Carl Kempe**

Deputy Chairman

**Carl Bennet**

Board member

**Lars Josefsson**

Board member

**Henrik Sjölund**

Board member and  
Chief Executive Officer

**Steewe Björklundh**

Board member

**Louise Lindh**

Board member

**Henriette Zeuchner**

Board member

**Kenneth Johansson**

Board member

**Ulf Lundahl**

Board member

**Tommy Åsenbrygg**

Board member

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

For further information please contact:

Henrik Sjölund, President and CEO, tel. +46 8 666 21 05

Anders Jernhall, EVP and CFO, tel. +46 8 666 21 22

Ingela Carlsson, Communications Director, tel. +46 70 212 97 12



### Group

Income statement, SEKm	Quarter			January-June		Full year
	2-16	1-16	2-15	2016	2015	2015
Net sales	3 937	3 828	4 139	7 765	8 293	16 014
Other operating income	300	536	233	836	492	1 203
Change in inventories	45	-8	-53	36	-129	-187
Raw materials and consumables	-2 167	-2 136	-2 192	-4 303	-4 392	-8 661
Personnel costs	-606	-583	-613	-1 804	-1 204	-2 335
Other operating costs	-851	-953	-850	-1 804	-1 714	-3 689
Depreciation and amortisation according to plan	-252	-269	-309	-521	-617	-1 240
Impairment losses	-	-123	-	-123	-	-555
Change in value of biological assets	77	62	82	139	105	267
Profit from investments in associates and joint ventures	0	-5	-2	-5	-4	-46
<b>Operating profit</b>	<b>483</b>	<b>348</b>	<b>435</b>	<b>831</b>	<b>831</b>	<b>769</b>
Finance income	12	0	0	12	0	1
Finance costs	-39	-15	-25	-55	-53	-91
<b>Profit before tax</b>	<b>455</b>	<b>333</b>	<b>410</b>	<b>789</b>	<b>778</b>	<b>679</b>
Tax	-91	-111	-88	-202	-159	-120
<b>Profit for the period</b>	<b>364</b>	<b>222</b>	<b>322</b>	<b>587</b>	<b>620</b>	<b>559</b>
Earnings per share, SEK	4.3	2.6	3.8	7.0	7.4	6.7
Operating margin, % *	12.3	15.1	10.5	13.7	10.0	10.6
Return on capital employed, % *	7.7	9.1	6.4	8.4	6.2	6.4
Return on equity, %	7.1	4.3	6.1	5.7	5.8	2.6

\* Excl. items affecting comparability.

Statement of comprehensive income, SEKm	Quarter			January-June		Full year
	2-16	1-16	2-15	2016	2015	2015
<b>Profit for the period</b>	<b>364</b>	<b>222</b>	<b>322</b>	<b>587</b>	<b>620</b>	<b>559</b>
<b>Other comprehensive income</b>						
Revaluations of defined benefit pension plans	-78	33	-12	-45	73	208
Tax attributable to items that will not be reclassified to profit for the period	14	-6	2	8	-15	-44
<b>Items that will not be reclassified to profit for the period</b>	<b>-64</b>	<b>27</b>	<b>-10</b>	<b>-37</b>	<b>58</b>	<b>165</b>
Cash flow hedging	-10	-58	56	-67	104	-31
Translation difference on foreign operation	9	-146	12	-137	97	8
Hedging of currency risk in foreign operation	-22	29	4	7	-1	22
Tax attributable to items that will be reclassified to profit for the period	-1	6	-12	4	-25	3
<b>Items that will be reclassified to profit for the period</b>	<b>-24</b>	<b>-170</b>	<b>60</b>	<b>-193</b>	<b>175</b>	<b>1</b>
<b>Total other comprehensive income after tax</b>	<b>-87</b>	<b>-142</b>	<b>51</b>	<b>-230</b>	<b>233</b>	<b>166</b>
<b>Total comprehensive income</b>	<b>277</b>	<b>80</b>	<b>373</b>	<b>357</b>	<b>853</b>	<b>724</b>

Change in equity, SEKm	January-June	
	2016	2015
<b>Opening equity</b>	<b>20 853</b>	<b>20 969</b>
Profit for the period	587	620
Other comprehensive income	-230	233
<b>Total comprehensive income</b>	<b>357</b>	<b>853</b>
Dividends paid	-882	-840
<b>Closing equity</b>	<b>20 328</b>	<b>20 982</b>

