

PRESS RELEASE**INTERIM REPORT JANUARY – JUNE 2002**

MSEK	Quarter		January-June	
	2-02	1-02	2002	2001
Net turnover	4,027	3,938	7,965	8,213
Operating profit	616	743	1,359	1,366
Profit after financial items	572	705	1,277	1,309
Profit after tax	514	499	1,013	917
Earnings per share (before dilution), SEK	6.43	6.24	12.67	11.47
Return on equity, %	14.8	14.4	14.6	13.5

- The Group's profit after financial items for January-June was MSEK 1,277 (January-June 2001: 1,309). Holmen Paper's operating profit declined by MSEK 258, while Iggesund Paperboard's operating profit increased by MSEK 181.

The profit for the second quarter amounted to MSEK 572 (January-March: 705). The first quarter result includes MSEK 110 from the divestment of a replaced paper machine.

- The profit after tax was MSEK 1,013 (917), which corresponds to earnings per share of SEK 12.67 (11.47). The return on equity was 14.6 per cent (13.5).
- The market for newsprint and magazine paper remained weak. Holmen Paper's deliveries were higher than in the first quarter, but production remained restricted. Prices were unchanged.

The market for paperboard remained weak. Iggesund Paperboard's deliveries and prices remained unchanged from the first quarter. Production was restricted, but to a lesser extent than previously.

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BUSINESS AREAS

Holmen Paper	Quarter		January-June		Full year
	2-02	1-02	2002	2001	2001
Net turnover, MSEK	2,029	1,894	3,923	4,214	8,757
Operating profit, MSEK	364	470	834	1,092	2,410
Operating margin, %	18	25	21	26	28
Return on operating capital, %	15	20	17	25	26
Production, 1,000 tonnes	376	362	738	788	1,586
Deliveries, 1,000 tonnes	383	345	728	743	1,525

The market for newsprint and magazine paper remained weak. Deliveries of newsprint to Western Europe from west European producers were 8 per cent lower during the first half of the year than for the corresponding period in 2001. The capacity utilisation of west European producers benefited from increased exports from Western Europe and reduced imports from Canada. Deliveries of magazine paper were slightly more stable, with a decline of some two per cent for both SC and LWC grades. The LWC market continues to be characterised by considerable over-capacity.

Holmen Paper's deliveries during the January-June period were 2 per cent lower than during the corresponding period in 2001. During the second quarter deliveries increased by 11 per cent in relation to the first quarter's low level. The prices of uncoated products were stable during the quarter. Capacity utilisation was restricted due to the order situation and the commissioning of a new paper machine.

The operating profit for January-June was MSEK 834 (1,092). The result was adversely affected by lower volumes and lower prices, which was partly offset by positive currency effects. The result includes a profit of MSEK 110 from the divestment of the old machine in connection with the installation of a new paper machine at the Hallsta Paper Mill.

The operating profit for the second quarter was MSEK 364 (Q1, 2002: 470). Excluding the profit generated by the sale of the paper machine at Hallsta, the result improved by MSEK 4. Deliveries increased, while the commissioning and trimming of the new paper machine increased costs.

Holmen Paper produces newsprint and magazine paper at three mills in Sweden and one in Spain.

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Iggesund Paperboard	Quarter		January-June		Full year
	2-02	1-02	2002	2001	2001
Net turnover, MSEK	1,209	1,205	2,414	2,155	4,467
Operating profit, MSEK	190	186	376	195	455
Operating margin, %	16	15	16	9	10
Return on operating capital, %	18	17	18	8	9
Production, paperboard, 1,000 tonnes	115	106	221	198	403
Deliveries, paperboard, 1,000 tonnes	110	110	220	201	410

The market for solid bleached board and folding boxboard remained weak in Western Europe during the second quarter. Deliveries from west European producers, however, increased in January-June by 3 per cent on the same period in 2001 as a result of increased exports outside Western Europe.

Iggesund Paperboard's deliveries for January-June increased by 9 per cent compared with the same period in 2001. Deliveries and prices remained unchanged from the first quarter. Production was restricted, but to a lesser extent than previously. Iggesund Paperboard has announced price increases for solid bleached board and folding boxboard for the autumn of 2002.

The operating profit for January-June amounted to MSEK 376 (195). The improvement in the result is due primarily to higher delivery volumes and favourable currency effects as well as to lower costs than during the corresponding period in 2001, during which there was a production stop for rebuilding.