Share structure					
	Votes	No. of shares	No. of votes	Quota value	SEKm
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
<b>Total number of shares</b>		<b>84 756 162</b>	<b>288 365 268</b>		<b>4 237.8</b>
Holding of own B-shares bought back		-760 000	-760 000		
<b>Total number of shares in issue</b>		<b>83 996 162</b>	<b>287 605 268</b>		

## Group

Balance sheet, SEKm	2016	2016	2015
	30 June	31 March	31 December
<b>Non-current assets</b>			
Intangible non-current assets	93	97	107
Property, plant and equipment	9 660	9 732	10 321
Biological assets	17 297	17 224	17 173
Investments in associates and joint ventures	1 837	1 857	1 914
Other shares and participating interests	3	3	4
Non-current financial receivables	38	34	43
Deferred tax assets	5	13	6
<b>Total non-current assets</b>	<b>28 933</b>	<b>28 959</b>	<b>29 567</b>
<b>Current assets</b>			
Inventories	2 844	2 939	3 089
Trade receivables	2 232	2 009	1 987
Current tax receivable	11	11	12
Other operating receivables	562	515	519
Current financial receivables	63	66	61
Cash and cash equivalents	613	169	221
Asset held for sale	-	564	-
<b>Total current assets</b>	<b>6 325</b>	<b>6 273</b>	<b>5 889</b>
<b>Total assets</b>	<b>35 258</b>	<b>35 232</b>	<b>35 456</b>
<b>Equity</b>	<b>20 328</b>	<b>20 933</b>	<b>20 853</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	1 605	2 304	2 295
Pension provisions	141	80	130
Other provisions	632	603	585
Deferred tax liabilities	5 539	5 513	5 508
<b>Total non-current liabilities</b>	<b>7 918</b>	<b>8 500</b>	<b>8 519</b>
<b>Current liabilities</b>			
Current financial liabilities	3 531	2 359	2 698
Trade payables	1 958	1 732	1 916
Current tax liability	14	104	53
Provisions	246	303	157
Other operating liabilities	1 262	1 216	1 259
Liabilities attributable to assets held for sale	-	85	-
<b>Total current liabilities</b>	<b>7 012</b>	<b>5 799</b>	<b>6 085</b>
<b>Total liabilities</b>	<b>14 930</b>	<b>14 299</b>	<b>14 603</b>
<b>Total equity and liabilities</b>	<b>35 258</b>	<b>35 232</b>	<b>35 456</b>
Debt/equity ratio, times	0.22	0.21	0.23
Equity/assets ratio, %	57.7	59.4	58.8
Operating capital	30 427	30 909	31 155
Capital employed	24 893	25 410	25 653
Net financial debt	4 564	4 476	4 799
Pledged collateral	135	151	148
Contingent liabilities	135	118	122

Financial instruments, SEKm	Carrying amount		Fair value	
	2016 30 June	2015 31 December	2016 30 June	2015 31 December
Assets at fair value	79	138	79	138
Assets at acquisition cost	2 919	2 278	2 916	2 275
Liabilities at fair value	505	467	505	467
Liabilities at acquisition cost	6 981	6 820	6 981	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.

All of the Group's derivatives are covered by ISDA or FEMA agreements, which entails a right to offset assets and liabilities in relation to the same counterparty in the case of a credit event. Assets and liabilities are not offset in the report. Recognised derivatives totalled SEK 49 million on the asset side and SEK 391 million on the liabilities side.

## Group

Cash flow statement, SEKm	Quarter			January-June		Full year
	2-16	1-16	2-15	2016	2015	2015
<b>Operating activities</b>						
Profit before tax	455	333	410	789	778	679
Adjustments for non-cash items *	137	517	200	654	508	1 802
Paid income taxes	-115	-95	-62	-210	-318	-398
<b>Cash flow from operating activities before changes in working capital</b>	<b>478</b>	<b>754</b>	<b>548</b>	<b>1 232</b>	<b>969</b>	<b>2 083</b>
<b>Cash flow from changes in working capital</b>						
Change in inventories	-34	131	92	97	145	123
Change in trade receivables and other operating receivables	-183	-133	-76	-316	-134	275
Change in trade payables and other operating liabilities	308	-211	12	97	117	45
<b>Cash flow from operating activities</b>	<b>569</b>	<b>542</b>	<b>574</b>	<b>1 110</b>	<b>1 097</b>	<b>2 526</b>
<b>Investing activities</b>						
Acquisition of non-current assets	-206	-276	-181	-483	-433	-874
Disposal of non-current assets	484	15	7	498	9	50
Change in non-current financial receivables	-	-	-2	-	-1	-8
<b>Cash flow from investing activities</b>	<b>278</b>	<b>-262</b>	<b>-176</b>	<b>16</b>	<b>-425</b>	<b>-832</b>
<b>Financing activities</b>						
Change in financial liabilities and current financial receivables	479	-331	418	148	140	-819
Dividends paid to the shareholders of the parent company	-882	-	-840	-882	-840	-840
<b>Cash flow from financing activities</b>	<b>-403</b>	<b>-331</b>	<b>-422</b>	<b>-734</b>	<b>-700</b>	<b>-1 659</b>
<b>Cash flow for the period</b>	<b>443</b>	<b>-51</b>	<b>-23</b>	<b>392</b>	<b>-28</b>	<b>35</b>
Opening cash and cash equivalents	169	221	182	221	187	187
Exchange difference in cash and cash equivalents	1	-1	-1	1	0	0
<b>Closing cash and cash equivalents</b>	<b>613</b>	<b>169</b>	<b>159</b>	<b>613</b>	<b>159</b>	<b>221</b>

Change in net financial debt, SEKm	Quarter			January-June		Full year
	2-16	1-16	2-15	2016	2015	2015
Opening net financial debt	-4 476	-4 799	-5 587	-4 799	-5 907	-5 907
Cash flow from operating activities	569	542	574	1 110	1 097	2 526
Cash flow from investing activities (excl financial receivables)	278	-262	-174	16	-424	-824
Dividends paid	-882	-	-840	-882	-840	-840
Revaluations of defined benefit pension plans	-77	33	-12	-44	71	206
Foreign exchange effects and changes in fair value	25	10	-1	35	-37	40
<b>Closing net financial debt</b>	<b>-4 564</b>	<b>-4 476</b>	<b>-6 040</b>	<b>-4 564</b>	<b>-6 040</b>	<b>-4 799</b>

\* 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	2-16	Quarter		January-June		Full year
		1-16	2-15	2016	2015	2015
Operating income	3 679	3 628	3 742	7 307	7 590	14 686
Operating costs	-3 437	-3 297	-3 577	-6 734	-7 231	-14 361
<b>Operating profit</b>	<b>242</b>	<b>330</b>	<b>165</b>	<b>573</b>	<b>359</b>	<b>324</b>
Net financial items	-14	-285	-11	-300	-38	-163
<b>Profit after net financial items</b>	<b>228</b>	<b>45</b>	<b>154</b>	<b>273</b>	<b>321</b>	<b>161</b>
Appropriations	-16	86	263	70	271	821
<b>Profit before tax</b>	<b>212</b>	<b>131</b>	<b>417</b>	<b>343</b>	<b>592</b>	<b>982</b>
Tax	-45	-97	-94	-142	-128	-244
<b>Profit for the period</b>	<b>167</b>	<b>34</b>	<b>323</b>	<b>201</b>	<b>464</b>	<b>738</b>

Statement of comprehensive income, SEKm	2-16	Quarter		January-June		Full year
		1-16	2-15	2016	2015	2015
<b>Profit for the period</b>	<b>167</b>	<b>34</b>	<b>323</b>	<b>201</b>	<b>464</b>	<b>738</b>
<b>Other comprehensive income</b>						
Cash flow hedging	4	-49	50	-45	115	-30
Tax attributable to other comprehensive income	-1	11	-11	10	-25	7
<b>Items that will be reclassified to profit for the period</b>	<b>3</b>	<b>-38</b>	<b>39</b>	<b>-35</b>	<b>90</b>	<b>-23</b>
<b>Total comprehensive income</b>	<b>170</b>	<b>-4</b>	<b>361</b>	<b>166</b>	<b>554</b>	<b>715</b>

Balance sheet, SEKm	2016	2016	2015
	30 June	31 March	31 December
Non-current assets	17 595	17 780	18 163
Current assets	5 189	4 608	4 578
<b>Total assets</b>	<b>22 784</b>	<b>22 388</b>	<b>22 741</b>
Restricted equity	5 915	5 915	5 915
Non-restricted equity	3 720	4 432	4 436
Untaxed reserves	2 124	2 109	1 994
Provisions	1 411	1 480	1 512
Liabilities	9 615	8 453	8 884
<b>Total equity and liabilities</b>	<b>22 784</b>	<b>22 388</b>	<b>22 741</b>

Sales to Group companies accounted for SEK 43 million (55) of operating income in January–June.