The operating profit for the second quarter amounted to MSEK 190 (Q1, 2002: 186). Higher maintenance costs were offset by lower costs for wood and energy.

Iggesund Paperboard produces solid bleached board and folding boxboard at two mills in Sweden and one in England.

Iggesund Timber	Quarter		January-June		Full year
	2-02	1-02	2002	2001	2001
Net turnover, MSEK	148	157	305	376	712
Operating loss, MSEK	-2	-6	-8	-36	-79
Production, 1,000 m ³	55	56	111	165	299
Deliveries own sawmills, 1,000 m ³	54	63	117	177	322

The market for sawn timber remained weak. The operating result for January-June was a loss of MSEK 8 (loss 36). The improvement is mainly due to lower costs. In comparison with the first quarter, the result improved by MSEK 4 to a loss of MSEK 2 owing to lower costs.

Iggesund Timber produces sawn timber at one sawmill in Sweden.

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Holmen Skog	Quarter		January-June		Full year
	2-02	1-02	2002	2001	2001
Net turnover, MSEK	929	948	1,877	2,177	3,982
of which external customers	561	564	1,125	1,258	2,306
Operating profit, MSEK	105	128	233	179	455
Wood consumption at Group's Swedish mills, 1,000 m ³	946	945	1,891	2,121	4,144
Harvesting in company forests, 1,000 m ³	639	530	1,169	894	2,394

The operating profit for January-June was MSEK 233 (179). The level of harvesting in company forests was higher while prices were lower. In comparison with the first quarter, the result deteriorated by MSEK 23 to MSEK 105, mainly due to seasonally higher costs, which were partly offset by a higher level of harvesting in company forests.

Holmen Skog's profit is mainly generated by the sale of wood harvested from company forests.

Holmen Kraft	Quarter		January-June		Full year
	2-02	1-02	2002	2001	2001
Net turnover, MSEK	247	295	542	559	1,108
of which external customers	85	123	208	224	439
Operating profit/loss, MSEK	-2	18	16	41	49
Electric power consumption at Group's Swedish mills, GWh	971	882	1,853	1,988	3,998
Group production of electric power, GWh	333	459	792	782	1,578

The operating profit for January-June was MSEK 16 (41). The decrease in the result is mainly due to lower prices. In comparison with the first quarter, the result declined by MSEK 20 to a loss of MSEK 2, largely due to a seasonal decrease in power generation.

Holmen Kraft's result is primarily generated by the production of electricity at wholly and partly owned hydroelectric power stations.

FINANCING

The cash flow before capital expenditure was MSEK 1,728 for the first six months of 2002. Capital expenditure amounted to MSEK 1,065. A dividend of MSEK 800 was paid.

The Group's net financial debt amounted to MSEK 3,284 at June 30 (December 31, 2001: 3,161). The debt/equity ratio was 0.23 (0.22). The equity ratio was 56.5 per cent (56.4).

Holmen's sales consist to a large extent of exports from Sweden. Currency exposure has been hedged for the remainder of 2002, approximately 75 per cent for 2003 and approximately 25 per cent for 2004.

A five-year committed credit facility of MEUR 500 was taken up during the second quarter, which replaces the previous committed credit facility.

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CAPITAL EXPENDITURE

The Group's fixed capital expenditure was MSEK 1,065 (728), of which MSEK 705 relates to the new paper machine at the Hallsta Paper Mill. Depreciation according to plan amounted to MSEK 566 (562).

EMPLOYEES

The average number of employees in the Group was 5,097 (full year 2001: 5,238).

TAX

The County Administrative Court has decided that Holmen is entitled to make a deduction for tax purposes of a deficit shown in its 1995 tax return. The decision has come into legal effect. The effect on the result of MSEK 102 is included in the tax stated for the second quarter.

IMPORTANT EVENT

Holmen has decided to exercise an option to buy back hydroelectric power assets with an annual production capacity of 541 GWh, which were sold in 1983 under a "partner-financing" arrangement. The transaction will be carried out at the turn of the year 2002/2003 and the price is just over SEK 1.7 billion.

Stockholm 13 August 2002

Göran Lundin
President and CEO

The interim report has not been subject to general examination by the company's auditors. The interim report for January-September will be released on 29 October.