Net financial items include SEK 7 million (-1) 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 200 million (103).

The parent company's investments in property, plant and equipment and intangible non-current assets totalled SEK 22 (7) million.

## Group

Quarterly figures, SEKm	2016		2015				January-June		Full year
	Q2	Q1	Q4	Q3	Q2	Q1	2016	2015	2015
<b>Income statement</b>									
Net sales	3 937	3 828	3 689	4 032	4 139	4 154	7 765	8 293	16 014
Operating costs	-3 275	-3 036	-3 078	-3 323	-3 475	-3 472	-6 311	-6 947	-13 348
Profit from investments in associates and joint ventures	-5	-5	7	4	-2	-2	-10	-4	7
Depreciation and amortisation according to plan	-252	-269	-313	-311	-309	-308	-521	-617	-1 240
Change in value of forests	77	62	71	91	82	23	139	105	267
<b>Operating profit excl. items affecting comparability</b>	<b>483</b>	<b>580</b>	<b>376</b>	<b>493</b>	<b>435</b>	<b>396</b>	<b>1 063</b>	<b>831</b>	<b>1 700</b>
Items affecting comparability*	-	-232	-931	-	-	-	-232	-	-931
<b>Operating profit</b>	<b>483</b>	<b>348</b>	<b>-555</b>	<b>493</b>	<b>435</b>	<b>396</b>	<b>831</b>	<b>831</b>	<b>769</b>
Net financial items	-28	-15	-17	-20	-25	-28	-43	-52	-90
<b>Profit before tax</b>	<b>455</b>	<b>333</b>	<b>-572</b>	<b>473</b>	<b>410</b>	<b>368</b>	<b>789</b>	<b>778</b>	<b>679</b>
Tax	-91	-111	134	-95	-88	-70	-202	-159	-120
<b>Profit for the period</b>	<b>364</b>	<b>222</b>	<b>-438</b>	<b>377</b>	<b>322</b>	<b>298</b>	<b>587</b>	<b>620</b>	<b>559</b>
Earnings per share, SEK	4.3	2.6	-5.2	4.5	3.8	3.5	7.0	7.4	6.7
<b>Net sales</b>									
Forest	1 355	1 368	1 335	1 240	1 403	1 503	2 722	2 906	5 481
Consumer board	1 285	1 364	1 255	1 439	1 348	1 431	2 648	2 778	5 472
Paper	1 592	1 308	1 463	1 636	1 602	1 447	2 900	3 049	6 148
Wood products	322	353	306	291	378	339	675	716	1 314
Renewable energy	71	108	93	65	83	117	180	201	359
Elimination of intra-group net sales	-688	-672	-764	-639	-675	-682	-1 360	-1 357	-2 760
<b>Group</b>	<b>3 937</b>	<b>3 828</b>	<b>3 689</b>	<b>4 032</b>	<b>4 139</b>	<b>4 154</b>	<b>7 765</b>	<b>8 293</b>	<b>16 014</b>
<b>Operating profit/loss by business area**</b>									
Forest	227	267	228	217	222	239	494	460	905
Consumer board	200	236	151	285	231	180	436	411	847
Paper	73	57	6	10	-17	-73	131	-90	-74
Wood products	-1	-5	5	-10	7	7	-6	14	9
Renewable energy	19	60	30	22	38	86	78	123	176
Group-wide	-35	-35	-45	-31	-45	-43	-70	-88	-163
<b>Group</b>	<b>483</b>	<b>580</b>	<b>376</b>	<b>493</b>	<b>435</b>	<b>396</b>	<b>1 063</b>	<b>831</b>	<b>1 700</b>
<b>Operating margin, % **</b>									
Consumer board	15.6	17.3	12.0	19.8	17.1	12.6	16.5	14.8	15.5
Paper	4.6	4.4	0.4	0.6	-1.1	-5.1	4.5	-3.0	-1.2
Wood products	-0.2	-1.4	1.8	-3.6	1.7	2.2	-0.9	2.0	0.7
Group	12.3	15.1	10.2	12.2	10.5	9.5	13.7	10.0	10.6
<b>EBITDA by business area**</b>									
Forest	157	211	167	133	146	222	369	368	668
Consumer board	321	358	276	410	355	304	679	659	1 346
Paper	164	165	153	158	130	74	329	204	514
Wood products	20	16	24	9	26	27	36	52	86
Renewable energy	24	66	36	28	43	91	90	134	198
Group-wide	-29	-29	-39	-24	-38	-37	-58	-75	-138
<b>Group</b>	<b>658</b>	<b>787</b>	<b>618</b>	<b>713</b>	<b>662</b>	<b>681</b>	<b>1 444</b>	<b>1 342</b>	<b>2 673</b>
<b>Return on operating capital, % **</b>									
Forest	5.2	6.1	5.2	5.0	5.1	5.5	5.6	5.3	5.2
Consumer board	12.2	14.3	9.0	16.7	13.5	10.6	13.2	12.0	12.5
Paper	9.3	6.6	0.6	0.9	neg	neg	7.9	neg	neg
Wood products	neg	neg	2.4	neg	2.9	3.3	neg	3.1	1.0
Renewable energy	2.2	7.1	3.6	2.6	4.4	10.0	4.6	7.2	5.2
Group	6.3	7.5	4.7	6.1	5.3	4.9	6.9	5.1	5.3
<b>Key indicators</b>									
Return on capital employed, % **	7.7	9.1	5.7	7.3	6.4	5.9	8.4	6.2	6.4
Return on equity, %	7.3	4.3	-8.4	7.2	6.1	5.6	5.7	5.8	2.6
<b>Deliveries</b>									
Harvesting own forests, '000 m³	818	715	686	789	917	820	1 533	1 737	3 213
Paperboard, '000 tonnes	121	129	116	132	122	129	250	251	499
Printing paper, '000 tonnes	341	273	317	356	346	306	615	652	1 325
Sawn timber, '000 m³	188	209	174	159	208	188	396	396	730
Own production of hydro and wind power, GWh	258	373	349	349	366	377	631	744	1 441

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

\*\* Excl. items affecting comparability.

## Group

Full year review, SEKm	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Income statement</b>										
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
<b>Operating profit excl. items affecting comparability</b>	<b>1 700</b>	<b>1 734</b>	<b>1 209</b>	<b>1 713</b>	<b>1 979</b>	<b>1 332</b>	<b>1 620</b>	<b>1 412</b>	<b>2 286</b>	<b>2 303</b>
Items affecting comparability	-931	-450	-140	-193	3 593	264	-	-361	557	-
<b>Operating profit</b>	<b>769</b>	<b>1 284</b>	<b>1 069</b>	<b>1 520</b>	<b>5 573</b>	<b>1 596</b>	<b>1 620</b>	<b>1 051</b>	<b>2 843</b>	<b>2 303</b>
Net financial items	-90	-147	-198	-227	-244	-208	-255	-311	-261	-247
<b>Profit before tax</b>	<b>679</b>	<b>1 137</b>	<b>871</b>	<b>1 294</b>	<b>5 328</b>	<b>1 388</b>	<b>1 366</b>	<b>740</b>	<b>2 582</b>	<b>2 056</b>
Tax	-120	-230	-160	559	-1 374	-684	-360	-98	-1 077	-597
<b>Profit for the year</b>	<b>559</b>	<b>907</b>	<b>711</b>	<b>1 853</b>	<b>3 955</b>	<b>704</b>	<b>1 006</b>	<b>642</b>	<b>1 505</b>	<b>1 459</b>
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
<b>Operating profit by business area*</b>										
Forest	905	817	924	931	739	818	605	632	702	643
Consumer board	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
<b>Group</b>	<b>1 700</b>	<b>1 734</b>	<b>1 209</b>	<b>1 713</b>	<b>1 980</b>	<b>1 332</b>	<b>1 620</b>	<b>1 412</b>	<b>2 286</b>	<b>2 303</b>
<b>EBITDA by business area*</b>										
Forest	668	563	694	614	769	794	616	674	639	556
Consumer board	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
<b>Group</b>	<b>2 673</b>	<b>2 717</b>	<b>2 315</b>	<b>2 676</b>	<b>3 240</b>	<b>2 531</b>	<b>2 925</b>	<b>2 771</b>	<b>3 534</b>	<b>3 534</b>
<b>Deliveries</b>										
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
Printing paper, '000 tonnes	1 325	1 305	1 574	1 651	1 668	1 732	1 745	2 044	2 025	2 021
Sawn timber, '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
<b>Balance sheet</b>										
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
<b>Total assets</b>	<b>35 456</b>	<b>36 434</b>	<b>36 753</b>	<b>37 046</b>	<b>37 217</b>	<b>33 432</b>	<b>32 176</b>	<b>34 602</b>	<b>33 243</b>	<b>32 141</b>
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
<b>Total equity and liabilities</b>	<b>35 456</b>	<b>36 434</b>	<b>36 753</b>	<b>37 046</b>	<b>37 217</b>	<b>33 432</b>	<b>32 176</b>	<b>34 602</b>	<b>33 243</b>	<b>32 141</b>
<b>Cash flow</b>										
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
<b>Cash flow after investments</b>	<b>1 693</b>	<b>1 342</b>	<b>1 142</b>	<b>334</b>	<b>368</b>	<b>-74</b>	<b>2 054</b>	<b>536</b>	<b>1 161</b>	<b>1 411</b>
<b>Key indicators</b>										
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
<b>Dividend</b>										
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.