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ACCOUNTING PRINCIPLES

The accounts are made up in accordance with the Swedish Financial Accounting Standards Council's recommendations. No accounting principles that have an effect on this report have been changed from the principles that were applied in the last annual report. The interim report has been made up in accordance with the Swedish Financial Accounting Standards Council's Recommendation RR 20 Interim Reports.

PROFIT AND LOSS ACCOUNT, MSEK	Quarter		Jan-June		Full year 2001
	2-02	1-02	2002	2001	
Net turnover	4,027	3,938	7,965	8,213	16,655
Operating costs	-3,127	-2,916	-6,043	-6,289	-12,460
Depreciation according to plan	-287	-279	-566	-562	-1,126
Items affecting comparability	-	-	-	-	-620
Interest in earnings of associate companies	3	-	3	4	-3
Operating profit	616	743	1,359	1,366	2,446
Net financial items	-44	-38	-82	-57	-152
Profit after financial items	572	705	1,277	1,309	2,294
Tax	-58	-206	-264	-392	-108
Profit for the period	514	499	1,013	917	2,186
Operating margin, %	15.2	18.9	17.0	16.6	18.4
Return on capital employed*, %	14.3	17.3	15.8	16.2	17.7
Return on equity, %	14.8	14.4	14.6	13.5	16.0
Earnings per share, SEK					
Before dilution	6.43	6.24	12.67	11.47	27.33
After dilution	6.19	6.01	12.20	11.12	26.41
Information for calculation of earnings per share					
Profit for the period, MSEK	514	499	1,013	917	2,186
Interest convertible loan, MSEK	4	3	7	7	13
Adjusted profit, MSEK	518	502	1,020	924	2,199
Average number of shares (million)					
Before dilution	80.0	80.0	80.0	80.0	80.0
After dilution	83.6	83.6	83.6	83.1	83.3

MSEK	NET TURNOVER				OPERATING PROFIT/LOSS			
	Quarter		Jan-June		Quarter		Jan-June	
	2-02	1-02	2002	2001	2-02	1-02	2002	2001
Holmen Paper	2,029	1,894	3,923	4,214	364	470	834	1,092
Iggesund Paperboard	1,209	1,205	2,414	2,155	190	186	376	195
Iggesund Timber	148	157	305	376	-2	-6	-8	-36
Holmen Skog	929	948	1,877	2,177	105	128	233	179
Holmen Kraft	247	295	542	559	-2	18	16	41
Group adjustments and other	-	-	-	-	-39	-53	-92	-105
	4,562	4,499	9,061	9,481	616	743	1,359	1,366
Intra-group sales	-535	-561	-1,096	-1,268	-	-	-	-
	4,027	3,938	7,965	8,213	616	743	1,359	1,366

* In the calculation of capital employed, deductions have been made for deferred tax.

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BALANCE SHEET, MSEK	2002	2001	
	30 June	30 June	31 Dec
ASSETS			
Fixed assets			
Intangible	587	638	634
Tangible	18,352	18,171	17,972
Financial	515	394	544
Current assets			
Inventories	2,185	2,387	2,380
Current receivables	3,037	2,988	2,986
Financial receivables	54	29	33
Liquid funds	294	282	399
	25,024	24,889	24,948
EQUITY AND LIABILITIES			
Equity	14,133	12,742	14,072
Deferred tax liability	4,113	4,228	4,014
Financial liabilities	3,632	4,605	3,593
Operating liabilities	3,146	3,314	3,269
	25,024	24,889	24,948
Debt/equity ratio	0.23	0.34	0.22
Equity ratio, %	56.5	51.2	56.4
Pledged assets	51	10	52
Contingent liabilities	405	521	467

CHANGE IN EQUITY, MSEK	2002	2001	
	Jan-June	Jan-June	Jan-Dec
Opening equity	14,072	17,014	17,014
Dividend paid to shareholders	-800	-5,518	-5,518
Translation differences of foreign Group and associate companies	-152	329	390
Profit for the period	1,013	917	2,186
Closing equity	14,133	12,742	14,072

SHARE STRUCTURE			
Share	Votes	No. of shares	No. of votes
A	10	22,623,234	226,232,340
B	1	57,349,217	57,349,217
Shares in total		79,972,451	283,581,557
Convertibles, B*	1	3,201,419	3,201,419
Warrants, B*	1	1,014,000	1,014,000
Total number of shares*		84,187,870	287,796,976

* After full conversion and subscription.