### Operating profit, EBITDA, earnings from operations and items affecting comparability

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 material matters, such as impairments, disposals and restructuring, the term "items affecting comparability" is used. The purpose is also to increase comparison between different periods.

SEKm	Quarter			January-June		Full year
	2-16	1-16	2-15	2016	2015	2015
EBITDA	658	787	662	1 444	1 342	2 673
Depreciation and amortisation according to plan	-252	-269	-309	-521	-617	-1 240
Change in value of forests	77	62	82	139	105	267
Operating profit excl. items affecting comp.	483	580	435	1 063	831	1 700
Items affecting comparability	-	-232	-	-232	-	-931
Operating profit	483	348	435	831	831	769

SEKm	Quarter			January-June		Full year
	2-16	1-16	2-15	2016	2015	2015
Earnings from operations of forest	150	205	139	355	355	638
Change in value of forests	77	62	82	139	105	267
Operating profit of forest	227	267	222	494	460	905

Earnings for the first quarter of 2016 were 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.

### Operating margin and EBITDA margin

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.

### Return on operating capital and return on capital employed

For the Group, the key figure return on capital employed is used to measure the operating profit, excluding items affecting comparability, as a proportion of capital employed. Capital employed is calculated as net financial debt plus equity.

For the business areas, the key figure return on operating capital is used to measure the operating profit, excluding items affecting comparability, as a proportion of capital employed. 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.

SEKm	2016	2016	2015
	30 June	31 March	31 December
Equity	20 328	20 933	20 853
Net financial debt	4 564	4 476	4 799
Capital employed	24 893	25 410	25 653
Deferred tax assets	-5	-13	-6
Deferred tax liabilities	5 539	5 513	5 508
Operating capital	30 427	30 909	31 155

**Net financial debt, debt/equity ratio and equity/assets ratio**

Net financial debt consists of the following components:

SEKm	2016	2016	2015
	30 June	31 March	31 December
Non-current financial liabilities	1 605	2 304	2 295
Current financial liabilities	3 531	2 359	2 698
Pension provisions	141	80	130
Non-current financial receivables	-38	-34	- 43
Current financial receivables	-63	-66	- 61
Cash and cash equivalents	-613	-169	- 221
Net financial debt	4 564	4 476	4 799

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.



## Holmen in brief

Holmen's strategy is to own forest and energy assets and to develop industrial operations in paperboard, printing paper and sawn timber. 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 consumer paperboard, cost-effective printing paper and sawn timber 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, 17 August. 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](http://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

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

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This is information that Holmen AB is obliged to disclose under the Swedish Securities Market Act and the Swedish Financial Instruments Trading Act. The information was submitted for publication on 17 August 2016 at 12.20 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.*