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CASH FLOW ANALYSIS, MSEK	2002	2001	
	Jan-June	Jan-June	Full year
Operating profit	1,359	1,366	2,446
Adjustments for items not included in cash flow*	622	524	1,725
Change in working capital	219	-37	61
Net financial items	-82	-57	-152
Paid tax	-390	-160	-248
Cash flow before capital expenditure	1,728	1,636	3,832
Capital expenditure	-1,065	-728	-1,715
Cash flow before dividend	663	908	2,117
Ordinary dividend	-800	-720	-720
Extra dividend	-	-4,798	-4,798
Cash flow	-137	-4,610	-3,401
Currency effects	14	22	-54
Change in net financial liability	-123	-4,588	-3,455
Liquid funds	294	282	399
Financial receivables	54	29	33
Financial liabilities	-3,632	-4,605	-3,593
Net financial liability	-3,284	-4,294	-3,161
Opening liquid funds	399	2,000	2,000
Change in liquid funds	-44	-1,696	-1,611
Currency effects	-7	7	10
Closing liquid funds	348	311	399

* The adjustments consist primarily of depreciation according to plan, interest in earnings of associate companies and certain items affecting comparability.

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QUARTERLY FIGURES	2002				2001		2001
	Q2	Q1	Q4	Q3	Q2	Q1	Full year
Profit and loss account, MSEK							
Net turnover	4,027	3,938	4,343	4,099	4,097	4,116	16,655
Operating costs	-3,127	-2,916	-3,263	-2,908	-3,156	-3,133	-12,460
Depreciation according to plan	-287	-279	-284	-280	-281	-281	-1,126
Items affecting comparability	-	-	-620	-	-	-	-620
Interest in earnings of associate companies	3	-	-5	-2	3	1	-3
Operating profit	616	743	171	909	663	703	2,446
Net financial items	-44	-38	-43	-52	-53	-4	-152
Profit after financial items	572	705	128	857	610	699	2,294
Tax	-58	-206	100	184	-183	-209	-108
Profit for the period	514	499	228	1,041	427	490	2,186
Key figures							
Operating margin, %	15.2	18.9	18.3	22.2	16.1	17.1	18.4
Return on capital employed, %	14.3	17.3	17.6	20.7	15.7	16.8	17.7
Return on equity, %	14.8	14.4	6.5	31.1	13.7	13.4	16.0
Earnings per share (before dilution), SEK	6.43	6.24	2.84	13.02	5.34	6.13	27.33
Net turnover, MSEK							
Holmen Paper	2,029	1,894	2,283	2,260	2,173	2,041	8,757
Iggesund Paperboard	1,209	1,205	1,181	1,131	1,053	1,102	4,467
Iggesund Timber	148	157	161	175	196	180	712
Holmen Skog	929	948	997	808	1,005	1,172	3,982
Holmen Kraft	247	295	286	263	251	308	1,108
	4,562	4,499	4,908	4,637	4,678	4,803	19,026
Intra-group sales	-535	-561	-565	-538	-581	-687	-2,371
	4,027	3,938	4,343	4,099	4,097	4,116	16,655
Profit/loss, MSEK							
Holmen Paper	364	470	568	750	597	495	2,410
Iggesund Paperboard	190	186	110	150	53	142	455
Iggesund Timber	-2	-6	-24	-19	-20	-16	-79
Holmen Skog	105	128	193	83	79	100	455
Holmen Kraft	-2	18	-7	15	5	36	49
Group adjustments and other	-39	-53	-49	-70	-51	-54	-224
	616	743	791	909	663	703	3,066
Items affecting comparability	-	-	-620	-	-	-	-620
Operating profit	616	743	171	909	663	703	2,446
Operating margin, %							
Holmen Paper	18	25	25	33	27	24	28
Iggesund Paperboard	16	15	9	13	5	13	10
Iggesund Timber	-2	-4	-16	-11	-11	-9	-11
Group	15	19	18	22	16	17	18
Deliveries							
Newsprint and magazine paper, 1,000 tonnes	383	345	394	388	374	369	1,525
Paperboard, 1,000 tonnes	110	110	106	103	97	104	410
Sawn timber, 1,000 m ³	54	63	71	74	92	85	322